SKANSKA

Review of 2010 – EUR version

Contents

The financial statements presented in this Review have been prepared in EUR (euros) as the presentation currency. As the functional currency of the Parent Company is SEK (Swedish kronor), Skanska's statutory Annual Report including the consolidated financial statements and the financial statements of the Parent Company has been prepared using Swedish kronor (SEK) as the presentation currency. For currency exchange rates, see page 140.

Reporting of earnings, revenue and key ratios in the first part of the Review of 2010 (pages 1–68) complies with the segment reporting method described on page 10.

The Skanska Group

Senior Executive Team

Skanska Financial Services

Group Staff Units

Construction

- Skanska Sweden
- Skanska Norway
- Skanska Finland
- Skanska Poland
- Skanska Czech Republic
- Skanska UK
- Skanska USA Building
- Skanska USA Civil
- Skanska Latin America

Residential Development

- Skanska Residential Development Nordic
- Skanska Resid. Development Poland
- Skanska Resid. Development UK

Commercial Property Development

- Skanska Commercial Development Nordic
- Skanska Commercial Development Europe
- Skanska Commercial Development USA

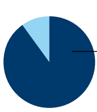
Infrastructure Development

- Skanska Infrastructure Development

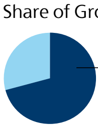
Construction refers to building construction (both non-residential and residential) and civil construction. It is Skanska's largest business stream.

The Construction business stream operates through nine business units in selected home markets – Sweden, Norway, Finland, Estonia, Poland, the Czech Republic and Slovakia, the United Kingdom, the United States and Latin America. In addition, there is a pan-Nordic business unit for construction-related industrial production.

Revenue	EUR 11,854 M
	USD 15,707 M
	SEK 113,213 M
Share of Group	90%



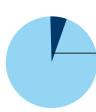
Operating income	EUR 459 M
	USD 609 M
	SEK 4,388 M
Share of Group	71%



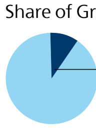
The Residential Development business stream initiates and develops residential projects for sale. Homes are designed for selected customer categories. Skanska, one of the leading residential developers in the Nordic countries, also has a sizeable presence in the Czech Republic and Slovakia.

The business stream operates in Sweden, Norway, Finland and Estonia, the Czech Republic and Slovakia. Residential Development business units are now also being started in the United Kingdom and Poland.

Revenue	EUR 794 M
	USD 1,052 M
	SEK 7,581 M
Share of Group	6%



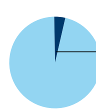
Operating income	EUR 59 M
	USD 78 M
	SEK 559 M
Share of Group	9%



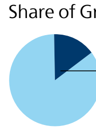
Commercial Property Development initiates, develops, leases and divests commercial property projects, with a focus on office buildings, shopping malls and logistics properties.

The business stream operates in markets where Skanska has construction business units in the Nordic countries, Central Europe and the United States, as well as in Denmark and Hungary.

Revenue	EUR 487 M
	USD 645 M
	SEK 4,648 M
Share of Group	4%



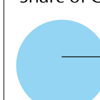
Operating income	EUR 96 M
	USD 128 M
	SEK 920 M
Share of Group	15%



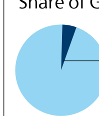
Infrastructure Development develops, manages and divests privately financed infrastructure projects such as highways, hospitals, schools and power generating plants.

The business stream focuses on creating new potential for projects in markets where Skanska has construction business units. It works through the Skanska Infrastructure Development business unit.

Revenue	EUR 33 M
	USD 44 M
	SEK 319 M
Share of Group	0%



Operating income	EUR 31 M
	USD 41 M
	SEK 297 M
Share of Group	5%



About Skanska

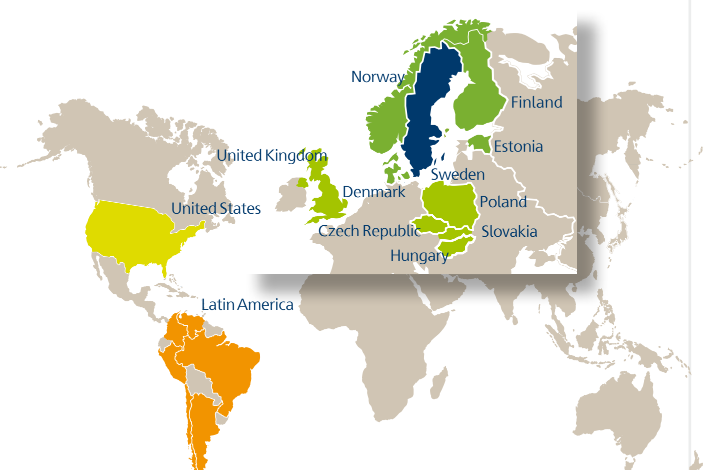
Skanska is one of the world's leading project development and construction groups, with expertise in construction, development of commercial properties and residential projects as well as public-private partnerships. Based on the Group's global environmental know-how, Skanska aims to be a leader in the development and construction of green projects.

The Group currently has 52,000 employees in selected home markets in Europe, the U.S. and Latin America. Skanska's revenue in 2010 totaled EUR 13 billion.

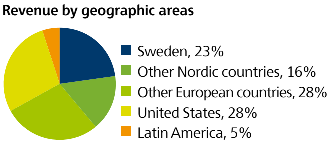
Key ratios – segment reporting

	EUR M	USD M	SEK M
Revenue	12,738[3]	16,879[3]	121,663
Operating income	559[3]	741[3]	5,339
Income after financial items	555[3]	736[3]	5,304
Earnings for the period per share, EUR/USD/SEK[1]	1.00	1.32	9.54
Return on equity, %	21.0	20.9	21.1
Order bookings[2]	13,761[3]	18,234[3]	131,433
Order backlog[2]	16,318[4]	21,619[4]	147,077

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after repurchases
2 Refers to Construction operations
3 Average 2010 exchange rates: EUR 1 = SEK 9.55, USD 1 = SEK 7.21
4 Exchange rates on 2010 balance sheet day: EUR 1 = SEK 9.01, USD 1 = SEK 6.80



Revenue by geographic areas

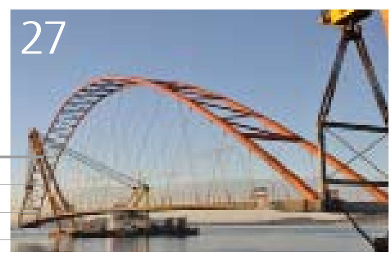


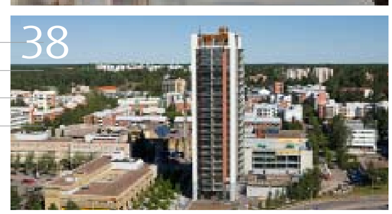
Sweden 23%

Business streams:
Construction, Residential Development, Commercial Property Development, Infrastructure Development

Project:	Page
Gårda, Gothenburg	13, 44
New Karolinska Solna	16, 54
Norra Länken, Stockholm	24, 65
Bromma Blocks, Stockholm	25
Hallandsås (Halland Ridge)	26
Lomma Hamn, Lomma	37
BoKlok Radhus, Linköping	38
Passive houses, Ellös, Orust	39
Ullstorps Gårdar, Gothenburg	41
Universitetsholmen, Malmö	48–49
Blå Jungfrun, Stockholm	64

Other Nordic countries 16%



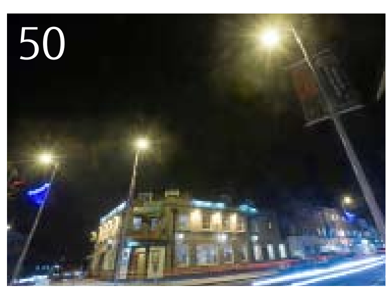


Norway, Finland, Estonia, Denmark

Business streams:
Construction, Residential Development, Commercial Property Development, Infrastructure Development

Project:	Page
Bjørvika Tunnel, Oslo	24
Sandøyna, Brandangersundet	27
Pilestredet Park, Oslo	34
Fjordspeilet, Stavanger	37
Leppävaara Tower, Espoo	38

Other European countries 28%



Poland, Czech Republic, Slovakia, United Kingdom, Hungary

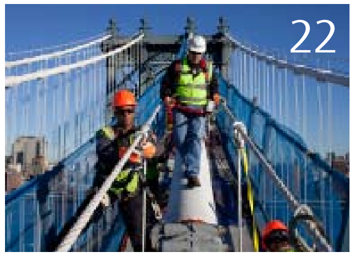
Business streams:
Construction, Residential Development, Commercial Property Development, Infrastructure Development

Project:	Page
A1, Gdansk, Poland	7
Dashwood House, London, U.K.	17
Expressway, Biecz, Poland	24
Ring road, Prague, Czech Republic	28
Heron Tower, London, U.K.	28
Botanica neighborhood, Prague, Czech Republic	40
Deloitte House, Warsaw, Poland	42
City Green Court, Prague, Czech Republic	45
Surrey Street Lighting, U.K.	50
M25 Orbital Motorway, London, U.K.	56
Barts and the London Hospitals, London, U.K.	57
Grunwaldzki Center, Wrocław, Poland	64

United States 28%

Business streams:
Construction, Commercial Property Development

Project:	Page
Manhattan Bridge, New York City	22
Tampa Museum of Art, Florida	28
New Meadowlands Stadium, New Jersey	30–31
Alaskan Highway Viaduct, Seattle	32–33
Solar panels, Skanska Koch, Carteret, NJ	62
733 10th Street, Washington, D.C.	65
Solar panels, Cortez, Colorado	68

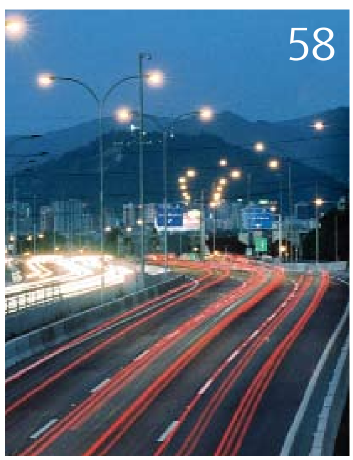


Latin America 5%

Argentina, Brazil, Chile, Colombia, Peru, Venezuela

Business streams:
Construction and Infrastructure Development

Project:	Page
Petrochemical Complex, Rio de Janeiro, Brazil	29
Autopista Central, Santiago, Chile	58–59



Qualitative targets – the five zeros vision

Skanska's values are based on the Company Code of Conduct and are expressed in the qualitative targets – the five zeros vision.

0
- loss-making projects
- environmental incidents
- work site accidents
- ethical breaches
- defects

Profitable Growth 2011-2015

Skanska's business plan for 2011–2015 focuses on profitable growth. After several years of successful consolidation, the Group has a stable base for growth in its four business streams.

The Group's strategy is to maintain a strong focus on profitability and capital efficiency, while growing in construction and project development. Skanska will step up the pace of reinvestments of cash flow from construction in order to grow its project development business streams.

Financial targets

Skanska's target for annual return on equity during the period is 18–20 percent. Its dividend policy is to distribute 40–70 percent of net income.

Investments in project development – residential, commercial property and infrastructure development – will increase, with a continued high asset turnover rate. Skanska's target for its three investment business streams combined is that their return on capital employed shall amount to 10–15 percent annually.

Construction

Construction operations shall increase in volume by capturing market share while maintaining good margins.

The targeted margin for the Construction business stream is being set at an average of 3.5–4 percent over an business cycle, which will place Skanska among the best in the construction industry.

Residential Development

Residential Development shall expand, aiming to become the leading residential developer in the Nordic countries, increase volume in the Czech Republic and Slovakia and also start operations in the United Kingdom and Poland.

Commercial Property Development

Development of commercial properties with a strong green profile shall grow in accordance with Skanska's successful concept from Sweden and Central Europe. These operations are expanding to the U.S. cities of Washington D.C., Boston, Houston and Seattle as well as to Oslo, Norway and to regional growth centers in Poland.

Infrastructure Development

Investments in infrastructure development projects shall increase in those markets where Skanska has construction operations, taking advantage of new opportunities in the U.S. and Central Europe as well as in such new sectors as street lighting and energy production plants using waste combustion.

2010 in brief

Strong earnings and record margin
In 2010 Skanska showed strong earnings and cash flow. During 2010 the operating margin in Construction reached a record level of 3.9 (3.7) percent, thanks to successful risk management and well-executed projects.

Stable order bookings
Order bookings increased by 14 percent compared to 2009, amounting to EUR 13.8 (12.1) billion. Adjusted for currency rate effects, order bookings rose by 6 percent. Order backlog was equivalent to about 16 months of construction.

Strong financial position
At year-end 2010, Skanska's interest-bearing net receivables totaled EUR 1.1 (0.8) billion. Operating cash flow before taxes, financing operations and dividend amounted to EUR 0.7 (0.7) billion.

Increased dividend
The Board of Directors proposes a dividend of SEK 12.00 (6.25) (corresponding to EUR 1.33 [0.65]) per share, consisting of a regular dividend of SEK 5.75 (5.25) (corresponding to EUR 0.64 [0.55]) per share plus a conditional extra dividend of SEK 6.25 (1.00) (corresponding to EUR 0.69 [0.10]) per share.

New Karolinska Solna – a path-breaking project
It was a historic event when Skanska was awarded the assignment to design, finance, build and facility-manage the New Karolinska Solna university and research hospital. The project signifies a breakthrough for the public-private partnership (PPP) concept in Sweden. Meanwhile it is Skanska's largest-ever construction contract. See also page 16.

Highway will yield billions in profit
Late in 2010, Skanska signed an agreement to divest its concession in the Autopista Central highway in Santiago, Chile. The sale will be completed during 2011 and is expected to result in an after-tax gain of about EUR 0.55 billion (SEK 5 billion). The Autopista Central opened to traffic in 2004.

World leader in Green Construction
Skanska was named the world's leading company in Green Construction by Construction Digital, a British web-based magazine that compiled a ranking of the 50 leading Green Construction companies in the world. British-based Sunday Times named Skanska the U.K.'s leading green major corporation in all categories.

Johan Karlström, Skanska's President and CEO, speaking at the Management Meeting in London.

U.S. commercial property projects
Skanska has started two commercial property projects in Washington, D.C. The first is being constructed only a few blocks from the White House, and a second project has been started in the business district of Arlington, Virginia, near Washington, D.C. Aside from the D.C. area, Skanska has also invested in land for new office building projects in Houston, Texas and in Boston, Massachusetts.

Green office building projects in Central Europe
Skanska has begun four new green office building projects in central Europe: in Warsaw and Wroclaw, Poland; in Prague, Czech Republic; and in Budapest, Hungary. All four will be certified at the highest levels, Gold or Platinum, of the LEED international environmental certification system.

Strong increase in homes started
Skanska started construction of 4,113 new homes in 2010, a sharp increase from the year before. Demand for new homes was stable in all of Skanska's Nordic markets and increasing in the Czech Republic.

Best U.S. construction project
The New Meadowlands Stadium, one of the largest arenas in the United States, was completed successfully four months before schedule. Located in New Jersey, it is the home football field of both the New York Jets and New York Giants. The stadium was named the best major construction project in the U.S. by the Construction Association of America.

Lighting up Surrey
Modernization and maintenance of street lighting networks is a new area for Skanska Infrastructure. The first privately financed infrastructure project in this sector was for thousands of street lights in Surrey, outside London.

Bundled Construction
Bundled Construction means that Skanska takes advantage of its financial strength to fully or partly finance a construction project in which the credit risk is deemed very low. Bundled Construction was one of the reasons Skanska won an assignment to develop and build a new congress/concert hall/hotel complex in Malmö, Sweden.

Comments by the President and CEO

Thanks to the contributions of our employees and good project execution, we can show strong earnings despite large variations between our markets. The year was also dominated by the New Karolinska Solna contract and the agreement on divestment of the Autopista Central – two of our largest-ever transactions. We are now increasing our pace of project development, where we see major potential.

"We are competitive during both upturns and downturns, thanks to our mix of operations, our highly skilled employees and our financial strength.

For many countries, 2010 was a year of natural disasters, oil leaks and large budget deficits. The repercussions of the global financial crisis lingered, and the recovery was relatively slow.

The question was whether it would be a year of economic take-off or of another downturn. We were prepared and equipped for both scenarios after the rapid organizational adjustments and investment freezes we implemented in 2008–2009.

In retrospect, we see that 2010 was a bit of both. Our markets in the Nordic countries and Poland, as well as certain segments in the United States were strong, while some markets remained weak.

Several markets were hurt by extreme weather conditions. In spite of this, we generally improved our project execution.

Our markets did not show uniform growth during 2010 – the overall picture was mixed. We had to keep one foot on the accelerator and one on the brake. The rapid economic fluctuations of recent years have demonstrated that we are competitive during both upturns and downturns. Thanks to our mix of operations, our highly skilled employees and our financial strength, we have the capacity and flexibility to act quickly when conditions change.

Rapid shifts

We carried out especially rapid shifts in our residential and commercial property development projects – from sudden braking to full speed ahead within a year. We can now sum up 2010 as a year when we sold about 3,100 homes and started building about 4,100 new ones.

Residential development is one of the fields in which we can grow – both in volume and new markets. We will introduce our well-tested housing concepts to additional home markets. We have made our first land purchase for housing in the United Kingdom. We are also on the way toward establishing our own residential development operations in Poland.

Our homes will be competitive – with designs influenced by Nordic standards and styles, they will complement the products already available in these markets. The needs are great but these new markets look a bit different and we will be listening carefully to customer requests and preferences.

During 2010 we accelerated our development of commercial property projects and started new projects in Sweden, Poland, the Czech Republic and Hungary, where we are traditionally strong. In addition, we have established a presence and bought land for future commercial property projects in new markets such as Oslo, Norway and several U.S. cities. We are taking advantage of our finances to start projects early in the business cycle.

Energy-efficient projects

The demand for energy-efficient homes is increasing. We have built about half of all the "Passive Houses" in Sweden, and now our target will be that all our new homes shall be at least 50 percent more energy-efficient than today's official standards.

Our new office building projects are distinguished by a strong green profile; they are energy-efficient and built using environmentally sound materials, giving them higher value to both tenants and investors.

Large future green market

But new projects represent only a small fraction of the total property stock in a given country, which is dominated by older buildings. These non-green buildings account for a high proportion of greenhouse gas emissions. Existing older properties will not retain their value – they must be environmentally upgraded if their owners want to safeguard the value of their assets. There is major potential for improvement, and a large future market for us.

For many years, we have been developing green solutions that we apply to our new projects. We are in the forefront when it comes to creating green projects. Now we are taking a further step and developing the technology and the concept of Green Refurbishments. We are currently implementing some pilot projects to upgrade properties for better environmental performance. I am convinced that we will be rewarded for this. As the demand increases, we will be the natural choice for forward-looking customers and investors.

Two giant projects that stand out

Looking back at 2010, two projects stand out among our thousands of successful assignments. I am naturally thinking of New Karolinska Solna in Sweden and the Autopista Central in Chile. All in the same year, we landed the assignment for the New Karolinska Solna university hospital – where we are investing EUR 67 million (SEK 600 million) and received a construction contract totaling about EUR 1.5 billion (SEK 14.5 billions), our largest-ever project – and signed an agreement to sell our stake in the Autopista Central toll highway concession. The latter transaction, to be completed during 2011, will result in a very good capital gain, confirming that our investments in public-private partnership (PPP) projects make good sense.

New business plan

But 2010 was not only a year when we harvested the fruits of early investments. We also adopted a new business plan for profitable growth during the next five years.

We are now aiming at growth after several years of successful consolidation. Skanska has a stable base for profitable growth in its four business streams. We have risk management and monitoring functions in place. We have shared values, procedures and processes. Our analyses show that we have the capacity to grow faster than our markets, thereby capturing market share. At the same time, profitability remains a top priority.

Shareholding program boosts employee dedication

In order to achieve our goals, we will need to sharply increase our recruitment efforts in the next few years. This is made easier by Skanska's strong brand and our ability to offer exciting job assignments and global career opportunities. Through the Skanska Employee Ownership Program (SEOP), all employees have the opportunity to participate in sharing the Group's earnings. This boosts employee dedication and creates closer affinity with the Company. Employees who participate in SEOP are collectively the Company's fifth largest shareholder.

Our competitive advantage

Let me return to the Autopista Central and New Karolinska Solna, because I think they are good examples of how we should take advantage of our strengths in order to grow in the future. These projects demonstrate the opportunities we create by utilizing our strong finances and intra-Group synergies. Both projects are evidence of our unique competitive advantages.

During our ten-year Autopista Central journey, we invested EUR 111 million (SEK 1 billion), landed a construction project worth EUR 444 million (SEK 4 billion) and sold our stake with an after-tax gain of approximately EUR 555 million (SEK 5 billion).

We won the Nya Karolinska Solna assignment because we gathered a dream team of Skanska experts in project development, hospital construction and financing from Sweden, the U.K. and the U.S.

Expanding in project development

And now to my point: This is the way that Skanska will move forward. We will take greater advantage of our financial strength – strong cash flow from our Construction operations is the engine – in order to do even more. We will expand in project development, where we earn a high return on our investments. We will increase our pace of development in residential, commercial property and PPP projects. At the same time, this will provide our Construction operations with new assignments.

Better health and safety

Careful planning to identify and deal with potential dangers before we start a job, is among the objectives of our efforts to improve health and safety at construction sites. As a result, accidents so serious that they cause absence from work have been halved in five years. This is a clear improvement and shows that we are moving in the right direction. But we will not be satisfied as long as a single person is injured on the job. Our safety work will thus continue to be one of our major challenges.

Increasing needs in growing cities

We are already well into 2011 and global trends are holding steady. The cities of the world are continuing to grow, and there is an increasing need for buildings and infrastructure. Construction markets in the Nordic countries remain strong, along with the markets for hospitals and educational and transportation facilities in the U.S. We foresee slight improvement in U.K. private construction, while developments in the Czech Republic and Slovakia are difficult to predict.

The housing market is expected to remain healthy, and the markets for commercial property projects are expected to continue improving – especially when it comes to green projects. In public-private partnerships, both wind power and energy production using waste combustion are future markets with major potential.

But what is the most exciting about 2011 is not what the market offers us – it is what we do in the market. We are not sitting and waiting for invitations. We are now taking the first steps to implement our new business plan – we are expanding into new markets and new cities in the U.S. and Poland; we will put our names on the housing map in London and in selected Polish cities; we will enter new areas of public-private partnerships. We will invest even more in green property projects and take a leading role in Green Refurbishments.

So follow us into a future of growth and profitability, helping to create a greener and safer world of construction and project development.

Solna, February 2011

Johan Karlström
President and CEO

Generating value in profitable projects

Projects are the core of Skanska's operations. Value is generated in the thousands of projects the Group implements each year. The goal is that every project shall be profitable while being executed in keeping with Skanska's values, as expressed in five qualitative targets – zero loss-making projects, zero work site accidents, zero environmental incidents, zero ethical breaches and zero defects.

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.

Goals

Skanska's overall goal is to generate customer and shareholder value. Projects are the core of Group operations, and value is generated in well-implemented and profitable projects.

Skanska will strive to be a leader, in terms of size and profitability, within its segments in the home markets of its construction business units, focusing on "Outperform" margins and cash flow.

Skanska shall be a leading project developer in local markets and in selected product areas such as residential, office, retail and selected types of infrastructure development projects.

The Group's financial targets are presented on page 12.

Skanska's strategy for achieving its operational and financial targets is:

- to focus on its core business in construction and project development
- to be an international company, with a leading position in selected home markets
- to execute all projects with zero defects according to the customer's expectations
- to recruit, develop and retain competent employees and to take steps to achieve increased diversity
- to identify and systematically manage risks
- to be a leader in the development and construction of green projects
- to be an industry leader in sustainable development, particularly in occupational safety and health, ethics and the environment
- to capitalize on urbanization trends and take advantage of the Group's know-how and experience as a city builder
- to take advantage of the existing potential to coordinate the Group's purchasing
- to take advantage of the efficiency gains that can be achieved through greater industrialization of the construction process
- to act as a responsible member of the community in all our operations

Synergies at Skanska

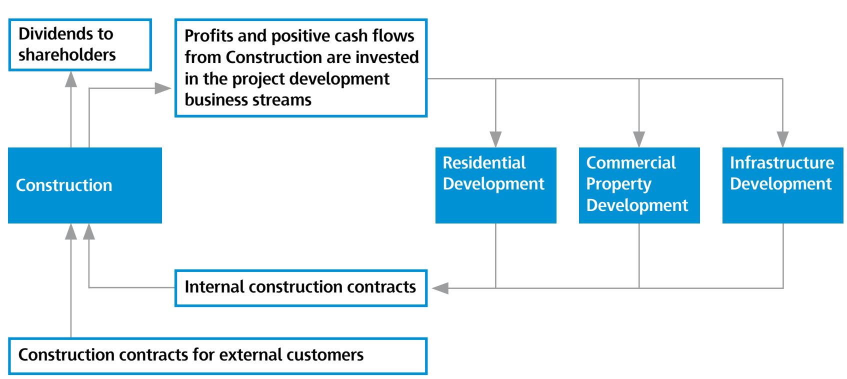
In the Skanska Group there are both operational and financial synergies that generate increased value for our shareholders.

Operational synergies

By being a global player, Skanska generates operational synergies mainly due to the potential for taking advantage of the local specialized expertise found globally in various business areas. Shared purchasing activities and product 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 above illustration.



Skanska's core businesses

Construction and project development are complex businesses. Most projects are unique and local, as are the players who are involved. Market conditions also vary between countries and regions. Skanska's organization is based on local units in a global network. The Group operates in four business streams.

Construction

This business includes construction of non-residential and residential buildings as well as civil construction projects. It is Skanska's largest business stream, performing assignments for external customers (91 percent) as well as for Skanska's development business streams (9 percent). Operations are conducted in selected home markets – Sweden, Norway, Finland and Estonia, Poland, the Czech Republic and Slovakia, the United Kingdom, the United States and various countries in Latin America. Skanska attaches special importance to metropolitan regions, which often demonstrate higher growth than their respective country as a whole.

Residential Development

Skanska initiates and develops residential projects for sale primarily to consumers in Sweden, Norway, Finland, Estonia, the Czech Republic and Slovakia. The Group will now also start residential development operations in the United Kingdom and Poland.

Commercial Property Development

Skanska initiates, develops, invests in, leases and divests commercial property projects, primarily office space, shopping malls and logistics properties in Sweden, Denmark, Finland, Poland, the Czech Republic and Hungary, with a focus on major cities, as well as in selected cities in the United States and Norway. These selected markets are expected to offer a continuous flow of tenants and investors, the latter as buyers of completed projects.

Infrastructure Development

Skanska develops, invests in, manages and divests privately financed infrastructure projects, for example highways, hospitals, schools and power generating plants in the Group's home markets.

Green Construction

Skanska works actively to minimize climate change and intends to become the leader in Green Construction, with the aim of developing economically attractive green solutions for customers, both in new construction and renovation work.

Collaboration creates leverage

The business units of the Skanska Group specialize in project development or construction, but they often collaborate in specific projects. This strengthens the

Poland, Skanska is building the second phase of the A1, a PPP project consisting of a 62 km (39 mi.) four-lane expressway between Torun and Nowe Marzy, south of Gdańsk. It includes two large bridges, including one over the Vistula River that will be about 2,000 m (1.2 mi.) long. The construction contract totals EUR 570 M and some 70 percent of the project has been completed. The first phase of the A1 was completed in 2008.

Group's 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, aside from 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 construction company with global strength and an international builder and project developer 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 skilled, dedicated employees combine expertise with the Group's overall focus on sustainable development.

Brand

Skanska's brand has been built up during more than 120 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 employee relations, health and safety, the environment and business ethics.

Financial strength

Financial strength is an important factor in maintaining the confidence of customers and capital markets in Skanska. It also 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.

Talent management is vital

A good reputation is an important factor in attracting the best employees. To achieve its long-term goals, Skanska must ensure the supply of future managers both for its projects and for other parts of the organization. Identifying and developing the leaders of tomorrow is a core activity for both local units and the Group.

To increase Skanska's attractiveness and create a closer affinity between employees and the Company, in 2008 Skanska introduced a new long-term share incentive program, the Skanska Employee Ownership Program (SEOP), for all permanent employees. In 2011 the program begins a new three-year period. Meanwhile Skanska is broadening its recruitment base by attaching greater importance to increasing the diversity of its workforce in terms of gender, ethnicity and educational background.

All permanent employees are eligible to share in the Company's earnings through the Skanska Employee Ownership Program (SEOP).

Skanska's key stakeholders

- Customers and users
- Employees
- Shareholders
- Media and general public
- Suppliers and subcontractors
- National, regional and local government agencies
- Local residents
- Voluntary organizations

All construction projects in a community have an impact on people and environments. As a responsible company, Skanska contributes to social development, generates value and satisfies the interests of different groups.

Risk management procedures

Construction work involves technical, legal, financial, employee, safety and environmental risks. The ability to identify and manage these risks is crucial to the Group's success and thus an important prerequisite for achieving its strategic goals, see page 14.

Laying the groundwork for profitability

Skanska's earnings are achieved through well-executed, profitable projects.

The right market, the right projects and the right project organization are fundamental to success. The groundwork is laid by the Group's strategic planning, which identifies selected markets and segments.

Skanska continuously builds up knowledge of its customers through a permanent presence in these markets. It ensures a highly skilled project organization by means of local and Groupwide talent management programs.

Profitability, ethics and the environment

Skanska must act in ways that are sustainable and responsible in the long term and meet the demands of 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 zero visions: no loss-making projects, work site accidents, environmental incidents, ethical breaches or defects.

The market- and customer-specific expertise of local units, combined with Skanska's corporate business and control systems, the Group's Code of Conduct and common risk management procedures, provide support for achieving both financial and qualitative targets.

Profitable growth 2011–2015

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 investment operations by taking advantage of financial synergies in the Group. The strategy is to step up the pace of reinvesting cash flow from Construction in order to achieve growth in project development.

After a consolidation process lasting several years, Skanska is well equipped for a new phase aimed at volume growth while maintaining profitability. The Group has continuously improved its profitability, while its financial position is strong and its operations are run in a capital-efficient way. In addition, Skanska has improved both its risk management and project execution. Today it thus has a stable platform for profitable growth.

The business plan for the Group's 2011–2015 operations is based on a thorough analysis of external trends and market developments. This analysis used data and forecasts from internal research studies as well as on macro- and microeconomic trends and population changes. The task of putting together the business plan was a collaborative effort by the Senior Executive Team and the management teams of Skanska's local business units.

Increasing market shares

The conclusion of this research is that Skanska has the capacity to grow more than its markets in general, thereby increasing its market share. This applies to a number of Skanska's home markets and to such core areas as hospitals, schools and water treatment and transportation facilities. The demand for green construction will also increase, due to demands from customers and public agencies concerning the environmental performance of both new and older buildings. Skanska's ambition is to drive the development of green construction forward and to be the leading green project developer and construction company.

The new business plan's emphasis on profitable growth means that profitability is a higher priority than growth and that only units that have a documented ability to execute projects with good earnings will be allowed to grow. The volume of Construction operations should increase gradually during the period through 2015. Meanwhile the target is for operating margins in Construction to average 3.5–4 percent over a business cycle and thus be among the best in the industry.

Growing in project development

Skanska will also take advantage of the potential for growth in its three project development business streams and aims at achieving a better balance between construction and project development operations. Investments in land and residential construction, commercial property projects and infrastructure development projects will thus increase, while maintaining a high turnover rate in the project portfolio. The target is for return on capital employed in Skanska's three project development business streams to total 10–15 percent annually.

Skanska will take advantage of its financial strength in order to expand its project development operations. The business model is the same that the Group has applied for many years: capital that is generated in Construction is used for investments in Skanska's project development streams.

Increasing investments in project development will represent a more efficient utilization of the Group's balance sheet and a reduction in its net cash position. Skanska's target is a positive net cash position, excluding net pension liabilities and construction loans for cooperative housing associations and housing corporations.

Strengthening Skanska's risk management

In recent years, the strengthening of Skanska's risk management and improvements in project execution have provided a stable platform and are essential to profitable expansion and improved margins. To increase productivity, the Group is continuing to invest in the use of digital tools such as Building Information Modeling (BIM) in planning, monitoring and execution as well as in further industrializing construction, coordinating procurement and taking advantage of internal expertise in a structured way.

Even with continued efficiency improvements, Skanska will need to recruit a large number of new employees, since there will be large-scale retirements during the period. The Group will also have to intensify development of existing employees.

Leader in safety

Skanska's ambition is to be the leading company in its industry when it comes to health and safety. Over the past five years, the Group's efforts to improve safety have led to a halving of its lost time accident rate (LTAR). Steps are now being taken to make further improvements in this area.

Skanska's qualitative targets, as expressed in the five zeros vision – zero loss-making projects, zero work site accidents, zero environmental incidents, zero ethical breaches and zero defects – will continue to guide all its operations.

Segment reporting

The new segment reporting method in the Residential Development and Commercial Property Development business streams recognizes revenue and earnings when binding sales contracts are signed.

- Recognition of revenue and earnings in the first part of the Review (pages 1–68) occurs in accordance with the segment reporting method described below.
- The statement of financial position and the cash flow statement are presented in accordance with IFRSs in all parts of the Review.
- The consolidated income statement (page 83), as well as the subsequent statements of financial position and cash flow plus related notes, present revenue and earnings in accordance with IFRSs and the accounting principles described in Note 1 (page 91).

Revenue and earnings, performance analysis

EUR M	Segment Jan–Dec 2010	Segment Jan–Dec 2009
Revenue		
Construction	**11,854**	12,274
Residential Development	**794**	616
Commercial Property Development	**487**	428
Infrastructure Development	**33**	14
Central and eliminations	**–429**	–547
Skanska Group	**12,738**	**12,785**
Operating income		
Construction	**459**	458
Residential Development	**59**	–2
Commercial Property Development[1]	**96**	73
Infrastructure Development	**31**	18
Central	**–83**	–64
Eliminations[1]	**–3**	3
Operating income	**559**	487
Net financial items	**–4**	–22
Income after financial items	**555**	465
Taxes	**–143**	–127
Profit for the year	**412**	338
Earning per share for the year, EUR[2]	**1.00**	0.81
Return on equity, %[3]	**21.0**	19.8
Dividend payout ratio, %[4]	**126[5]**	72

1 Of which gains from divestments of commercial space reported in:

Commercial Property Development	83	71
Eliminations	8	8

2 Earnings for the year attributable to equity holders divided by the average number of shares outstanding after repurchases and conversion

3 Rolling 12 month basis

4 Dividend as a percentage of earnings per share

5 Based on the dividend proposed by the Board of Directors.

Segment reporting

Effective from January 1, 2010, the Group is reporting its Residential Development and Commercial Property Development segments according to a new segment reporting method. The new segment reporting method recognizes revenue and gains on the divestment of properties, residential as well as commercial, when binding sales contracts are signed, unlike reporting compliance with IFRSs and IFRIC 15, where revenue and gains on divestment of properties are recognized when the purchaser takes possession of the property or home.

The new segment reporting method reflects Skanska's operations better than IFRIC 15. The Senior Executive Team and the Board of Directors monitor operations based on segment reporting, and this will also serve as the primary basis for dividend decisions. The design of the Group's incentive programs also mainly follows segment reporting. Intra-Group pricing between operating segments occurs on market terms.

Operating segments

Skanska's business streams – Construction, Residential Development, Commercial Property Development and Infrastructure Development – are reported as operating segments.

Construction

Construction includes both building construction and civil construction. Revenue and earnings are reported successively as a project accrues, in compliance with IFRSs and consistent with previous reporting.

Residential Development

Residential Development develops residential projects for immediate sale. The construction assignments are performed by construction units in the Construction business stream in each respective market. Revenue and earnings are recognized when binding contracts are signed for the sale of homes.

Commercial Property Development

Commercial Property Development initiates, develops, leases and divests commercial property projects. In most markets, construction assignments are performed by Skanska's Construction segment. Commercial Property Development revenue and earnings are recognized when binding contracts are signed for the sale of properties.

Infrastructure Development

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and power generating plants. Construction assignments are performed in most markets by Skanska's Construction segment. Revenue and earnings in Infrastructure Development are recognized in compliance with IFRSs.

Performance analysis

The Group

Revenue amounted to EUR 12.7 (12.8) billion. In local currencies, the revenue decline was 8 percent, primarily due to decreased revenue in Construction.

Operating income amounted to EUR 559 M (487), with Residential Development accounting for the largest improvement compared to the preceding year. Earnings in Commercial Property Development and Infrastructure Development also improved compared to the preceding year. Earnings in Construction decreased somewhat less than the pace of the downturn in revenue. Currency rate effects increased the Group's operating income by EUR 39.6 M.

Central expenses, including businesses that are being closed down, totaled EUR –83 M (–64). Units that are being closed down affected earnings in the amount of EUR –14 M (–2). Of this, EUR 11 M was related to Skanska's former residential operations in Denmark, mainly impairment losses on land. Net financial items totaled EUR –4 M (–22).

Income after financial items totaled EUR 555 M (465). Taxes for the year amounted to EUR –143 M (–127), equivalent to a tax rate of about 26 (27) percent. Profit for the year totaled EUR 412 M (338). Earnings per share for the year according to segment reporting amounted to EUR 1.00 (0.81).

Construction

Revenue declined by 3.4 percent to EUR 11.9 (12.3) billion. In local currencies, the decline was 9 percent.

In the Construction business stream, operating income increased by 0.2 percent and amounted to EUR 459 M (458). Currency rate effects increased the operating income in Construction by EUR 30.4 M.

Operating margin improved compared to the preceding year and amounted to 3.9 (3.7) percent. The margin was positively affected because there was a relatively larger share of projects at the end of the project cycle than at the beginning. Net project revaluations occurred primarily in Skanska Sweden, Skanska USA Civil, Skanska USA Building, Skanska UK and Skanska Poland, while net project impairment losses occurred primarily in Skanska Finland and Skanska Norway. During the year, earnings in Construction were positively affected by recovered bidding costs of EUR 6 M in conjunction with the financial close of New Karolinska Solna in Sweden and by a positive nonrecurring effect of EUR 11 M due to changes in the Norwegian pension system. In Finland, a goodwill impairment loss of EUR 11 M in civil construction operations in Finland was also charged to earnings.

Residential Development

In Residential Development, operating income totaled EUR 59 M (–2). The operating margin amounted to 7.4 (neg) percent. The number of project start-ups developed favorably while sales also developed well, though at a somewhat slower pace than project start-ups. Operating income included EUR 6 M (–0.4) in income from joint ventures and associated companies.

Commercial Property Development

Operating income in Commercial Property Development totaled EUR 96 M (73). During the year, the business stream carried out divestments worth EUR 413 M (335). Its operating income included capital gains from property divestments amounting to EUR 83 M (71).

Infrastructure Development

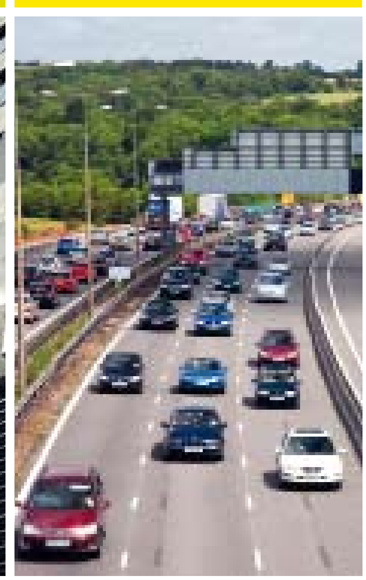
Operating income in Infrastructure Development totaled EUR 31 M (18). Income was favorably affected in the amount of EUR 10 M by the business stream's divestment of its stake in the Orkdalsvegen E39 road in Norway. The financial close of New Karolinska Solna had an impact on earnings, in the form of recovered bidding costs totaling EUR 1 M. Additional earnings from previous years' divestments totaled EUR 9 M.

Construction

Residential Development

Commercial Property Development

Infrastructure Development



Financial and qualitative targets

During 2010 the Group and a majority of its business units achieved their "Outperform" targets. For the next five-year period, new targets have been established for the Group and its four business streams.

Operating margin

The operating margin is an important yardstick of performance in the Construction and Residential Development business streams. Margins depend on what type of business is being carried out and may also vary between geographic markets. The "Outperform" targets for individual markets are weighed together into one target for an entire business stream.

Working capital

The Construction business stream has a target of operating with negative working capital, with the target defined as average working capital in the latest five quarters divided by rolling twelve month revenue.

Return on capital and equity

Commercial Property Development, Residential Development and Infrastructure Development – where Skanska invests in project development – have targets for return on capital employed. The target for adjusted return on capital employed in Commercial Property Development and Infrastructure Development includes changes in market value but excludes currency rate effects.

Project points

An internal point system to enable measurement of progress in long projects, even if a project is not recognized in revenue during the year. Projects receive points according to a defined scale depending on size and stage of project development reached, such as for project start-ups or other progress in the development process. Project points are used in commercial property project development and in infrastructure development.

Qualitative targets

In addition to financial targets, Skanska has adopted qualitative targets, based on supporting the five zeros vision: zero loss-making projects, zero environmental incidents, zero work site accidents, zero ethical breaches and zero defects. Some of these targets are based on specific levels to be achieved in a given year, while others have absolutely zero tolerance – for example zero ethical breaches.

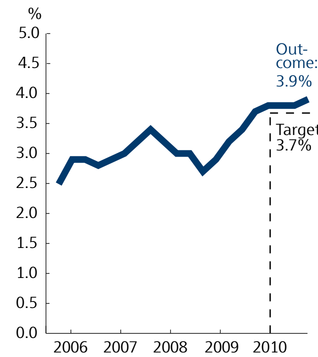
Remuneration connected to targets

At Skanska many employees have some form of variable salary elements or bonus as part of their compensation. Total remuneration can be divided into three components: fixed salary, variable cash remuneration and the Group's long-term incentive program, based on shares (see Note 37, page 148). The allocation from the latter two components is based on how well Skanska's financial targets have been met. The requirements in the Group's financial target plan have been broken down in such a way that every project, district, region etc. has targets that support Skanska's overall ambitions.

Aside from achieving financial targets, a number of qualitative targets must be met.

If qualitative targets are not met, any variable remuneration based on financial targets may be reduced.

Operating margin in Construction
Rolling 12 months



- - - "Outperform" target 2010: 3.7%

0

The five zeros vision

0 loss-making projects

0 work site accidents

0 environmental incidents

0 ethical breaches

0 defects

Financial "Outperform" targets, 2010[1]

	Measure of earnings	Target	Outcome
Group	Income after financial items, EUR bn	0.5	0.6
	Return on equity, %	16.0	20.9
Construction	Operating income, EUR bn	0.5	0.5
	Operating margin, %	3.7	3.9[2]
	Working capital as a percentage of sales	–11.7	–18.1
Residential Development	Operating income, EUR bn	0.04	0.05
	Number of homes started as a percentage of homes sold[3]	130	140
	Percentage of completed homes on January 1, 2010 sold during the year[4]	90	72
Commercial Property Development	Operating income, EUR bn	0.05	0.08
	Return on capital employed, %[5]	5.4	8.4
	Leases, sq. m	150,000	100,900
	Number of project points	25	30
Infrastructure Development	Operating income, EUR bn	0.02	0.03
	Number of project points	80	93

1 For further information, see Note 37, page 148.
2 Outcome according to segment reporting.
3 Refers to Residential Development Nordic.
4 Refers to residential development in the Czech Republic and Slovakia.
5 Including unrealized development gains and changes in market value.

Capital structure

Capital requirements vary between business streams. Skanska's construction projects are mainly funded by customers. This enables the Company to operate with negative working capital in its Construction business stream. However, the equity requirement for a construction company is substantial given Skanska's large business volume and the risks inherent in the various types of assignments it carries out. Skanska must also take into account the financing of goodwill and the performance guarantees required by publicly procured projects in the U.S. market.

The ambition is to invest net cash surplus in Skanska's development business streams – Residential Development, Commercial Property Development and Infrastructure Development. Liquid assets not being utilized are invested in such cash equivalents as government bonds and bank or corporate bonds with no lower than a BBB rating.

New financial targets

In keeping with Skanska's new business plan, which is described on page 9 and aims at profitable growth in the four business streams, the Group has adopted the following new financial targets for the period 2011–2015.

Financial targets 2011–2015

Group

Return on equity for the period shall amount to **18–20 percent** annually

Maintenance of a positive net cash position, excluding net pension liabilities and construction credit for cooperative housing associations and housing corporations.

Construction

An operating margin averaging **3.5–4.0 percent** over a business cycle.

Project development streams

Return on capital employed averaging **10–15 percent** annually during the period for the combined development streams.

Qualitative targets

Qualitative targets are also being added to the financial targets. These targets are connected both to supporting the long-term goals of the 2011–2015 business plan and to supporting the five zeros vision.

The energy-efficient, environmentally sound Gårda office building in Gothenburg is pre-certified as LEED Platinum, the highest level in the LEED international environmental certification system. It will also be the city's first office building to meet EU GreenBuilding standards, meaning that its energy use is at least 25 percent lower than prescribed in the National Swedish Board of Housing, Building and Planning's norms for newly built properties.

Risk management

Identifying, managing and pricing project risks are of fundamental importance to the Group’s profitability. Risks are normally of a technical, legal and financial nature, but risk analysis also includes ethical, social and environmental aspects.

Skanska’s risk management system does not imply avoidance of all risks, but instead aims at identifying, managing and pricing risks.

For some years, Skanska has carried out a systematic risk assessment of new projects, which is clearly reflected in declining project losses. Continuous monitoring and improvements in execution also result in fewer loss-making projects. This contributes directly to improved earnings, since a single loss-making project can wipe out the earnings from many profitable projects.

Skanska is continuously refining its risk management instruments. During 2010 the Group increased its training efforts, improving processes both at the corporate level and in business units, among other things by benchmarking of best practices. In this way, project monitoring was expanded and strengthened in close collaboration with local units.

Risk management in Skanska’s business units is being aimed at a broader spectrum and at projects with a special risk profile. In all business units, risk management work is headed by a specially designated Risk Manager who reports directly to the unit’s management team.

Skanska’s Operational Risk Management Procedure covers all phases of a project – analysis and selection of potential projects, tendering and transfer to project execution. This process is measurable and is an important instrument for improving the efficiency of project execution.

Experience shows that good project planning is crucial to project execution. By identifying and addressing problems at an early stage, Skanska improves the potential for profitability in its projects.

By focusing on selected home markets, Skanska’s local business units become thoroughly familiar with each market and can analyze them continuously. These analyses are an integral element of the Senior Executive Team’s work.

Many markets, many segments

Construction investment in a country normally follows the trend of GDP, with a time lag of one to three quarters. The amplitude of these fluctuations varies between different markets, but is generally larger for construction investments than for GDP. On average, changes in construction investments in Skanska’s markets are estimated at 2.5 times the change in GDP.

Business cycles are not the same in all markets and segments. Some are more volatile than others. Skanska works in many markets and many segments for both public sector and private customers, which reduces the risk to its overall business.

Projects the primary revenue source

The construction business is largely about risk management. Practically every project is unique. Size, shape, environment – most of these vary for each new assignment. The construction industry differs in this way from a typical manufacturing company that operates in permanent facilities and with long production runs.

Projects are Skanska’s primary source of revenue. The Group’s profitability is dependent on the earnings of individual projects. Unforeseen risks can cause losses. One characteristic of the construction business is that risks and opportunities are not symmetrical. 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.

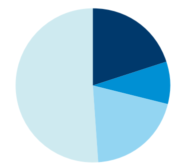
Uniform risk management procedures

Well-implemented identification and management of risks and opportunities during tender preparation lay the groundwork for successful projects.

Skanska uses a Groupwide system for identifying and managing potential risks, the Skanska Tender Approval Procedure (STAP) and the Operational Risk Assessment (ORA). It evaluates construction

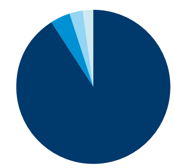
Order backlog EUR 16 bn

Project size



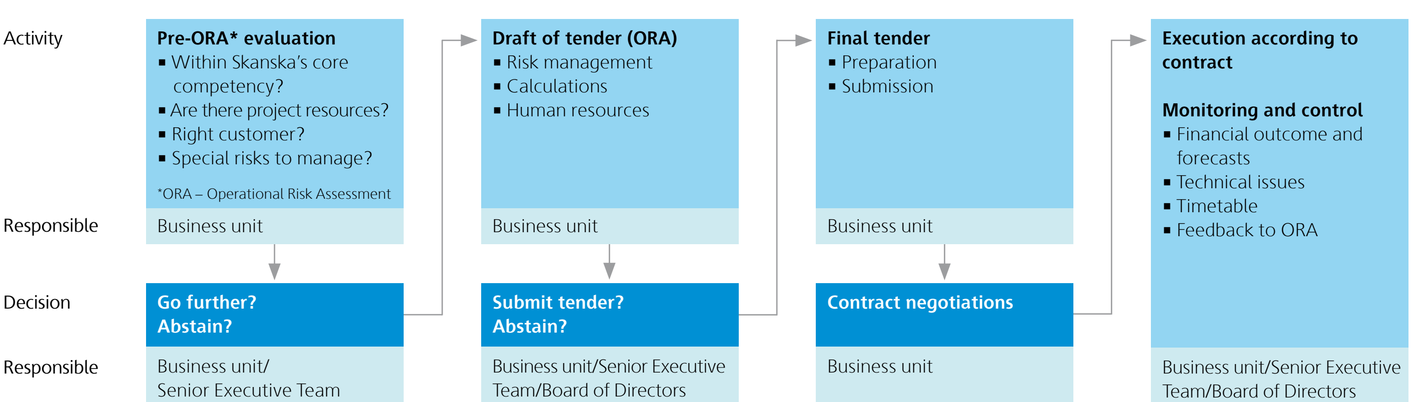
- USD 0–15 M, 20%
- USD 16–30 M, 9%
- USD 31–100 M, 20%
- USD >100 M, 51%

Number of projects



- USD 0–15 M, 91%
- USD 16–30 M, 4%
- USD 31–100 M, 3%
- USD >100 M, 2%

Skanska Tender Approval Procedure (STAP)



projects during tender preparation with regard to technical, legal and financial risks. It also analyzes a number of general "public exposure" issues – among them ethical, social and environmental aspects.

A matrix to choose the right projects

The fundamental risk analysis for new project opportunities is based on the Skanska Heat Map – a matrix of the Company's core competence. This instrument is used in order to select the "right" projects for tender-related work.

Conceivable new projects are examined in light of the core competence of Skanska's business units and on the basis of various general parameters – product type, personnel, geography, customer and contract/assignment – which are crucial to the success of a project, in Skanska's experience. The Heat Map is used before time and energy are devoted to a tender. If a unit receives the go-ahead to begin tender preparation, it then follows the ORA process, which is a more specific, thorough risk analysis.

Risk management unit

A specialized unit, the SET Risk Team (SRT), examines and analyzes conceivable tender proposals, investment or divestments before the Senior Executive Team (SET) makes a decision. SRT handles 40–50 tender proposals per month.

Each business unit carries out a risk assessment and identifies specific measures for limiting risks. Then, in some cases after approval by the Senior Executive Team, it decides whether a tender should be submitted.

Aside from analyzing tenders, SRT is entrusted with strengthening the Group's risk management, providing backup for risk assessment work and disseminating knowledge and experience between business units. In its continued work, SRT will focus on developing uniform processes for all business units and ensuring that at least one project manager participates in tender-related work at business units. The aim is also to perform a risk analysis of all future potential projects in the Operational Risk Assessment system of local units.

Operational risks

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

Projects are accounted for using the percentage of completion method; earnings are recognized as costs are accrued.

Each project is evaluated on a quarterly basis, with adjustments in the percentage of completion being made and any changes in the estimated project completion cost. Estimated losses in ongoing projects are recognized in their entirety on the date the estimate is made. A loss-making project that previously reported a profit must expense all previously recognized profit. The entire estimated loss must also be recognized on the same occasion. If no further changes occur, the project will then recognize zero gross income during the remainder of the construction period.

Different contractual mechanisms

In Skanska'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.

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.

Financial risks

The Skanska Financial Services support unit is used for evaluating risks related to credit risks, payment flows, customers, subcontractors and joint venture partners. In all types of major projects that continue over a long period, Skanska conducts regular follow-up of its risk assessment. SET carries out quarterly reviews of major projects, altogether equivalent to about one third of total project volume, and performs similar monitoring of loss-making projects and those projects deemed to involve special risks.

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 normally not fully hedged, but to some extent Skanska hedges its equity in markets/currencies where it has a relatively large proportion of its equity invested. At the end of 2010, about 30 percent of the equity in Skanska's American, Norwegian, Polish and Czech subsidiaries was currency hedged. Investments in development business streams are hedged, since the intention is to sell these assets over time.

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 2010, the average interest refixing period for interest-bearing assets, EUR 1.6 billion, was 0.5 (0.1) years and on interest-bearing liabilities excluding pension liabilities, EUR 411 M, it was 0.9 (1.2) years. The size of Skanska's interest-bearing pension liability, EUR 135 (215) M, depends partly on the interest rate on long-term central government debt. An increase or decrease in long-term interest rates leads to a decrease or increase in pension liability. Such changes are recognized directly in Group comprehensive income (see page 84 and Note 28, page 134).

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 2010, the Group's unutilized credit facilities totaled EUR 0.8 (0.8) billion and the average maturity of the borrowing portfolio, including the maturity of unutilized credits, was 3.5 (4.5) years.

Impact on the Group of a change in EUR against all currencies

EUR bn		+/–10%
Revenue		+/–1.20
Operating income		+/–0.05
Shareholders equity		+/–0.19

The above sensitivity analysis above shows in EUR bn the Group's sensitivity to a 10 percent unilateral change in EUR against all currencies.

Interest-bearing liabilities and assets

EUR bn	Dec 31, 2010	Dec 31, 2009
Interest-bearing gross liabilities	**–0.5**	–0.7
Cash and cash equivalents and interest-bearing receivables	**1.6**	1.5
Interest-bearing net receivables	**1.1**	0.8

Sensitivity of pension obligation to change in discount rate

EUR M	Sweden	Norway	U.K.	Total
Pension obligation, December 31, 2010	537	296	494	327
Discount rate increase/decrease of 0.25 percent[1]	+/–20	+/–10	+/–20	+/–50

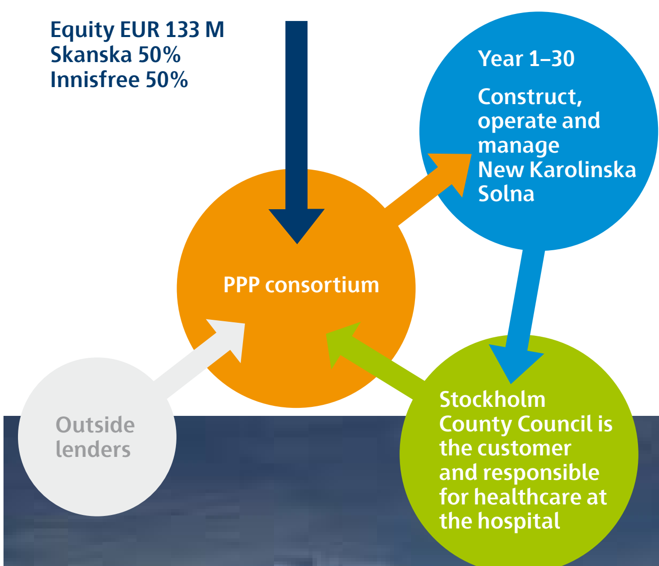
1 Estimated change in pension obligation/pension liability if the discount rate changes. If pension liability increases, the Group's equity is reduced by about 75 percent of the increase in pension liability, after taking ino account deferred tax and social insurance contributions.

New Karolinska Solna – hospital of the future

Area: 320,000 sq. m (3.44 million sq. ft.)
Number of floors: 5–11
Number of rooms: 8,000
Beds: 600 for in-patients, 100 for outpatients and 100 in patient hotel
Number of operating rooms: 36
Number of radiation bunkers: 8
Number of reception rooms: about 180
Construction contract: total of EUR 1.5 (SEK 14.5) billion
Builder: Swedish Hospital Partners, a PPP company owned by Skanska and Innisfree
Construction work at peak will involve: 2,000

Stockholms County Council chose Skanska and Innisfree to assume full responsibility for financing, design and construction as well as facilities management and maintenance of the new hospital until 2040. The construction contract amounts to EUR 1.5 (SEK 14.5) billion.

Skanska is one of the world's leading hospital developers and builders. By gathering its own expertise from Sweden, the United Kingdom and the United States, Skanska was able to win the assignment.



Sweden's first healthcare PPP project

New Karolinska Solna will be the world's largest hospital operated as a public-private partnership (PPP). Meanwhile it is the first healthcare-related project in Sweden to be carried out on a PPP basis.

Skanska's own investment totals EUR 67 M (SEK 600 M). Swedish Hospital Partners, in which Skanska and British-based Innisfree each own 50 percent, is responsible for project development, design and financing. Skanska Sweden and Skanska UK are responsible for the construction. The Stockholm County Council will be responsible for carrying out all healthcare at the new hospital.

Royal groundbreaking

H.R.H. Crown Princess Victoria of Sweden set off the first explosive charge that marked the official groundbreaking of the 320,000 sq. m (3.44 million sq. ft.) university hospital.

New Karolinska Solna will be a world-class university hospital for the healthcare and medical research of the future. The hospital has been designed with a focus on the patient. This means, for example, that all patients will have individual rooms with lavatory/shower, improving safety and privacy while reducing the spread of infection and speeding recovery.

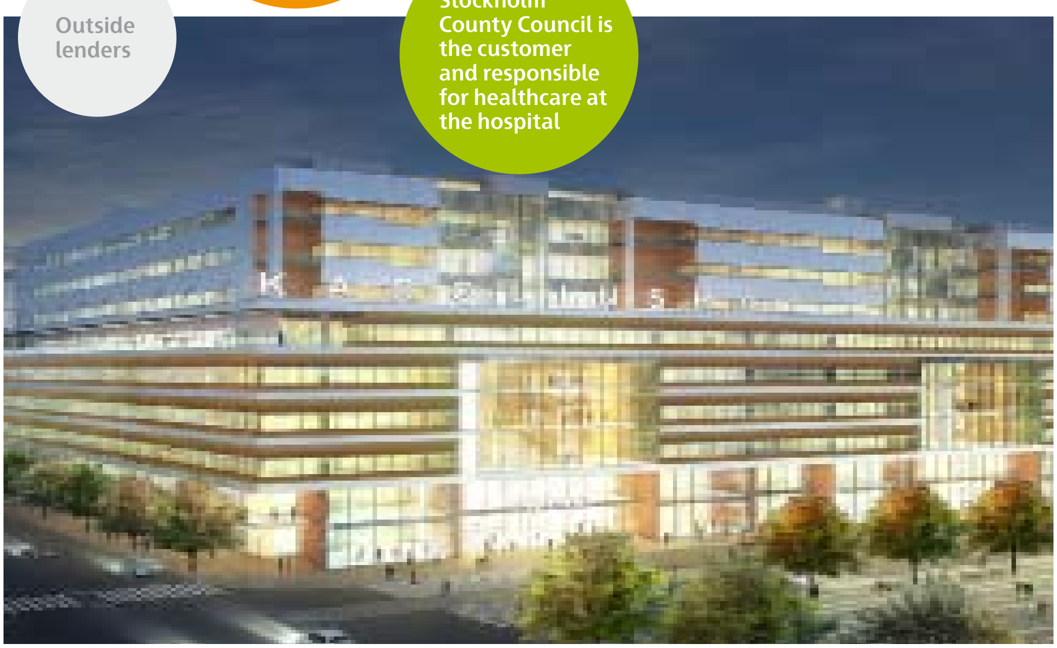
New Karolinska Solna, with 600 inpatient beds, is being built on the existing Karolinska Hospital property in Solna, just north of Stockholm. The project also includes research laboratories, a patient hotel and parking facilities.

Swedish-British collaboration

Construction work, expected to take seven years, is being done by Skanska Sweden in collaboration with Skanska UK. The first facilities will go into service in 2016.

New Karolinska Solna will be one of the first university hospitals in the world to be environmentally certified. The ambition is to achieve the gold level of Sweden's Miljöklassad Byggnad (environmentally classified building) certification system and at least LEED Gold in the LEED international certification system.

More information about New Karolinska Solna can be found at www.nyakarolinskasolna.se/en.



Green Refurbishment for value-secured offices

Dashwood House, London, U.K.
Green Refurbishment and four-story extension of office building
Environmental certification: BREEAM Excellent
Energy use: Reduced through solar panels for hot water needs
CO_2 emissions: 49 kg/sq. m/year (70–130 kg/sq. m/year in non-green buildings)
Water consumption: Reduced 60 percent compared to average building

Regulatory agencies are requiring increasingly strict environmental standards, and investors are more and more interested in properties with a green profile. Skanska has initiated a concerted Green Refurbishment effort targeting commercial properties and developing green turnkey solutions aimed at benefiting the environment as well as property value and operational economy.

Investors' interest in green properties is primarily based on the value trend. Green Refurbishment generates direct savings in operational costs, which also positively impacts the valuation of green properties.

Several surveys indicate that green and energy-efficient properties command higher value. In the U.S., green properties are sold at prices that are 13 percent higher than comparable non-green buildings, according to Eichholtz, Kok, Quigley: Sustainability and the Dynamics of Green Buildings, 2010. The value of LEED-certified properties also increases by 7.5 percent, according to McGraw-Hill Construction, Key trends 2008. Future-oriented companies are demanding green premises to make them more attractive to employees and customers.

Green Offerings

The Green Offering to customers contains various levels of action – from a complete and extensive renovation, to an upgrading of tenants' premises only or an optimization of operating systems. Using improved control and steering instruments for more efficient property operation, it is possible to offer customers guaranteed energy performance during operation of the property.

Green Refurbishment focuses on commercial properties in the U.S., the U.K., Sweden, Norway and Finland.

Major potential in existing buildings

The market potential is considered to be extensive. The built environment accounts for about 40 percent of man-made greenhouse gas emissions, and existing properties that are not constitute around 99 percent of buildings in our home markets.

Skanska strives to create properties that minimize emissions, waste, and energy and water consumption in both the production and operational stages.

25 percent better than the norm

One of the pilot projects concerns an extensive upgrading of one of Skanska's offices in Malmö. The property is being transformed into an energy-efficient demo facility with control equipment for lighting, heating, cooling and ventilation, and a superordinate system for data management. The property will be EU GreenBuilding-certified, entailing energy needs that are at least 25 percent lower than norms set by the National Swedish Board of Housing, Building and Planning.

Green projects in the U.S. and Europe

Skanska's Green Refurbishment of the company's U.S. office on the 32nd floor of the Empire State Building in New York has reduced its energy needs by 57 percent compared to its benchmark. The office has achieved Platinum rating, which is the highest level of the international LEED green building certification program.

Skanska's offices in Malmö, Seattle, Orlando, Tampa, Atlanta and Rockville, Maryland, have also undergone LEED-certified Green Refurbishments. The offices in New Jersey and Colorado have installed solar panels for energy supply.

See also www.skanska.com/sustainability

Employees generate success

Ryan Clayton, Terry Daly and Tony Taddeo of Skanska USA are among the employees honored for outstandingly executed projects. The team was in charge of the successful renovation of the century-old Newark Drawbridge in New Jersey, which was carried out with disrupting the intensive rail traffic over this swing bridge.

During 2010 Skanska provided clear evidence of the strength of its employees – by being awarded the contract to create, build and facility-manage the New Karolinska Solna hospital, the Company's biggest-ever assignment.

This success was based on the collective competence of Skanska. A large number of experienced specialists from Sweden, the U.K. and the U.S. worked for about a year and a half towards a common goal. The project team gathered experts in a number of disciplines – everything from design, environment and financing to project development, construction and maintenance.

Employee dedication and commitment, expertise and diversity are important to the Company's continued success and good earnings.

The crucial role of Skanska's employees becomes even clearer in its new business plan, whose goal is profitable growth in all business areas. Meanwhile there will be numerous retirements during the period. To meet growth targets and replace those who will be leaving the Company, a large number of new employees must be hired during the coming five-year period.

Important role for profitable growth

The human resource department of Skanska and its local units play an important role in supporting management's efforts to ensure the expansion of the Company in a profitable way.

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 ensuring that new employees are introduced to the Company's way of working and pursuing differentiated initiatives such as Green Construction, good business ethics and the focus on improved workplace health and safety.

To ensure that Skanska can compete for the best potential employees, the Group emphasizes its leading position in Green Construction, good ethics and strong values. Being able to offer opportunities for professional development in a successful global company greatly enhances Skanska's value as an employer.

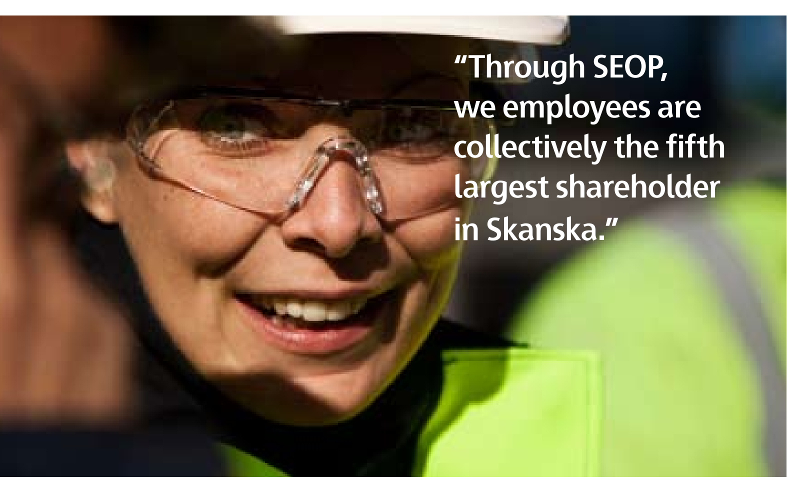
Global recruitment

A new global recruitment system is being devised to make it easier for business units to attract and recruit the right employees. A Groupwide network and the Skanska Recruitment Toolbox have been available for some time on the Skanska intranet in order to facilitate recruitment work.

Human resource issues are a high priority for all units and senior executives.

As part of the business plan for 2011–2015, each business unit plans its recruitment needs and sets targets for employee turnover, recruitment, diversity and professional development activities for its personnel. This planning process also includes establishing guidelines on which target groups and schools to prioritize in recruitment efforts.

Developing the Company's existing talent is an investment that is at least equally important for the future, both in order to replace those leaving the Company and to convey Skanska's way of working and fundamental values to a new generation of managers.



Evaluating managers

To provide a better picture of its management capacity, every year the Group conducts its Talent Review, a major evaluation of all managers and a number of other key individuals in each business unit. The aim is to evaluate individual professional development needs, ensure that a given employee is in the right position and to do succession planning.

The Talent Review will be expanded in order to cover and identify a larger number of in-house talents. The results will then provide the basis for further professional development of individual employees based on their strengths and development needs.

Employees are tracked via the Talent Navigator system, which currently includes some 11,000 employees in all units.

During 2010 the Group started a new round of its Skanska Top Executive Program (STEP). For one year, 40 employees will participate in this training program so that they can make a maximum contribution to profitable growth. The program is provided in collaboration with the IMD strategic and leadership institute in Switzerland.

New development program launched

A new internal development program will be started in 2011. It is aimed at employees with a few years of experience in the Company who are assessed to have great development potential. The program will initially enroll 35–40 people.

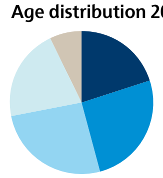
In themselves, Skanska's various operations offer an important opportunity for professional and personal development. Mobility and exchanges of experience between different units will thus be stimulated.

The Skanska Unlimited program offers a number of employees the opportunity to learn new tasks in another unit and market. In January 2010 the program began an exchange period for 24 employees. Another 35 employees will be offered this opportunity during 2011.

Increased diversity

To harmonize with society at large and with its own customer profile, Skanska needs to increase the diversity of its workforce in terms of educational or occupational background, gender and ethnicity.

Age distribution 2010



Female employees at Skanska

%	2010	2009
Skilled workers	3	3
White collar employees	25	26
Skanska AB Board	27	14
Senior executives	11	9
Total	**12**	11

Diversity also boosts the capacity and innovativeness of the Company. To achieve a more even gender balance, Skanska needs a large number of women at all levels, especially in line positions.

The Skanska Female Mentorship Program provides encouragement, support and professional development for women. Twenty-two women participated in the first such program, with support from an equal number of experienced mentors.

In the United States, various programs support Spanish-speaking groups in the Company. Skanska employees in the U.S. also provide support and training for minority- and women-owned companies active as local sub-contractors.

Targets have been established for how diversity should be increased in Skanska's business units during the coming five-year period and will be followed up.

Employee Ownership Program

To further strengthen Skanska's attractiveness to new and existing employees, a three-year Skanska Employee Ownership Program (SEOP) was introduced in 2008. It was aimed at all permanent employees, for the purpose of attracting and retaining employees and strengthening their affinity with the Company. During the third year of the program, membership increased to 19 percent of Group employees. Through SEOP, employees collectively became the fifth largest shareholder in Skanska.

Skanska's shareholders have approved implementation of a successor program, SEOP 2, during the three-year period 2011–2013.

Measuring satisfaction and performance

As part of its Great Boss concept, Skanska conducts an annual Great Boss Index survey to diagnose organizational issues, working climate and how well business units operate.

For many years, all local business units have carried out employee surveys aimed at measuring job satisfaction and the need for human resource development, as well as how many people are hired and how many leave the Company. A Groupwide measurement standard has been developed in order to provide comparable data.

The global economic downturn led to declining volume and Skanska was thus forced to carry out employee cutbacks in some local markets. In Residential Development, the market situation improved during 2010, enabling Skanska to rehire employees and also hire new ones.

Share data

The overall market capitalization of Skanska amounted to EUR 6.1 billion at the end of 2010.

Skanska's Series B shares are quoted on the NASDAQ OMX Stockholm and traded under the SKA B symbol. Current price information is available at www.skanska.com/investors, in the Reuters system under the SKAb.ST symbol and in the Bloomberg system under the SKAB SS symbol. At the end of 2010, a total of 423.1 million shares were outstanding, with a quota value of SEK 3 per share (corresponding to 0.33 EUR). Of shares outstanding, 20.0 million were Series A shares with 10 votes apiece, 399.4 million Series B shares with one vote apiece and 3.6 million Series D shares with one vote a piece. Series D shares are held by Skanska, which may not exercise its voting right. Of outstanding Series B shares, Skanska repurchased 8.3 million shares (see also Note 26, page 132). Of shares in circulation, Series B shares accounted for 94 percent of share capital and 66 percent of voting power. During 2010, Skanska shares traded on the Exchange totaled 471.3 (612.2) million, at a value of EUR 6.0 (5.1) billion. Average volume per trading day was 1.9 million shares, down 26 percent from an average of 2.4 million in 2009. Trading volume during 2010 was equivalent to 118 (153) percent of the total number of Series B shares at the end of the year.

Share performance

During 2010 the market price increased by 9.6 percent to SEK 133.30 (corresponding to EUR 14.79) per share as the final price paid. Skanska's overall market capitalization thus increased during 2010 to EUR 6.1 billion. The highest price paid for a Skanska share was SEK 136.00 (corresponding to EUR 15.09) on April 12. The lowest price paid was SEK 109.70 (corresponding to EUR 12.17) on May 25. The Stockholm all share index, or OMX Stockholm_PI (OMXSPI), rose by 23.1 percent during 2010. The Dow Jones Titans Construction Index, which includes Skanska, rose by 4.2 percent. Skanska's Series B shares are also included in the Dow Jones Stoxx 600, Dow Jones Stoxx30 Nordic, S&P Global 1200 and S&P Europe 350.

Ownership changes

At the close of 2010, the number of shareholders totaled 87,075 (82,067). The proportion of share capital owned by foreign shareholders increased during the year from 24.9 percent to 25.4 percent, while their share of voting power increased from 17.5 to 17.8 percent. Shareholders domiciled in the U.S. were the largest group, holding about 38 million shares, equivalent to about 9 percent of share capital. At year-end, Swedish institutional owners accounted for 42 percent of shares, while 17 percent were owned by Swedish private individuals. Industrivärden has both the largest proportion of share capital, 7.8 percent, and the largest proportion of voting power, 28.4 percent.

The "free float" in Skanska's shares is regarded as making up 100 percent of the number of Series B shares outstanding.

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

The Board proposes a dividend of SEK 12.00 (6.25) (corresponding to EUR 1.33 [0.65]) per share for the 2010 financial year, with SEK 5.75 (5.25) (corresponding to EUR 0.64 [0.55]) of this as a regular dividend and SEK 6.25 (1.00) (corresponding to EUR 0.69 [0.10]) as an extra dividend. The extra dividend is conditioned upon the sale of the Autopista Central concession having been completed and the full sale price having been paid. The proposal is equivalent to a regular dividend amount totaling EUR 262M (227) and an extra dividend amount of EUR 285 M (43).

No dividend is paid for the Parent Company's holding of its own Series B and Series D 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 Plan.

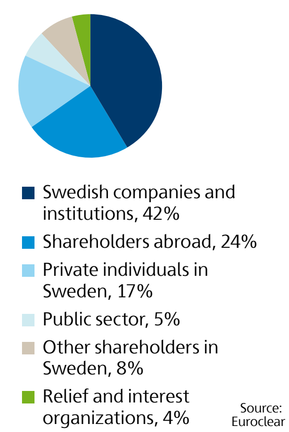
Total return in SEK

The total return of a share is calculated as the change in share price, together with the value of reinvested dividends. During 2010, total return on a Skanska share amounted to 15.0 percent. The Exchange's SIX Return Index rose by 26.7 percent during 2010. During the five-year period January 1, 2006 to December 31, 2010, total return on a Skanska share amounted to 8.0 percent. During the same period, the SIX Return Index rose by 8.0 percent.

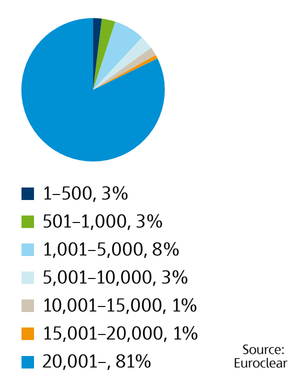
Share ownership program

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 is starting 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 (see also page 12 and page 146, Note 37).

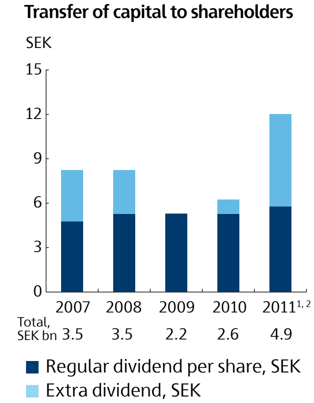
Share capital by shareholder category



Share capital by size of holdings

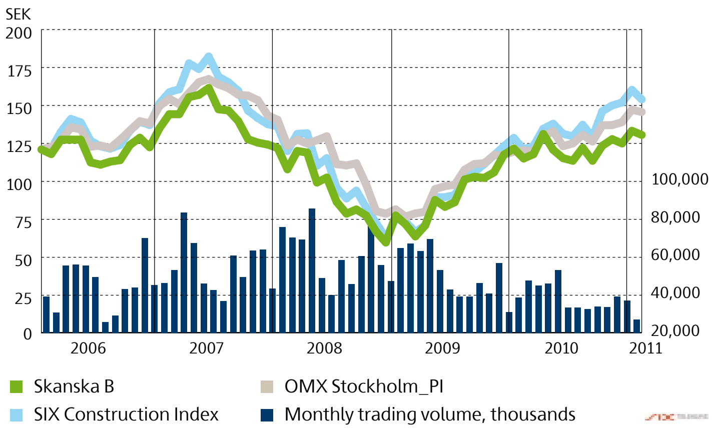


Transfer of capital to shareholders

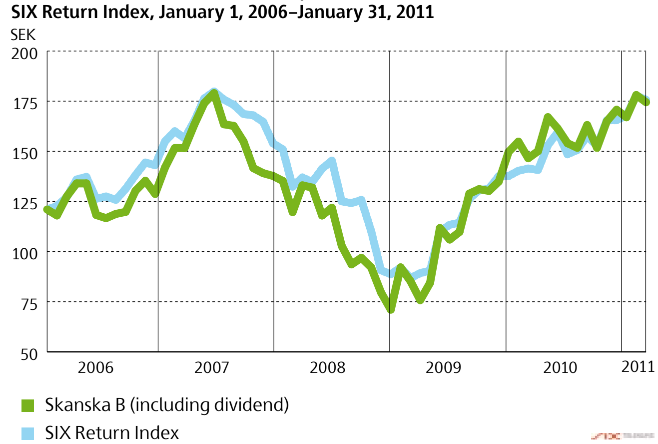


1 Proposed by the Board of Directors.
2 The extra dividend is conditional upon completion of the sale of the Autopista Central.

Skanska share price movement, January 1, 2006–January 31, 2011



Total return of Skanska shares compared to the SIX Return Index, January 1, 2006–January 31, 2011



Equity and adjusted equity

EUR bn	Dec 31 2010	Dec 31 2009	Jan 1 2009	Dec 31 2008
Equity attributable to equity holders	**2.3**	1.9	1.7	1.7
Unrealized surplus land value, Residential Development	**0.1**	0.1	0.1	0.1
Unrealized Commercial Property Development gains [1]	**0.3**	0.2	0.2	0.2
Unrealized Infrastructure Development gains	**0.8**	0.8	0.5	0.5
Less standard corporate tax [3]	**–0.1**	–0.2	–0.1	–0.1
Adjusted equity	**3.4**	2.9	2.4	2.4
Equity per share, EUR [4]	**5.6**	4.7	4.0	4.2
Adjusted equity per share, EUR [5]	**8.1**	7.0	5.7	5.9

1 Market value refers to accrued market value.
2 Autopista Central after taxes included.
3 Less 10% standard tax on surplus values December 31, 2010, Autopista Central excluded. For other periods less 15% standard tax on surplus values.
4 Equity attributable to equity holders divided by the number of shares outstanding after repurchases and conversion.
5 Adjusted equity divided by the number of shares outstanding after repurchases and conversion.

Skanska share history

	2010	2009	2008	2007	2006
Year-end market price, SEK	**133.30**	121.60	77.50	122.00	135.00
Corresponding to year-end market price, EUR	**14.79**	11.81	7.08	12.91	14.93
Year-end market capitalization, SEK bn	**54.8**	50.2	32.2	51.1	56.5
Corresponding to year-end market capitalization, EUR bn	**6.1**	4.9	2.9	5.4	6.2
Number of shares for the year, million [1]	**411.2**	412.8	415.8	418.6	418.6
Highest share price during the year, SEK	**136.00**	123.20	125.50	165.50	136.50
Corresponding to highest share price during the year, EUR	**15.09**	11.96	11.47	17.52	15.10
Lowest share price during the year, SEK	**109.70**	62.00	53.25	110.25	98.50
Corresponding to lowest share price during the year, EUR	**12.17**	6.02	4.87	11.67	10.89
Yield, percent [2]	**9.0**	5.1	10.6	6.8	6.1
Earnings per share [3], SEK	**9.54**	8.65	7.44	9.78	8.68
Regular dividend per share, SEK	**5.75** [4]	5.25	5.25	5.25	4.75
Extra dividend per share, SEK	**6.25** [4,5]	1.00	0.00	3.00	3.50
Dividend pay-out ratio [6], %	**126** [4]	72	71	84	95

1 Number of shares outstanding after repurchases and conversion.
2 Dividend as a percentage of respective year-end share price.
3 Earnings per share according to segment reporting divided by the number of shares outstanding after repurchases and conversion.
4 Based on the dividend proposed by the Board of Directors.
5 The extra dividend is conditional upon the sale of the Autopista Central concession having been completed and the full sale price having been paid.
6 Dividend as a percentage of earnings per share.

Shares by category on December 31, 2010

Category	No. of shares	% of capital	% of votes
A	20,032,231	4.7	33.2
B	399,380,841	94.4	66.2
D [1]	3,640,000	0.9	0.6
Total	**423,053,072**	**100.0**	**100.0**

1 Skanska's holding.

Change in number of shares (millions) and share capital

Year and event	Reduction	Bonus issue	New share issue	Number of shares	Share capital, EUR M
2001 cancellation of repurchased shares	–9.2	–	–	104.7	138.5
2001 split 4:1	–	314.0	–	418.6	138.5
2006 new share issue, Series D shares	–	–	4.5	423.1	139.9

The largest shareholders in Skanska AB, ranked by voting power, Dec. 31, 2010[1]

Shareholders, excluding Skanska's own holdings	Series A shares	Series B shares	% of votes	% of capital
Industrivärden AB	15,091,940	17,019,386	28.4	7.8
Alecta	0	30,275,000	5.1	7.4
Swedbank Robur Funds	0	23,185,445	3.9	5.6
SHB Pension Foundation	1,600,000	1,800,000	3.0	0.8
AMF Insurance & Funds	0	14,785,619	2.5	3.6
SHB	1,000,000	1,152,547	1.9	0.5
SHB pensionskassa	1,000,000	0	1.7	0.2
Folksam Group	0	7,701,376	1.3	1.9
Second Swedish National Pension Fund	0	7,278,491	1.2	1.8
SEB Funds & Trygg Life Insurance	0	6,895,249	1.2	1.7
10 largest shareholders in Sweden	**18,691,940**	**110,093,113**	**50.2**	**31.3**
Other shareholders in Sweden	1,289,423	176,447,476	32.0	43.2
Total in Sweden	**19,981,363**	**286,540,589**	**82.2**	**74.6**
Shareholders abroad	50,868	104,587,005	17.8	25.4
Total	**20,032,231**	**391,127,594**	**100.0**	**100.0**

1 Not counting Series D Shares (3,640,000) plus Series B shares (8,253,247) in Skanska's own custody.
Source: SIS Ägarservice.

Major listed construction companies

	Absolute return 2010, %	Total return 2010, %	Total return 2006–2010, %	Market capitalization, EUR bn[1]	Revenue, EUR bn[1]	Income after financial items, EUR M[1]	Return on equity, %[1]	Return on capital employed, %[1]
ACS (Spain)	1	6	54	11.5	14.0	888	46.0	5.6
Balfour Beatty Plc. (United Kingdom)	21	26	19	2.1	10.8	280	21.3	8.3
Bilfinger & Berger (Germany)	16	20	94	2.3	8.6	192	11.3	15.6
Bouygues SA (France)	–11	–7	–8	11.2	28.2	1,381	15.5	11.0
FCC (Spain)	–33	–30	–51	2.6	11.4	404	12.4	8.1
Ferrovial (Spain)	–10	–4	–41	5.0	10.9	–571	–16.7	6.6
Fluor Corp. (United States)	47	49	80	6.5	14.9	771	23.0	29.4
Hochtief (Germany)	19	22	82	4.2	16.3	540	12.3	8.5
NCC (Sweden)	25	31	53	1.6	4.9	159	18.0	17.0
Skanska (Sweden)	10	15	47	5.6	12.9	473	18.9	21.2
Vinci (France)	3	7	36	19.0	29.2	2,196	19.0	8.8

1 All figures are from 2009, Market capitalization as of September 30, 2010.
Sources: Annual and interim reports for each company and Thomson Datastream.

Skanska is the largest construction company in New York City. Among its many large assignments are renovations of the city's major bridges. Skanska is currently renovating both the Manhattan Bridge (shown here) and the nearby Brooklyn Bridge.

Construction

Aviation hangar becomes **shopping center**

Heron Tower – tallest in the City of London

New Meadowlands Stadium opened ahead of schedule

Construction, Skanska's largest business stream, includes residential and non-residential building construction as well as civil construction in the Nordic countries, Central Europe, the U.K., the U.S. and Latin America.

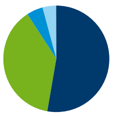
Profitable Growth 2011-2015

Construction operations shall increase their volume and market shares while maintaining good margins.
The target for these operations is a margin averaging 3.5–4 percent over a business cycle.

EUR M	2010	2009
Revenue	**11,854**	12,274
Operating income	**459**	458
Operating margin, %	**3.9**	3.7
Working capital, EUR bn	**–2.2**	–1.9
Operating cash flow	**657**	680
Order bookings	**13,761**	12,123
Order backlog	**16,318**	13,258
Number of employees	**50,197**	51,660

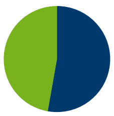
Construction order backlog, EUR 16.3 bn

Operations



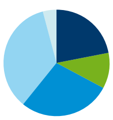
- Building construction, 53%
- Civil construction, 38%
- Residential, 5%
- Service, 4%

Duration



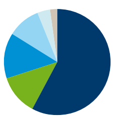
- Production in 2010, 53%
- Production in 2011–, 47%

Geographic area



- Sweden, 22%
- Other Nordic countries, 11%
- Other European countries, 28%
- USA, 35%
- Latin America, 4%

Customer structure



- Government, 58%
- Institutional[1], 12%
- Corp. Industrial, 14%
- Commercial Development, 10%
- Residential, 4%
- Other, 2%

1 Mainly private healthcare and educational institutions.

Record margins but lower revenue

Each day the Bjørvika sunken tunnel provides about 100,000 motorists with a new short-cut between eastern and western Oslo, Norway.

Construction is Skanska's largest business stream. During 2010 it achieved a record operating margin of 3.9 percent. This was mainly due to well-executed projects and good risk management as well as rapid adjustment to lower volume.

Revenue declined during the year as a result of lower order bookings in 2008 and 2009, but an improvement in order bookings was noted during 2010. At year-end 2010, order backlog totaled EUR 16.3 billion. This large order backlog is equivalent to 16 months of construction.

Construction markets were mixed during the year. Order bookings in the Nordic markets were good, and Sweden showed the largest improvement compared to the preceding year.

In the United States, the recovery in the private building construction market remains slow. Demand was stable in the civil construction market, but competition was keen. In the United Kingdom, the market has been adversely affected by sharp public budget cutbacks – which will mean reduced demand for public sector projects – but due to a strong order backlog in the U.K., a large proportion of the work that will be performed during 2011 is already included in the order backlog.

The Polish market is good but competition is fierce. Demand for both public and private sector construction projects in the Czech Republic and Slovakia was still suffering from relatively weak growth and strained public finances.

Skanska Latin America was affected largely by the positive trend in the energy sector. The market for public-private partnerships also showed positive growth during 2010, which represents opportunities for Skanska.

First and largest

New Karolinska Solna, the new university hospital for which Skanska was awarded a contract in 2010, is the Company's largest assignment ever and Sweden's first public-private partnership (PPP) hospital project.

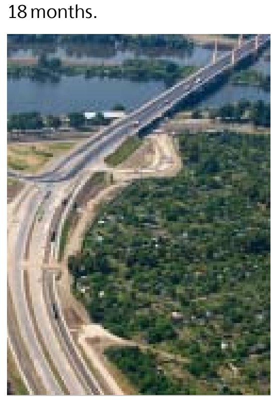
Skanska's success in landing the New Karolinska Solna assignment also shows the advantages the Company can generate by utilizing intra-Group synergies. The combination of financial strength and global expertise in project development and construction enables Skanska to take on large projects such as New Karolinska Solna.

Financial strength leads to new assignments

Collaboration between Skanska's construction and project development operations also enabled it to land the assignment to build a new congress, concert and hotel facility in Malmö, Sweden. The construction contract, which totals EUR 147 M (SEK 1.4 bn), will be expanded in new phases for office and residential space that will be developed by Skanska. This is an example of Bundled Construction, where Skanska uses its financial strength to generate new business opportunities.

Skanska is working on two large subprojects for the Norra Länken (Northern Link) bypass, one of Sweden's largest highway construction projects. Mainly using tunnels, Norra Länken is part of a new interconnected system of major traffic arteries in Stockholm and is expected to open for service in 2015.

In the city of Biecz in southern Poland, a 5 km (3 mi.) long bypass road with five bridges was built in 18 months.



Customer focus and risk management

The general economic downturn of recent years has resulted in fewer projects available for tenders, as well as more intensive competition and reduced tender margins. Aside from continuing efforts to increase cost-effectiveness and improve risk management, greater customer focus is of major importance in order to remain successful.

Maintaining good profitability requires increasingly high working standards, both in the tender stage and during project execution. Skanska thus makes a continuous, focused effort to improve its risk management and productivity.

The Group's focus on eliminating risks and adapting its organization to prevailing market conditions, which was vital during both 2009 and 2010, will remain important during 2011 as well.

Collaborating in clusters

Cluster collaboration between different business units are another way of strengthening the synergies within the Group. Skanska's construction operations in Poland, the Czech Republic and Slovakia have established such collaboration, in which they share resources and expertise in both construction and support functions. Skanska's U.S. building and civil construction units collaborate, among other things, by sharing office space and doing joint marketing and management development. In the Nordic countries, there are collaborative arrangements in information technology (IT) and procurement, as well as in asphalt and industrial production.

Continued strong demand in the Nordic countries

Overall project opportunities in Skanska's construction markets are expected to be stable during 2011, with strong demand in the Nordic countries but continued relatively weak demand in the Czech Republic and Slovakia. The outlook for the U.K. and the U.S. is somewhat uncertain, although civil construction in the U.S. is expected to remain at a healthy level. Latin America will show continued good growth.

The residential market is expected to remain stable in the Nordic countries during 2011. In some markets there is a need for new homes, because relatively few projects were started in the past couple of years. In the Czech Republic, the improvement in the housing market is expected to continue.

Green construction and refurbishment projects are a growing market with major potential, where Skanska is well positioned to win new assignments. In particular, refurbishments of commercial space are expected to increase due to stricter energy and emission requirements and because both investors and tenants increasingly demand green commercial space.

Non-residential, civil and residential construction and renovation

The mission of Skanska's Construction operations is to offer building, civil and residential construction services, also including refurbishment as well as operation and maintenance of industrial and transport facilities. These operations are targeted to both corporate customers and public agencies. By virtue of its size and leading position, Skanska can accept the largest, most complex assignments from the most demanding customers.

The Construction business stream 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.

Order backlog

Order backlog, totaling EUR 16.3 billion at year-end 2010, is divided among several thousand projects. Non-residential building construction accounts for 53 percent, civil construction 38 percent and residential construction 5 percent of the Construction business stream's order backlog. The remaining 4 percent consists of service assignments. At year-end, the part of this backlog that Skanska plans to carry out in 2011 was equivalent to 69 (59) percent of 2010 revenue.

A leading builder in selected markets

The Construction business stream operates in a number of selected home markets – Sweden, Norway, Finland, Estonia, Poland, the Czech Republic, Slovakia, the U.K., the U.S. and Latin America. In addition, there is a pan-Nordic unit for construction-related industrial production.

In its selected markets, the Skanska Group is regarded as one of the leaders or have the potential to become a leader in terms of size and profitability. Skanska also endeavors to be the industry leader in sustainable development as well as in ethics, health and safety. In the Construction business stream, the Group's primary goal is good profitability, followed by growth.

Skanska built the Bromma Blocks retail complex in western Stockholm for KF Fastigheter. This ultramodern three-story shopping mall has more than 80 stores and a garage with 330 parking spaces. The project incorporates a 1947 aviation hangar, whose exterior is a protected historical structure.

Local conditions

Conditions vary between home markets, and the operations of Skanska's local business units thus differ. Some specialize in selected market segments, while others operate in a broader spectrum.

The earnings of Skanska's construction units must be evaluated in light of local market conditions, the segments in which these units operate and varying contractual mechanisms.

Higher margins in civil construction

Non-residential and residential building construction is generally characterized by high capital turnover, limited capital employed and low margins.

Civil construction projects are usually underway for long periods, have a higher risk profile and are more capital-intensive. They consequently also have higher margins.

In 2010, Skanska's construction operations executed project work for internal business streams as noted in the table. Project opportunities are also created by taking advantage of the Group's financial expertise. Skanska Financial Services often helps arrange financing solutions for certain types of projects.

Intra-Group revenue, EUR M

Business streams	2010	2009
Residential Development	218	185
Commercial Property Development	92	182
Infrastructure Development	749	562
Total	**1,059**	**929**

Skanska's home markets

	GDP per capita, USD	Construction per capita, USD	Construction as % of GDP
Sweden	43,668	3,919	9.0
Norway	78,178	9,796	12.5
Finland	44,581	6,737	15.1
Poland	11,302	1,340	11.9
Czech Republic	18,256	2,659	14.6
United Kingdom	35,257	3,334	9.5
United States	45,934	2,911	6.3
Argentina	7,725	406	5.3

All figures refer to 2009. Sources: Euroconstruct, IMF.

The top global contractors[1], sales, June 30, 2010[2, 3]

Company	Country	EUR bn	SEK bn
Vinci	France	32.9	329.7
Bouygues	France	31.2	313.2
Hochtief AG	Germany	18.5	185.8
Grupo ACS	Spain	15.6	156.6
Fluor Corporation	U.S.	15.3	153.6
Skanska	Sweden	12.8	128.1

1 Excluding Asian construction companies.
2 Rolling 12 months.
3 Including non-construction-related operations.
Sources: Half-year report for 2009–2010 for each respective company.

The top Nordic contractors, sales, June 30, 2010[1]

Company	Country	EUR bn	SEK bn
Skanska	Sweden	12.8	128.1
NCC	Sweden	5.1	51.6
PEAB	Sweden	3.5	35.1
YIT	Finland	3.3	33.4
Veidekke	Norway	1.9	18.8
Lemminkäinen	Finland	1.9	18.6
MT Højgaard	Denmark	1.2	11.6

1 Rolling 12 months.
Sources: Half-year report for 2009–2010 for each respective company

Size provides competitive advantages

Skanska's size enables it to compete for large, complex 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.

Customers that operate in more than one market can be offered the same service in all of the Group's home markets via Skanska's network of local business units.

Due to a selective approach when choosing projects, especially when it comes to lump-sum bidding, Skanska is increasingly distancing itself from projects with low margins or projects where high risk is not offset by higher margins. Skanska's ambition is to increase its share of negotiated contracts, where customers value service as well as price. The Company's clear emphasis on its five qualitative targets, the Five Zeros vision, is also a factor that strengthens Skanska's customer offering.

More efficient due to increased capacity

Greater industrialization is an important factor in more efficient construction and higher productivity, and thus also for the Company's profitability. Increasing the proportion of prefabricated components shortens the construction process, while providing better conditions for improving quality, health and safety. For some time, Skanska Industrial Production Nordic's factory in Gullringen, southern Sweden, has manufactured elements for multi-family residential buildings. The plant has now been expanded to also include Skanska's single-family home operations and will supply all single-family home projects in Sweden.

During 2010 the business unit developed a growth plan for the establishment of additional operations, for example in Finland. While boosting capacity and increasing production, the unit's focus on safety work has more than halved the frequency of accidents.

Skanska is continuing to pursue pan-Nordic purchasing work and the development of standard components by Skanska Xchange aiming at reduced cost in residential development, as well as global investments in computer-aided planning and design using Building Information Modeling (BIM), in order to lower costs, improve safety as well as boost quality and productivity in the construction process.

Markets

The Nordic countries

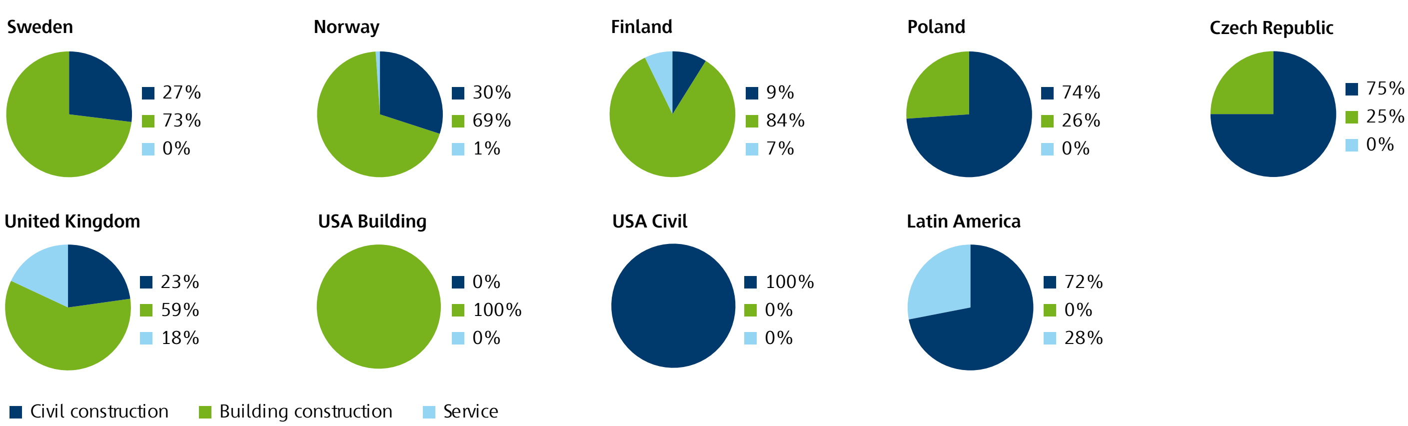
Skanska's operations in its Nordic markets – Sweden, Norway and Finland – include both non-residential and residential construction as well as civil construction. The major product segments in the Nordic countries consist of new construction of office buildings, industrial facilities, retail centers, hotels, hospitals, homes and infrastructure facilities, such as highways and railroads. Skanska also provides various types of renovations and construction services.

The New Karolinska Solna project represents a breakthrough for public-private partnership (PPP) projects in Sweden. Hopefully this project will lead to expansion in the PPP sector. To date, only a few PPP projects have been carried out in Finland and Norway.

Business units, Construction

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build ,%		Order backlog	
EUR M	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sweden	**2,432**	2,316	**128.3**	91.3	**5.3**	3.9	**4,244**	2,054	**174**	89	**3,662**	1,499
Norway	**1,176**	1,059	**19.1**	42.8	**1.6**	4.0	**1,357**	1,061	**115**	100	**1,132**	886
Finland	**722**	673	**–8.3**	21.8	**neg**	3.2	**909**	592	**126**	88	**655**	460
Poland	**945**	695	**62.1**	31.8	**6.6**	4.6	**718**	1,314	**76**	189	**994**	1,173
Czech Republic	**903**	1,106	**41.6**	49.3	**4.6**	4.5	**711**	843	**79**	76	**932**	1,078
UK	**1,488**	1,730	**44.5**	43.7	**3.0**	2.5	**1,565**	1,903	**105**	110	**2,609**	2,379
USA Building	**2,389**	2,899	**43.8**	48.1	**1.8**	1.7	**2,678**	2,802	**112**	97	**3,401**	2,878
USA Civil	**1,206**	1,229	**98.8**	106.2	**8.2**	8.6	**746**	1,116	**62**	91	**2,309**	2,560
Latin America	**594**	566	**29.7**	23.3	**5.0**	4.1	**834**	438	**140**	77	**625**	345
Total	**11,854**	12,274	**459.5**	458.4	**3.9**	3.7	**13,761**	12,123	**116**	99	**16,318**	13,258

Breakdown of order backlog, EUR 16.3 bn



In August, a milestone breakthrough was achieved at the Hallandsås (Hallandsås Ridge) rail-tunneling project in southern Sweden. The tunnel-boring machine, named Åsa, completed the first of the two 5.5-kilometer pipes. The final breakthrough is planned for 2015.

The 285 m (935 ft.) long bridge over Brandangersundet to Sandøyna, Norway was fabricated and installed by Skanska.

Sweden

Skanska Sweden improved both its order bookings and its margins during 2010. Excellent execution and stronger economic conditions resulted in substantially higher bookings, while projects were well-executed. The high point of the year was New Karolinska Solna, which is Skanska's largest-ever contract. The construction assignment totals EUR 1.5 billion (SEK 14.5 bn) and is being carried out in collaboration with Skanska UK.

Assignments for public sector customers showed a favorable trend, both for building and civil construction. Demand in the private sector was good, although the market for office buildings was relatively weak.

In addition to its construction expertise, Skanska Sweden takes advantage of the Group's financial strength to develop and build major projects of a special nature such as police headquarters, detention facilities and courthouses. In this type of project, known as Bundled Construction, during part of the project Skanska can also help arrange financing. Examples of this are the combined congress center, concert hall and hotel in Malmö and the new Swedish Security Service headquarters in Solna.

Skanska began construction of the second phase of the Bassängkajen office building in Malmö, as well as an office building for Visma at Lindhagensterrassen in Stockholm, where work also began on the replacement of the existing Lustgården complex with new green office space.

Among an increasing number of residential projects were Iskristallen and Linaberg in Stockholm, Fiskebäck Brygga in Gothenburg and Lomma Hamn in Malmö.

New Karolinska Solna represented a major addition to Swedish order backlog, which at year-end was equivalent to about 17 months of construction.

Because of good order bookings during 2010, the Skanska Sweden business unit will need to recruit new employees.

Skanska's main competitors in the Swedish market are NCC, Peab, Svevia and various international market players such as Bilfinger Berger.

Norway

During 2010 Skanska Norway had strong order bookings. The Norwegian economy remained in good shape, resulting in new projects for both the private and public sector. Both the building and civil construction sectors grew during the year. Residential construction also showed a favorable trend. Skanska started a large number of new residential projects, including Tiedemannsbyen in Oslo.

The business unit was awarded several large office building projects by private companies. In Oslo it is constructing the new Statoil headquarters for EUR 168 M and in Trondheim a shopping center worth EUR 60 M. A railroad project in Vestfold worth EUR 49 M is the largest new civil construction contract.

The business unit's earnings were pulled down by weak earnings in certain regions but were favorably affected in the amount of EUR 11 M by changes in the Norwegian pension system.

The market is expected to remain stable during 2011. The main competitors in the Norwegian market are Veidekke, NCC and the AF Group.

Finland and Estonia

Skanska Finland significantly improved its order bookings. During 2010 the Finnish economy bounced back; of Skanska's Nordic markets, it had weakened the most during the financial crisis. Residential construction was strong and is favorably affected by the fact that people in Finland are continuing to move into cities. Earnings were pulled down by goodwill impairment losses in civil construction operations, totaling EUR 11 M. The building construction market remained relatively stable, but with few major contracts. The largest projects were the first two phases of Ruskeasuo, an office building project in Helsinki being constructed for Skanska Commercial Development Nordic.

Civil construction remained at a good level, and Skanska's contracts included new road construction assignments between Porvoo and Sipoo in the Helsinki area.

The good economic trend is expected to continue during 2011, both when it comes to building and civil construction as well as the construction of multi-family rental housing.

Estonia's economic situation is highly influenced by the sharp cyclical downturn during 2008 and 2009. This meant continued weak demand for both new residential and non-residential buildings as well as civil construction projects. During 2010 no major new projects were started, although the outlook for 2011 is significantly better than it has been in recent years. Skanska's main competitors in the Finnish and Estonian markets are YIT, Lemminkäinen and NCC.

Other European markets

Poland

Growth in the Polish economy is still good. In spite of this, Skanska Poland's order bookings were lower than in 2009. This is because the second phase of the A1 expressway, a public-private partnership project, accounted for a sizeable proportion of 2009 order bookings.

Building construction remained at a relatively good level, and a number of new projects were started, especially for the public sector. The market for private office construction is still showing relatively slow growth. Among the largest new projects were construction assignments for Skanska Commercial Property Development in Warsaw and Wrocław, as well as a courthouse in Poznań and an air terminal in Rzeszów-Jasionka.

The Polish construction market is expected to remain stable during 2011, but with continued tough competition from a growing number of international market players.

The construction market is being stimulated by investments preparatory to the European football (soccer) championships in 2012, which include roads and railroads. The European Union's infrastructure funds remain important in financing the country's infrastructure investments.

In Poland, Skanska competes with Budimex (with Ferrovial as the main owner), Hochtief, Strabag, Polimex Mostostal and Warbud (with Vinci as the main owner), plus a number of local market players.

The Czech Republic and Slovakia

In the Czech Republic, the general economic downturn resulted in substantially lower order bookings during 2010. Political developments also contributed to greater uncertainty in the construction and real estate market.

Non-residential building construction, especially commercial space, was weak and the same was true of assignments for industry. One of the major new office building projects in Prague is City Green Court, which the business unit is constructing for Skanska Commercial Development Europe. Central government infrastructure investments decreased or were delayed during the year.

The construction market was weak in Slovakia, too, and the infrastructure market was also affected by the general economic situation. One of Skanska's major new contracts in Slovakia during the year was for construction of the R4 expressway to Hungary. The contract totaled EUR 78 M.

To adjust the organization to the weak economic situation, employee cutbacks were implemented. Czech and Slovakian tunnel builders have also been hired by Skanska Sweden to help build the Norra Länken (Northern Link) highway in Stockholm, Sweden.

The housing market improved, mainly in the capital cities of Prague and Bratislava, which also have lower unemployment than the two respective countries as a whole. The demand for housing was favorably affected by an improved lending market, a trend that is expected to continue during 2011.

In the Czech Republic, Skanska's main competitors are Metrostav and SSZ (subsidiary of Vinci). In Slovakia, Doprastav and Zipp (subsidiary of Strabag) are the largest competitors.

The United Kingdom

Despite significantly lower order bookings during 2010, Skanska UK achieved good earnings. The public sector market was generally weak during the year, and the budget cutbacks implemented late in the year will lead to a further weakening of this market. Private sector assignments also showed weakness, but with a slight improvement toward the end of the year.

Order bookings in the infrastructure sector were nevertheless strong, partly due to major new public-private partnership (PPP) projects.

During the year, Skanska confirmed its position as a leading builder in the PPP sector (known in the U.K. as the Private Finance Initiative, PFI) by being awarded a contract to develop and build a number of schools in Essex for EUR 82 M, and the Surrey street lighting project. In the run-up to the London Games in 2012, Skanska is helping to construct a large media center in the Olympics area.

During the year, Skanska also introduced the ModernaHus concept in the British market. It is now constructing 108 apartments in two buildings in Brixton, southern London. ModernaHus shortens the construction period and lowers the cost by using an industrial process based on standardized components. The apartments will require 40 percent less energy than specified in British official standards.

The commercial office market for private investors was weak, although an improvement was noted late in the year. The market outlook for office construction during 2011 is difficult to assess, but there are signals pointing toward a positive trend.

Early in 2011, Skanska completed the 41,000 sq. m (441,000 sq. ft.) Heron Tower, which at 230 m (755 ft) is the tallest office building in the City of London. The building, environmentally certified according to the U.K.'s BREEAM environmental system, is equipped with one of the country's largest assemblies of solar panels for electricity generation.

Skanska has assumed a leading role in green construction, through a number of green projects and innovations. The London *Sunday Times* named Skanska the best large firm in its Green List, and Building magazine designated Skanska as its Sustainable Contractor of the Year.

Skanska UK, which is one of the leading companies in its segments, competes with such firms as Balfour Beatty, Bovis, Amec and Carillion.

The United States

The U.S. construction market is the world's largest, and Skanska USA is one of the leading building and civil construction companies through its specialized units Skanska USA Building and Skanska USA Civil. In the New York City area, Skanska is the largest and leading construction company, according to New York Construction and Crain's New York Business magazines.

Skanska USA Building and Skanska USA Civil work together to land joint projects such as the PATH commuter train station that connects New Jersey with Lower Manhattan. Skanska's contract totals USD 434 M. The project is one of several that Skanska is carrying out as part of the reconstruction of the World Trade Center area in New York City.

The two business units are also working together to expand their operations by establishing a greater geographic presence in the Midwest and the western United States. The two units coordinate their marketing and share office space. Among large new shared assignments in the state of Washington are the renovation of the Alaskan Way Viaduct in Seattle for USD 115 M and a new water treatment assignment.

Two tunnels that are 2 km (1.2 mi.) long are part of the ring road around Prague, Czech Republic.

The award-winning Tampa Museum of Art in Florida. Its nearly 100 m (300 ft.) long façade is a work of art in itself, illuminated at night by light-emitting diodes (LEDs) that change color.

The London skyline has reached a new all-time high – Heron Tower stretches to the record breaking height of 230 metres, making it the tallest building in the City of London. The slender glass and stainless steel clad structure, located on the busiest corner of London's financial district will be completed 2011.

Heron Tower has achieved a BREEAM Excellent rating – the highest level within the British environmental certification system, similar to the LEED environmental system.

The south-facing façade has 3000 sq m of photovoltaic cells – one of the largest in UK – that will generate renewable energy and create a solar shield.

Together with Skanska Commercial Development USA, Skanska USA is carrying out two large office building projects in Washington, D.C. and nearby Arlington, Virginia.

The American economy has begun its recovery, but it has been a slow process. However, Skanska has been able to take advantage of its leading expertise in the educational and healthcare sectors as well as in green construction.The civil construction sector remains fairly healthy, but competition has intensified.

Building

Skanska USA Building improved its margin despite a weak market. The downturn was clearest in construction of office buildings for the manufacturing sector. Meanwhile the weak residential construction market has led to increasingly keen competition.

The education and healthcare sectors remained stable. Skanska has a very strong market position in these sectors thanks to long-term customer relationships, geographic presence and green expertise.

The business unit was awarded new large hospital contracts. The three largest in California and North Carolina are each worth about USD 150 M.

Skanska's team of experts on the construction of energy-efficient data centers also managed to win two large construction management contracts in Ontario, Canada, worth a total of USD 390 M.

Toward the end of 2010, there were various positive signals concerning U.S. consumer optimism and willingness to spend, but the market for offices and other commercial space is expected to be weak as long as high unemployment lasts. In the education and healthcare sectors, demand is expected to be good. We foresee greater interest in continued Green Refurbishments and energy-efficient data centers.

Skanska USA Building competes with such companies as Turner, Bovis, Clark and Stucturetone.

Civil

Skanska's civil construction operations remained at a good level in terms of both income and revenue during 2010.

The business unit's strong earnings were due to continuous improvements in planning and project execution. In addition, several contracts had been received in a favorable market situation.

Aside from transportation infrastructure, in which Skanska has enjoyed a strong position for many years, construction in the environmental field is increasing. There is a growing need for water treatment facilities, both for drinking water purification and wastewater processing. Skanska USA Civil's work with water treatment projects expanded to Orlando, Florida.

During 2010 Skanska consolidated its position as the foremost bridge builder in New York City, receiving a new contract for renovation of the Brooklyn Bridge. Meanwhile it is carrying out major upgrading of both the Manhattan Bridge and the Roosevelt Island Bridge.

The market for transportation infrastructure, including renovations and new construction of highways, public transit systems and other facilities, is expected to remain stable during 2011. The same applies to water treatment facilities, where demand will generally remain good. Meanwhile the strained public budget situation means there is a risk that projects will be cancelled or delayed but also raises hopes of new opportunities in public-private partnerships (PPP).

Skanska USA Civil competes with a number of large national market players, among them Kiewit, Granite, PCL, Flatiron and Balfour Beatty, as well as with numerous players in local and regional geographic markets.

Latin America

Skanska's Latin American operations are dominated by assignments in the oil, gas and other energy sectors. Brazil, which is the largest single market for Skanska Latin America, is continuing to show good growth. Order bookings improved significantly compared to the previous year, mainly due to greater investments in the oil and gas industry.

The Brazilian economy benefits from rising commodity prices. Skanska's most important customers have adopted very large-scale investment plans for the period until 2013.

During 2010, Skanska's assignments for Petrobras included constructing the first unit at a large new crude oil refinery, the Petrobras Petrochemical Complex in Rio de Janeiro state, Brazil. Skanska's contract amount was USD 250 M.

At various existing refineries, Skanska is also working on expansions to boost efficiency and capacity as well as improve the environmental performance of the refineries. Skanska has a strong market position, but competition for construction assignments is expected to remain tough.

Skanska's business related to operating and maintaining oil and gas production facilities is expected to remain stable during 2011.

During 2010 Skanska Latin America together with Skanska Infrastructure Development were awarded an assignment to upgrade and operate a 200 km (125 mi.) long highway in Antofagasta, northern Chile. The project is being carried out as a public-private partnership and includes USD 250 M worth of construction work.

In Latin America, Skanska competes with such companies as Techint, Odebrecht, Camargo Correa, Andrade Gutierrez and Salfa Corp.

In Brazil, Skanska is constructing one of the first projects at the new Petrobras Petrochemical Complex in Rio de Janeiro state. Skanska's contract is worth USD 250 M. Petrobras is one of the world's leading energy companies and one of Skanska's repeat customers.

New Meadowlands Stadium is ready for play

New Meadowlands Stadium, New Jersey, U.S.A.
Skanska's contract sum: USD 1.1 billion
Steel: 26,000 metric tons
Concrete: 54,000 cubic meters
Fiber-optic cables: 58 km (36 mi.)
Piles: 4,800
Groundbreaking: Spring 2007
Completion: Spring 2010

The New Meadowlands Stadium in New Jersey is ready for those who play both sports and music. Skanska completed the project four months ahead of schedule, enabling the arena to open in the spring of 2010.

Among the first events at the giant stadium, located a short commuter train ride west of Manhattan, were music concerts featuring the Eagles and Jon Bon Jovi. In September, the football season began with premier games for the stadium's two co-owner teams, the New York Jets and the New York Giants.

The arena is the only one in the National Football League (NFL) that is co-owned by two teams. For this reason, New Meadowlands features a neutral color scheme between football games but is illuminated in the home team colors when each respective team plays – blue for the N.Y. Giants and green for the N.Y. Jets. This is possible because of a major investment in electronics, including 2,200 colorful HD screens, and the four largest measuring 10x35 m (30x115 ft.) in size, one in each corner of the stadium. The co-owner teams' generous-sized separate locker rooms feature their own respective color schemes.

The 2014 Super Bowl

The New Meadowlands Stadium accommodates 82,500 spectators. Thanks to the new arena, the New Meadowlands Stadium Company has been awarded the honor of hosting the 2014 Super Bowl. This national football championship game is one of the world's largest sporting events.

A sports arena of this caliber is more than just a green playing field and 60 m (197 ft.) tall seating areas with perfect views all around. To serve all the spectators and enhance their experience, there are 52 bars, lounges and restaurants. The stadium's 220 private suites naturally also feature both TVs and bars.

Efficient collaboration

The construction project, which also included demolishing the old arena, was a collaborative effort between Skanska's U.S. building and civil construction units. During planning and execution Skanska used Building Information Modeling (BIM), a digital simulation system. To make the assembly task easier and to avoid mistakes, the thousands of steel and concrete building elements used in the stadium could be tracked individually using radio frequency identification (RFID) technology. One important factor in being awarded the project was Skanska's strong values, as expressed in its five zeros vision.


MetLife
NEW YORK FOOTBALL GIANTS
GIANTS

JETS


Expanding west

Alaskan Way Viaduct in Seattle
The contract amounts to USD 115 M.
The project involves a new 1.3-kilometer (0.8 mi.) viaduct on the southern part of the Alaskan Way on State Route 99 in downtown Seattle.
Work commenced in 2010 and is to be completed in 2013.
The customer is the Washington State Department of Transportation.
The project is being conducted by Skanska USA Building and Skanska USA Civil.

Skanska is the leading builder in New York City. Having landed its first assignments there in 1971, today Skanska has evolved into the largest construction company in the world metropolis.

At present, Skanska is upgrading the venerable Manhattan Bridge, Brooklyn Bridge and Roosevelt Island Bridge and is extending the city's No. 7 and 2nd Avenue subway lines as well as several local water and wastewater treatment plants, among them Newtown Creek. Meanwhile Skanska is carrying out a large-scale Green Refurbishment of a global organization's 42-story headquarters in Manhattan and major assignments related to the reconstruction of Ground Zero. Few companies can compete with Skanska for truly large and complex projects around New York.

From its headquarters in New York City, Skanska USA is now further expanding its reach across the United States. Over the years, expertise gained from jobs in New York – including major bridge, subway and water treatment projects – has helped the company to land assignments all along the East Coast from Boston, Massachusetts in the north to Orlando, Florida in the south.

There is also heavy demand for these services in various other urban regions in the U.S. Taking advantage of these opportunities and extending its civil construction operations throughout the country are among growth strategies in Skanska's new business plan. Skanska USA Civil is thus expanding westward today, with the aim of leveraging its comprehensive expertise in other regions.

Skanska's building construction operations already have a broad footprint on the American continent – with some 30 offices, for example in southern states like Florida, Georgia

and Texas and all the way west to California, Washington and Oregon. For some time Skanska has also had a strong highway construction team in Los Angeles and a number of offices in the Midwest.

There are many synergies. With its far-flung presence, Skanska USA Building has launched Skanska as a respected name. It has also gathered important local knowledge about customers and suppliers.

In recent years, Skanska has taken another major step by landing assignments to help extend the Bay Area Rapid Transit (BART) commuter rail system, widen the I-215 freeway in San Bernardino, California and build a large water treatment plant in Hanford, Washington.

During 2010 Skanska also continued its expansion in the western states by being awarded a contract to replace the Alaskan Way Viaduct on the State Route 99 bypass in Seattle, Washington. Skanska's Seattle office, which is shared by Skanska USA Civil and Skanska USA Building, is LEED-certified.

Skanska has gained a foothold in Arizona, for example with several new civil construction assignments for that state's Department of Transportation. Skanska USA Building is also active there, with both units sharing a base in the Phoenix suburb of Tempe.

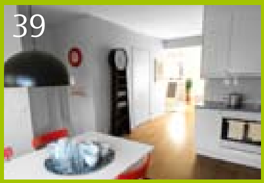
Within a short period, Skanska USA Civil has established new offices in Oakland, California; Seattle and Phoenix in the West as well as Orlando in the South.

To create a presence in some of the remaining blank spots on its U.S. map, Skanska will supplement organic growth with acquisitions of local construction companies whose image is compatible with its own. The future will also bring new opportunities in public-private partnerships.

In the Pilestredet Park neighborhood of central Oslo, Norway, 625 homes have been developed in phases since 2001. The area meets high environmental standards, and energy consumption is 30 percent below nationally prescribed norms.

Residential Development

New homes in **Lomma Hamn**



The first **BoKlok** attached homes

At home in **Ullstorps Gårdar**

The Residential Development business stream invests in and develops homes for sale directly to consumers in the Nordic countries, the Czech Republic and Slovakia.

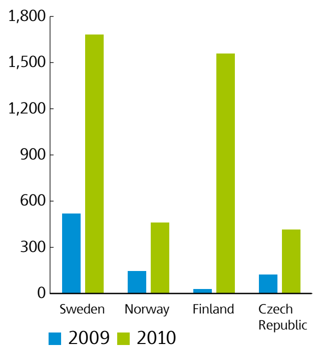
Profitable Growth 2011-2015

Residential Development will expand – becoming the leader in the Nordic countries, increasing its volume in the Czech Republic and Slovakia and launching operations in the United Kingdom and Poland.
The target is a return on capital employed amounting to 10–15 percent annually for Skanska's three project development streams combined.

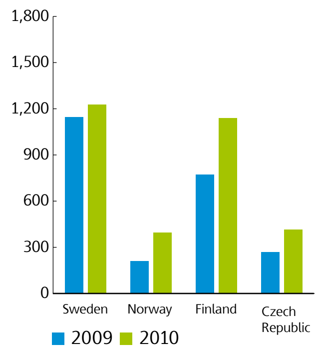
EUR M	2010	2009
Revenue	**794**	616
Operating income	**59**	–2
Operating margin, %	**7.4**	neg
Investments	**–582**	–323
Divestments	**553**	561
Operating cash flow from business operations[1]	**–202**	43
Capital employed	**1,130**	842
Return on capital employed, %	**5.9**	neg
Number of employees	**649**	669

1 Before taxes, financing operations and dividends.

Homes started



Homes sold



Five times as many homes started

Skanska's Nordic housing markets remain strong – both sales and project start-ups are increasing. Low-price BoKlok homes are becoming more and more attractive to first-time buyers. Residential development operations will be expanded to the U.K. and Poland. Major steps toward green homes are being taken.

Faster pace of residential development – sharp increase in new projects

The demand for housing was good in 2010. Sustained by low interest rates, this resulted in higher sales at stable prices. There was great interest in newly constructed homes, which justified a sharp increase in the number of residential project start-ups during the year.

In 2010 Skanska's residential business experienced a rapid change compared to 2009, when economic uncertainty led to few project start-ups and to employee cutbacks. In Sweden, Norway and Finland, demand rose gradually, more projects were initiated and new employees were hired. In the Czech Republic and Slovakia, customer interest increased and the number of unsold homes was reduced.

The business stream also made a major effort to move planning processes forward and to develop and start new projects. A total of 4,113 homes were started in 2010. Residential Development took advantage of Skanska's financial strength to purchase land in good locations, among other things from competing companies.

BoKlok growing

There is growing interest in BoKlok (LiveSmart) homes among buyers, and Skanska is accelerating the pace of development by securing more land and boosting the capacity in the factory. These affordable, space-efficient homes, which are marketed in collaboration with the IKEA home furnishings chain, are attractive to broad customer categories. A full 98 percent of customers are willing to recommend BoKlok to a friend.

Skanska is continuously refining the BoKlok concept. During 2010 it launched the first BoKlok attached home (townhome) area in the Lambohov neighborhood of Linköping, Sweden. These attached homes are energy-efficient and are largely built using renewable materials.

Since their inception in the 1990s, about 4,000 BoKlok homes have been sold in Sweden and some 700 elsewhere in the Nordic countries. In 2010 about 350 BoKlok homes were sold in Sweden, and there are plans to increase the number in 2011.

The business stream will also establish operations in the U.K. and Poland according to the same model used in the Nordic countries. In the U.K., the focus will be on Greater London and southeastern England, and in Poland mainly Warsaw, Kraków and Wrocław.

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.

New collaboration with schools

Proximity to preschools and schools is an important criterion when families with children choose a new home. To ensure that its new residential areas will offer this, Skanska has begun working with I Ur och Skur (Rain or Shine), a unit of the Swedish Association for Promotion of Outdoor Life that runs nature-oriented schools, to establish a number of preschools and schools over a five-year period. The schools may operate under municipal, cooperative or private management.

Greener homes

Skanska-built homes are designed in ways that ensure energy consumption 25 percent below legally mandated national standards. In Sweden, Skanska's projects planned in areas served by district heating networks have an average annual energy consumption of about 75 kWh per square meter – significantly better than the legal norm of 110 kWh/m per year. In Norway and Finland, as well as in certain projects in the Czech Republic, the objective is that Skanska's homes shall achieve a B classification: one classification better than C, which is the norm for homes in these countries.

In the Adjutanttii apartment building in Espoo, Finland, Skanska is collaborating with the Fortum energy group and the equipment suppliers ABB and Kone to minimize climate impact throughout the service life of the project, among other things with solar cells, individual energy measurement and elevators mainly run by electricity generated on-site.

In Hestra Parkstad outside Borås, Sweden, Skanska is developing 40 apartments in low-energy building that meet "Passive House" standards.

Nine metropolitan regions

In its Nordic housing markets, Skanska Residential Development Nordic operates in nine selected metropolitan regions. In addition, Skanska's construction homes perform residential development in selected growth centers outside major urban areas. The high standards of residential design, quality, environmental and customer service are the same in all markets, regardless of which Skanska unit is responsible for development.

In Skanska's selected market areas, demand for new homes is expected to be stable. The focus is mainly on identifying and purchasing land for new project start-ups.

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

Stavanger, on the southern coast of Norway, has a very strong housing market. In 2010, 135 homes of various kinds were sold. Shown here are the first phases of Fjordspeilet, which will comprise 114 homes including an upcoming phase.

In the Czech Republic and Slovakia, Skanska focuses on the Prague and Bratislava markets. In Prague, Skanska is one of the largest residential developers. Increased consumer confidence in the future, greater willingness by banks to provide loans and a stabilization in unemployment – which is significantly lower in the two capitals – are having a positive impact on demand. At present, the greatest demand is for somewhat smaller apartments since customer interest shifted toward lower total cost.

As earlier, Skanska's home buyers also have access to financially attractive offerings. Marketing is being reinforced with the help of showroom apartments and greater accessibility to projects on the Internet – steps that have proved successful in the Nordic countries.

As part of Skanska's new business plan, the Group is initiating efforts to expand residential development operations to Poland and the U.K.

Focused sales efforts

Skanska has its own sales organization, which enables it to establish a broad range of contacts with potential buyers. The salespeople are knowledgeable about Skanska's products and can thereby guide customers in making choices. This also makes them aware of customers' preferences and wishes. All sales activities are measured, providing a direct picture of the attractiveness of each product in the market and the impact of various activities on sales. Including this knowledge in project development work is an important element of risk management.

To further increase its familiarity with customers, Skanska's housing panel conducts in-depth surveys in which a large number of individuals are asked about their preferences and needs.

Skanska has also developed new, improved interior design in its model homes to stimulate sales. The décor in these homes is targeted to selected customer categories, generating greater interest in Skanska's residential homes.

"Expo" is another concept; it means that a full-scale model home is constructed in a planned residential area. The model home, which is fully furnished, also has windows with a projection showing how the view will look when construction is completed. Expo has been used very successfully at the Frölunda Torg project in Gothenburg and at Linabergskajen in Stockholm.

Lomma Hamn is a new district being developed in Lomma on the shore of the Öresund waterway just north of Malmö, Sweden. Aside from new Skanska homes, the area has a marina and a fishing harbor as well as a sandy beach.

The right customer, product and market

Operations focus on selected geographic markets and a limited number of products targeting three different specific customer categories or market segments – for example young couples and first-time buyers, families with children and affluent couples without children living at home. Clearly defined customer segments and needs provide the basis for the products and concepts that Skanska chooses to invest in. The design of these products is adapted to the Company's prioritized customer segments.

It is also a matter of developing the right product for the right market.

Skanska's future residential development strategy will also include focusing on higher volume in a number of product types and metropolitan regions selected on the basis of their economic situation and population growth, business and infrastructure investment as well as volume and price trends.

The aim of this strategy is to boost volume, which will also require a well-adapted land bank. To meet these requirements, Skanska continuously evaluates its land holdings, resulting in acquisitions, divestments or land exchanges.

Boosting cost-effectiveness

In order to improve productivity and cost-effectiveness, Skanska is working to develop standardized components, industrialized production and coordinated purchasing. Three technical product platforms, for apartment buildings, single-family homes and BoKlok buildings, make possible a high degree of repetition without sacrificing varied designs in individual projects.

As part of the pan-Nordic development project Skanska Xchange, some 60 projects are underway based on these new platforms. Most of them are apartment buildings.

Experience is showing increased efficiency and substantial cost savings. Time and costs are being lowered throughout the process from design to construction – among other things due to repetition, use of Building Information Modeling (BIM) as a planning aid and prefabricated modules for bathrooms, ventilation units and other components.

There is also potential for improvement by boosting volume, for example by developing large, coherent residential areas or neighborhoods.

Skanska Industrial Production Nordic is responsible for a large proportion of this production. Starting in 2011 it will supply all wooden-framed single-family homes in Sweden and Norway. For BoKlok homes, the Gullringen element factory in Vimmerby, Sweden also assembles kitchen modules. Purchasing in the Nordic countries is also being centralized in a specialist unit.

The value enhancement process

Development of residential projects is a continuous process – land acquisition, planning, product definition, marketing, construction and sales – in which the developer has full responsibility in all phases. Development operations are capital-intensive, especially during the start-up of new projects. Value enhancement occurs continuously in the various phases. In order to reduce tied-up capital, a rapid pace of sales is sought.

A supply of land suitable for development is a precondition for a continuous flow of projects. Due to lengthy planning and permit processes, ample lead time is required.

Increasing the value of building rights

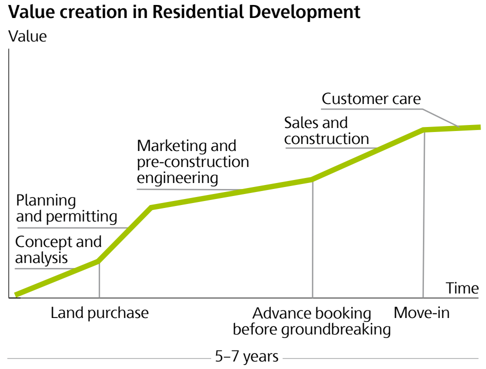
The value of land and buildings varies with the demand for housing, i.e. changes in prices and rents. Value also depends on location. As development risks diminish, value increases. A major step in value enhancement occurs when a parcel of undeveloped land is transformed into a building right. The process leading to an approved local development plan may take up to five years. 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 can be sold at the prevailing market price.

In Finland and the Czech Republic, project development generally begins on land that local governments have designated and planned for residential projects. This involves a shorter execution period and lower tied-up capital.

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. Customer surveys provide data on the preferences of potential customers in terms of location, design and price level.

Effective from 2010, accounting principles were changed. Skanska is managing residential development operations on the basis of the segment reporting system described earlier. See page 10.

Value creation in Residential Development



Generating value, step by step

In residential development, macroeconomic and demographic trends are fundamental in generating value. Before making land purchases, Skanska also analyzes local conditions in detail.

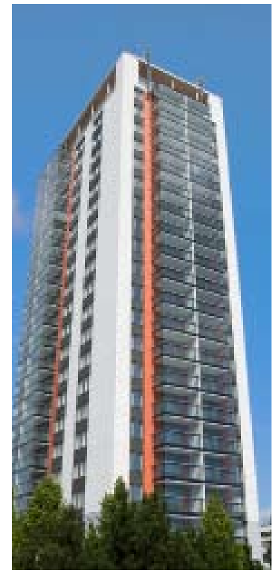
Maximum customer value is achieved in stages. Skanska establishes a framework in close collaboration with local government. Based on the potential offered by the surroundings, it then creates a neighborhood with clear character. The design and marketing of an attractive product are also based on the wishes of a well-defined customer category.

The Skanska project team leading this task includes business and project developers, architects, salespeople and builders. When purchasing their homes, individual customers will also contribute to the process with their specific requirements and requests.

Risk management

The right product at the right time is the basis for success. The general risk lies in having the wrong product in the wrong location. The basic prerequisite for minimizing this risk is to be familiar with customers and their needs.

Capital at risk is limited to a maximum amount. This means that new projects may not be started until room has been created by further sales of homes that are under construction or completed. Capital at risk equals the estimated completion cost for all unsold homes, both completed and under construction.



Rising above Espoo outside Helsinki, Finland, is the 70 m (230 ft.) Leppävaara tower with its 113 apartments. Residents of the 21-story building have access to a common sauna department and a roof top terrace.

BoKlok attached homes are making their debut in Lambohov, Linköping, Sweden. The 15 homes are being sold as cooperative units, and the monthly cost will be EUR 806 and up, including interest and principal.

In Ellös on the isle of Orust along Sweden's west coast are these low-energy "passive houses" containing 19 cooperative apartments that were sold directly to customers and six rental apartments bought by the Municipality of Orust before groundbreaking.

Such external factors as interest rates and customer demand are of crucial importance to all decisions in the process. In case of sharp economic fluctuations or collapsing demand, the development of new projects may be stopped completely, as occurred during the financial crisis which began in the autumn of 2008.

Sales and pre-bookings are followed up monthly. Projects are usually divided up in phases. To avoid building up an inventory of unsold homes, sale of homes in a new phase begins only when the preceding one is nearly sold out or pre-booked.

Ownership mechanisms vary in different markets

In Sweden and Finland, sales occur largely in the form of cooperative housing associations or ownership rights in the respective housing corporation. Skanska acquires land, which is then sold, usually to a cooperative housing association formed by Skanska. Construction does not normally begin before contracts have been signed for about half the homes in a project phase, but this pre-sales level may vary depending on project conditions and is thus not a fixed minimum for all projects. The cooperative housing association buys the building right and construction services from Skanska, which then invoices the customer – the cooperative housing association or housing corporation – regularly as the phases are completed.

In the Czech Republic and Norway, development occurs mainly for Skanska's own account. The homes are sold individually as ownership homes. Here, too, Skanska requires a minimum percentage of pre-booked sales before making a decision to start construction.

Markets

Residential development in Skanska's Nordic markets and the Czech Republic takes advantage of synergies and economies of scale, while adapting products to customers in local markets. Investments in new projects will increase in all markets during 2011. Room for this is created by utilizing financial synergies in the Group.

Sweden and Norway

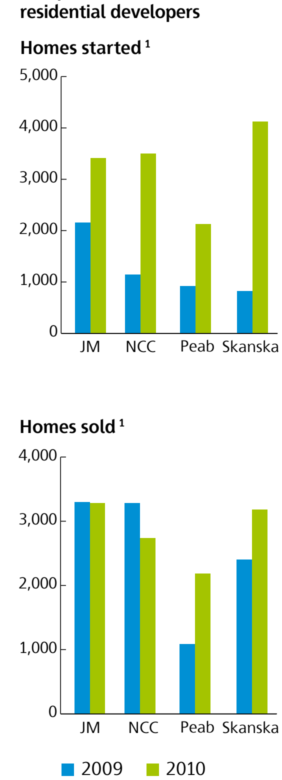
The housing market in the Nordic countries developed favorably in places where customer optimism and confidence in the housing market strengthened. Supply shrank because few projects had been started up in 2009, while demand intensified. Favorable interest rates also benefited sales, which meant that Skanska started up and sold more homes than the year before. Meanwhile the number of completed unsold homes fell significantly.

Due to good demand, shortages of homes for sale arose in certain markets, for example in Stockholm, Oslo and Stavanger. This is why operations are now focusing on purchasing suitable land and starting up new projects. To some extent, land with completed local development plans has been acquired from competing developers.

In 2011 the demand for housing in attractive locations is expected to continue. The underlying need remains large throughout the Nordic countries and is driven, among other things, by continued urbanization.

Interest rates and general expectations about the future are always important parameters that affect the

Comparison of Nordic residential developers



1 Group total.

Source: Year-end report of each respective company.

willingness of customers to buy homes. The number of project start-ups in the Swedish and Norwegian housing markets is expected to increase during 2011.

Finland and Estonia

In Finland, demand and sales were good during 2011 both in the Helsinki area and in a number of regional centers. The number of unsold homes is low, and the few that remain are mainly in Estonia, where the market is still weak. In Finland, the focus during the year has thus primarily been on starting up new projects and acquiring land for development of future residential areas. More than 1,000 homes were started in Finland, and of these more than 900 were pre-sold. The demand for new homes is expected to remain at a good level in 2011.

Czech Republic and Slovakia

In the Czech Republic and Slovakia, Skanska is developing homes in Prague and Bratislava, with the potential to start projects in regional growth centers during 2011.

Interest among buyers began to recover after a sharp downturn in 2009. During 2010, sales of both previously completed homes and new projects improved.

The number of unsold homes fell in the Czech Republic, but in Slovakia the recovery was slower. Sales during the year totaled 415 homes, and 415 homes were started, mainly in Prague. This makes Skanska one of the biggest market players.

Demand is expected to increase somewhat in 2011, stimulated by the greater willingness of banks to provide loans and allow higher loan-to-value ratios.

Skanska's Botanica residential area in the Czech capital of Prague is continuing to grow. Botanica is now seeing construction of its fifth phase, which will be energy-efficient and include solar roof panels.

Residential Development

	Revenue		Operating income		Operating margin, %		Capital employed [1]		Return on capital employed [2], %	
EUR M	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Sweden	**345**	296	**30.7**	5.5	**8.9**	1.8	**571**	335	**6.6**	2.1
Norway	**147**	74	**5.3**	–1.2	**3.6**	neg	**248**	175	**2.4**	neg
Denmark	**–**	12	**–**	–3.6	**–**	neg	**–**	52	**–**	neg
Finland	**248**	199	**17.7**	–1.7	**7.1**	neg	**250**	212	**8.0**	neg
Nordic countries	**740**	581	**53.6**	–1.0	**7.2**	neg	**1,069**	774	**5.9**	neg
Czech Republic	**54**	35	**4.8**	–0.5	**9.0**	neg	**62**	68	**6.7**	neg
Total	**794**	616	**58.5**	–1.5	**7.4**	neg	**1,130**	842	**5.9**	neg

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

Number of unutilized building rights in Skanska

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total building rights[1]	Other rights[2]
Sweden	3,800	4,100	2,700	1,100	11,700	6,400
Norway	200	0	2,500	300	3,000	400
Finland	0	1,300	3,700	900	5,900	2,900
Nordic countries	**4,000**	**5,400**	**8,900**	**2,300**	**20,600**	**9,700**
Czech Republic	200	700	300	1,600	2,800	300
Total	**4,200**	**6,100**	**9,200**	**3,900**	**23,400**	**10,000**

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

Residential Development, number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed, unsold
Sweden	1,681	1,945	58	1,227	34
Norway	461	516	71	396	4
Finland	1,556	1,532	60	1,138	39
Nordic countries	**3,698**	**3,993**	**60**	**2,761**	**77**
Czech Republic	415	541	51	415	100
Total	**4,113**	**4,534**	**59**	**3,176**	**177**

Ullstorps Gårdar – Country life more appealing than downtown

Location: 25 km (15 mi.) north of downtown Gothenburg.
Units: 125 single-family homes and 32 BoKlok cooperative apartments were developed and sold until 2010. All are now sold. Another 84 BoKlok rental apartments were sold to the Kungälv municipal housing company.
Investment: EUR 40 M. Some remaining costs for the final 18 homes, which will be occupied during 2011.

Ullstorps Gårdar (Ullstorp Farms) is located in Kungälv, a short commute from Gothenburg. The neighborhood is located in a field surrounded by meadows and dense forest. It includes modern two-story wooden homes inspired by western Swedish building tradition and neo-functional style, along with BoKlok apartment buildings.

Ullstorps Gårdar is growing in popularity and is particularly attractive among families with children from Gothenburg. It is a rural setting, close to nature and with mixed housing that residents appreciate. Meanwhile the big city excitement of Gothenburg is only a short distance away. Among families with children who have moved here from Gothenburg are Anna and Martin Randle and their seven-month-old son Samuel.

"It was clear to us that we should not continue living in Gothenburg with children. Yet moving to Ullstorps Gårdar was a big transition. We were living the urban life style, and neither Martin nor I had any connection to Kungälv. We had to move into the house before we got a feel for it. But now we're really happy here," says Anna Randle.

Buying a newly constructed home was not an obvious choice for the Randle family. Anna admits that she easily falls for the charm of rickety old houses. But after searching for a home to renovate, they got tired of all the bidding wars and began looking for new construction instead.

"When I found Ullstorps Gårdar, it was the first time something really caught my eye, and it seemed to be a popular area. We looked at another lot first, but construction was scheduled too far in the future and we wanted to move in before Samuel was born. That's why we bought Skanska's model house instead. We're very pleased with it," says Martin Randle.

The family lives in the next to last house up a hilly street. It has a neo-functional style. Behind it is a huge exposed boulder, with a stairway built by Skanska.

Their 148 sq. m (1,593 sq. ft.) house is bright and spacious. It has five rooms, with the potential to create another if the upstairs living room is divided. The house is equipped with an air-to-air heat exchanger and district heating, contributing to its good energy performance.

"Skanska also built a very fine community center in the neighborhood. Ullstorps Ängegård, nicknamed the Black Barn, is very popular with residents. We're already looking forward to celebrating Samuel's first birthday there," says Anna. Ullstorps Gårdar also has both a preschool and a primary school.

Deloitte House, which was sold before completion, is one of many Skanska projects in central Warsaw. The 21,000 sq. m (226,000 sq. ft.) building is the headquarters of the multinational professional services group Deloitte's Polish operations.

Commercial Property Development

Gårda is the first LEED Platinum office building in Gothenburg

City Green Court, a new green project in Prague

Universitetsholmen, a new district in Malmö full of green projects

Commercial Property Development invests in and develops Green Commercial Property projects for leasing and divestment in Sweden, Norway, Denmark, Finland, Poland, the Czech Republic, Hungary and the U.S.

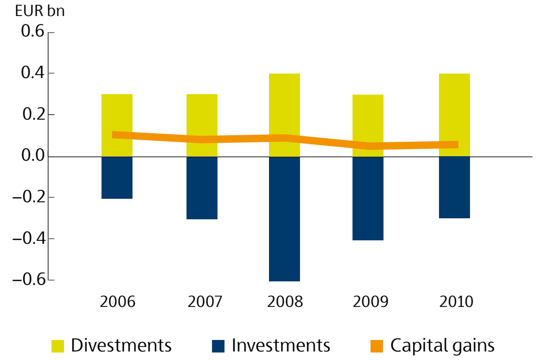
Profitable Growth 2011-2015

Commercial Property Development will increase its investments in Green Projects in the Nordic countries and Central Europe, start operations in Oslo, Norway and regional growth centers in Poland and expand its U.S. operations to Boston, Houston and Seattle. The target is a return on capital employed amounting to 10–15 percent annually for Skanska's three project development streams combined.

EUR M	2010	2009
Revenue	**487**	428
Operating income	**96**	73
of which gain from divestments of properties[1]	**83**	71
of which operating net, completed properties[2]	**41**	26
Investment obligations, projects started during the year	**523**	77
Investments	**–329**	–405
Divestments	**688**	403
Operating cash flow from business operations[3]	**355**	72
Capital employed	**1,066**	1,171
Return on capital employed[4], %	**7.9**	10.4
Number of employees	**199**	187
1 Additional gain included in eliminations was	8	8

2 After selling and administrative expenses.
3 Before taxes, financial activities and dividends.
4 Calculated in accordance with the definition of financial targets.

Properties
Investments, divestments and capital gains



Growing interest in green properties

Investors showed greater interest in commercial properties, and the business stream carried out divestments with good capital gains. Green commercial properties are preferred by both tenants and investors. Operations are expanding to new cities.

Green Gårda in Gothenburg, Sweden
The new Gårda property was designed to qualify for LEED Platinum environmental certification. It will also be the first office building in Gothenburg to meet EU GreenBuilding standards. This means that its energy use is at least 25 percent below the level prescribed by National Swedish Board of Housing, Building and Planning norms for newly constructed properties.

The Gårda skyscraper has a very good location next to the E6/E20 highway, within easy traveling distance of Landvetter Airport and with good public transit. Only a short walk away are such downtown attractions as Avenyn, Liseberg amusement park, Ullevi stadium, the Scandinavium arena and the Svenska Mässan exhibition and congress center. The building is 16 stories high and has underground parking.

Greater investor interest and good sales in an improved market

The commercial real estate market is on its way toward leaving behind its cyclical downturn. This means falling vacancy rates, stable rent levels and rising transaction volume. To take advantage of improved economic conditions, several projects were started. Meanwhile identification and acquisition of land for future projects are high-priority tasks.

During 2010 Skanska Commercial Property Development signed leases for 116,000 square meters (1.25 million sq. ft.) of space and divested properties with a total value of EUR 413 M.

The business stream invested a total of EUR 325 M in projects and building rights during 2010.

In the Nordics, Central Europe and U.S. 14 new projects started during the year. All have a green profile, which will increase their attractiveness among both tenants and investors.

Skanska entered 2011 with low vacancy rates, well-consolidated projects and properties with an estimated surplus value of EUR 255 M.

New markets

Commercial Property Development is also expanding into new markets. In the United States, it has acquired land with building rights in Washington, D.C., Boston and Houston. It completed its first land purchase in Oslo, Norway and acquired land in Łódź, one of six regional growth centers that Skanska is focusing on in Poland. Projects are now being developed for groundbreaking during the next few years.

Good leasing business

The demand for commercial space increased during 2010, and Skanska signed new leases for a total of some 116,000 sq. m (1.25 million sq. ft.). The Group has laid the groundwork for good future leasing with its efforts of recent years to purchase land in good locations well suited for the development of modern, energy-efficient real estate projects.

Market value

At the end of 2010, the carrying amount of completed projects, ongoing projects and building rights totaled EUR 1.1 billion, with an estimated market value of EUR 1.4 billion. The assessment of market value was made in cooperation with external appraisal expertise.

Financial strength provides new opportunities

The task of land purchases, leasing and divestment continues without interruption. Skanska has an advantage due to the Company's financial strength, which enables it to act independently even in weak economic periods. Risk management and monitoring of risk levels also occur continuously as a natural element of operations.

Responsible for the whole development cycle

In Commercial Property Development, Skanska takes overall responsibility for the whole project development cycle – land purchase, the planning and permitting process, pre-construction engineering, design, leasing, construction, property management and divestment.

Commercial Property Development is one of Skanska's investment operations. It creates value both by developing new projects and by upgrading and improving completed properties. It also generates building assignments for the Group's construction units.

Decades of good divestments

During the past ten years, Skanska's development of commercial property projects has generated yearly capital gains averaging about EUR 136 M.

Skanska's strategic focus on its core business implies that the Group primarily concentrates its property operations on developing, leasing and divesting new projects. Skanska aims at a high turnover rate for completed projects.

Selected markets

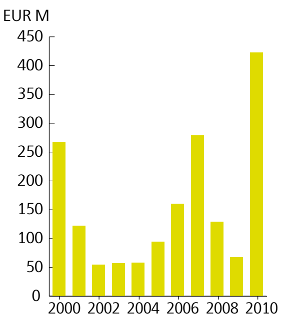
Skanska performs commercial project development in selected markets in the Nordic countries, Central Europe and the United States. This project development work focuses on three types of products – office space, retail centers and logistics properties or distribution centers. Development work in the office space product segment focuses on Stockholm and Gothenburg (Sweden); the Öresund region (Malmö and Lund, Sweden/Copenhagen, Denmark); Helsinki (Finland); Warsaw, Wrocław, Katowice, Łódź, Kraków, Poznań and Gdańsk (Poland); Prague and Ostrava (Czech Republic); Budapest (Hungary); and Washington, D.C., Boston and Houston (U.S.). During 2010 Skanska also initiated commercial property development operations in Seattle, U.S., and Oslo, Norway. Other product segments are developed in the Nordic home markets.

The City Green Court office building in Prague, Czech Republic, is being developed with an eye to the environment.

City Green Court, which will have 16,000 sq. m (172,200 sq. ft.) of leasable space, is expected to be completed during the first quarter of 2012. The property is located in the Pankrác central business district.

Like other office projects developed by Skanska, City Green Court is designed to meet the standards of the LEED international environmental certification system.

Capital at risk in ongoing projects



Local presence

A local presence in the various markets is necessary in order to identify both tenants and investors, the latter as future owners of projects. Operations take place in Skanska Commercial Development Nordic, Skanska Commercial Development Europe and Skanska Commercial Development USA. About 78 percent of capital employed is attributable to project development in the Nordic countries, 18 percent in Central Europe and 4 percent in the U.S.

The allocation between product segments varies. Completed properties include 75 percent office, 3 percent retail, 6 percent parking and 16 percent other facilities.

Focus on two customer categories – tenants and investors

Commercial property operations target two different customer categories with the same product. 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 certain targeted return. 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. In some cases, the tenant is also the buyer of the property.

Value creation in all phases

Skanska starts new projects early in the business cycle, at the pace the market situation allows and when the risk-return ratio is deemed to fulfill the requirements established for these operations. Commercial project development is a continuous process; the developer has full responsibility in all phases.

Land and building rights are the basis for these operations. A supply of land suitable for development is essential for a continued flow of projects. Due to lengthy planning and permitting processes, ample lead time is required to ensure the supply of building rights. The average development cycle – from planning to divestment of the fully developed project – is 18 to 36 months and the ambition is thus to start new projects early in the business cycle. In order to reduce tied-up capital and enable the development of new projects, a rapid pace of sales is sought.

Increasing value

The value of land and building rights varies with demand, i.e. leasing trends and the returns demanded by property investors. Land value also increases as permitting risks diminish. A major step in value enhancement occurs when undeveloped land is transformed into a building right. The process leading up to an approved commercial development plan may take several years. Skanska plays a proactive role, working closely with local government bodies in planning processes for land use and zoning.

Large-scale leasing sharply increases the value of the project. Leasing activity begins at an early stage. Value increases further when the building right is turned into a completed project that generates rental income.

Close collaboration

To ensure that the development process results in appropriate and efficient commercial space, Skanska collaborates closely in its design and planning work with tenants and potential buyers. Carrying out commercial development successfully on a long-term basis is also facilitated by the fact that Skanska has daily contact with the leasing market. This, in turn, offers insights about changes in customer preferences and also generates new projects. Owning a portfolio of completed properties also lends flexibility to the divestment process, because it enables Skanska to time the divestment of these properties based on market conditions.

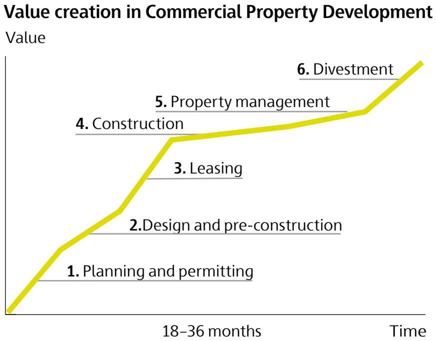
Risk management

There are risks in all stages of operations. Such external factors as interest rates, customers' commercial space needs and the yield requirements and willingness of investors to buy commercial properties are of crucial importance to all decisions in the process. By means of frequent customer contacts, Skanska tracks the space requirements of customers continuously. The occupancy level in completed projects and the pre-leasing level in ongoing projects are carefully monitored.

Capital at risk

Risks are limited because the business stream has an established ceiling on capital exposure in projects that have not been leased. Capital at risk is measured as the sum of the carrying amount in completed projects and

Value creation in Commercial Property Development

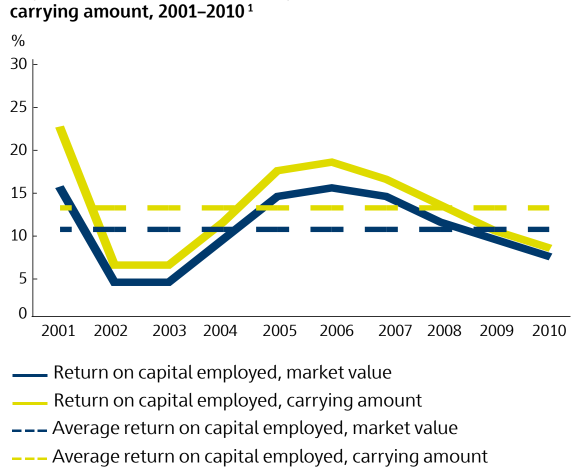


The development of commercial projects is a continuous process with several clearly defined phases – planning and permitting, design and pre-construction engineering, leasing, construction, property management and divestment. The average development cycle is 18–36 months.

Generating value, step by step

1. Macroeconomic and market analyses precede a land purchase, which is the foundation of the value-generating process. A major step in value enhancement occurs when undeveloped land is transformed into a building right.
2. Suitable premises are designed, in close collaboration with tenants and prospective buyers.
3. Successful leasing work is a precondition for breaking ground. Larger tenants are contracted at an early stage.
4. The project developer orders construction services, as a rule from Skanska's own construction units.
5. Active management and customer relations can add further value to the property.
6. New projects are developed with an eye to future divestment. Sometimes a project can be sold while still in the construction phase.

Adjusted return on capital employed at market value and carrying amount, 2001–2010 [1]



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

estimated completion cost for ongoing projects, multiplied by the economic vacancy rate for each respective project. Capital at risk is limited to a maximum amount approved by the Board of Directors.

A leader in Green Premises

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 is the first construction and development company to require LEED certification of all new commercial properties developed for its own account in the Nordic countries, Central Europe and the U.S. In recent years, a number of projects have also received EU GreenBuilding certification, which requires a building to show 25 percent lower energy use and climate impact than the national construction norm for new properties.

When completed, the Gårda office building project will be the first in Gothenburg to achieve the highest level, LEED Platinum. The aim of Skanska's new projects in Warsaw, Wrocław, Prague and Budapest is to achieve LEED Platinum certification.

Commercial Property Development – Projects in 2010

	Commercial Development Nordic	Commercial Development Europe	Commercial Development USA	Total
No. of projects started, 2010	**8**	**4**	**2**	**14**
Total investment commitments, EUR M	281	125	117	523
Number of ongoing projects	**12**	**4**	**2**	**18**
Leasable space, 000 sq.m	154	84	36	274
Economic occupancy rate, %	51	3	15	32
Ongoing projects sold	**3**	**0**	**0**	**3**
Leasable space, 000 sq.m	30	0	0	30

Commercial Property Development – Ongoing projects

	Type of project	City	Leasable area 000 sq.m	Completion year	Economic occupancy rate, %
Nordics					
Gångaren 15	Office	Stockholm, Sweden	14	2011	99
Lustgården 14, phase 1	Office	Stockholm, Sweden	51	2013	0
Uppsala Entré	Office	Uppsala, Sweden	12	2012	86
Gårda, phase 1	Office	Gothenburg, Sweden	15	2011	76
Gårda, phase 2	Office	Gothenburg, Sweden	6	2011	76
Svågetorp	Retail	Malmö, Sweden	5	2011	100
Bassängkajen, Universitetsholmen, phase 1	Office	Malmö, Sweden	10	2011	88
Bassängkajen, Universitetsholmen, phase 2	Office	Malmö, Sweden	9	2011	0
Polisen 1, Rosengård	Office	Malmö, Sweden	3	2012	100
Ruskeasou, phase 1	Office	Helsinki, Finland	13	2012	100
Ruskeasou, phase 2	Office	Helsinki, Finland	10	2012	0
Scanport, Nordhuset	Office	Copenhagen, Denmark	5	2011	50
Europe					
Green Tower	Office	Wrocław, Poland	17	2012	14
Green Corner	Office	Warsaw, Poland	23	2012	0
City Green Court	Office	Prague, Czech Republic	19	2012	0
Green House	Office	Budapest, Hungary	26	2012	0
U.S.					
733 10th Street	Office	Washington, D.C.	18	2011	25
1776 Wilson Boulevard, Arlington	Office	Washington, D.C.	18	2011	0
Total			**274**		**32**

By means of new, improved technical solutions, consumption of both energy and water is substantially reduced in both renovated and newly constructed projects, compared to standard projects.

Markets

Skanska carries out commercial property development, mainly of office buildings, in selected major Nordic, Central European and U.S. growth centers.

It also develops logistics and high-volume retail properties at strategic locations in Sweden, Denmark and Finland.

Increasing investment appetite

The capital market is increasingly interested in commercial property investments. Return requirements are falling. Transaction market volume rose in 2010. Skanska sold EUR 412 M worth of properties during the year, of which EUR 314 M in the Nordic countries. Its gain on these divestments totaled EUR 83 M.

Skanska's financial strength enables it to start new property projects early in the business cycle. During 2010 it invested a total of EUR 329 M in 14 new office building projects and in land for future projects in the U.S., Central Europe and the Nordic countries.

Recovery in the leasing market

The recovery after the global financial crisis began, but demand for commercial premises remained relatively weak. Office vacancy rates are stable in Central Europe and the Nordic countries. In the US there is good potential, since many market players lack financial resources. Skanska signed new leases for 116,000 sq. m (1.25 million sq. ft.) of space.

Cautious optimism about 2011

The outlook for 2011 is cautiously optimistic, with stable or rising rents. The vacancy rate has stabilized and is low in Skanska's property portfolio. Transaction volume and interest on the part of investors are expected to remain at good levels.

In Skanska's markets, very few projects have been started on speculation by other developers. This is expected to strengthen the competitiveness of Skanska's ongoing projects, especially since Skanska's projects have a strong and clear environmental profile.

Nordic countries

Skanska Commercial Development Nordic initiates and develops real estate projects, mainly office, logistics and retail buildings. Its office building development operations focus on the Stockholm, Gothenburg and Malmö regions of Sweden; the Copenhagen region of Denmark; and Helsinki, Finland. In Oslo, Norway, the business unit carried out its first land purchase for development and groundbreaking during the next few years.

The business unit pursues the development of logistics and high-volume retail properties at strategic locations in Sweden, Denmark and Finland.

A number of ongoing or fully developed office properties were sold during the year. They included the Flat Iron Building and Kvarteret Bylingen in Stockholm, as well as Hjälmarekajen in Malmö and Lintulahti, Skanska's first project for its own account in Helsinki.

Green Lustgården started

In central Stockholm, the existing Kvarteret Lustgården office property on the isle of Kungsholmen is being transformed into modern, green offices. The first stage, totaling 35,000 sq. m (377,000 sq. ft.) was started in 2010. Lustgården, which encompasses a total of 55,000 sq. m (592,000 sq. ft.) will thus be one of the largest commercial projects in Sweden and one of the largest ever for Skanska. The total investment for the three planned phases, which will also include 170 new residential units, is expected to total about EUR 277 M.

Financial synergies – Bundled Construction

Taking advantage of financial synergies within Skanska creates opportunities for both development and construction operations. In the Ingenting area of Solna, near Stockholm, Skanska was able to offer an attractive lot with building rights to government-owned property manager Specialfastigheter for the new headquarters of the Swedish Security Service. By selling the land, Skanska also received the construction assignment, which totaled about EUR 100 M.

In Malmö, Skanska was contracted to build that city's new conference center, Malmö Concert, Congress, Hotel, by also agreeing to develop new office and residential space next to the city facility. Project development within Construction is generally called Bundled Construction.

In 2010 the Nordic business unit had 14 ongoing projects of which one was sold. Two projects for Skanska's own account were completed during the year, while 12 are continuing during 2011.

Europe

Skanska Commercial Development Europe initiates and develops commercial real estate projects. Its operations are concentrated in major cities in Poland, the Czech Republic and Hungary.

The Central European markets gradually improved after 2009. Both the investor and rental market strengthened, and the business unit signed new leases for a total of 24,000 sq. m (258,000 sq. ft.) of space.

Poland – still strongest in Central Europe

Poland is still showing stable growth in both Warsaw and a number of regional centers. Rent levels are rising in Warsaw and otherwise the market has stabilized.

The business unit sold Grunwaldzki Center in Wrocław and started the new Green Towers project. In Warsaw it began construction of Green Corner. These projects will be the first buildings in Poland to achieve LEED Platinum environmental certification. Land has been acquired for future projects in several cities.

Czech Republic stabilizing

The Czech economy improved during 2010. Skanska sold the Vysehrad office project, as well as land with building rights intended for a logistics facility. Vacancies stabilized. In Prague, Skanska also started the City Green Court project, which will be the Czech Republic's first office building to be environmentally certified at the highest LEED level, Platinum.

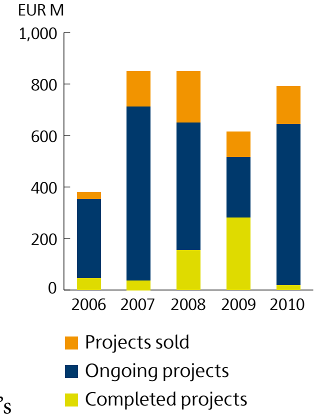
Hungary showing growth again

The Hungarian economy is bouncing back, showing growth again after a weak period. Vacancy rates, which have been high, are on their way down. During 2010 Skanska started the Green House project. It will be the first building in Hungary to achieve the LEED Platinum level.

United States

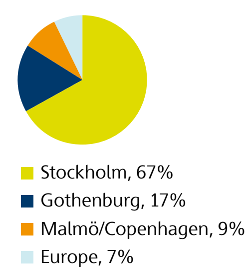
Skanska Commercial Development USA initiates and develops commercial property projects in selected major cities. Two projects have been started in Washington, D.C., and land with building rights has also been purchased in Boston, Massachusetts and Houston, Texas. The unit is also establishing operations in Seattle, Washington.

Volume of Commercial Property Development[1]



1 Refers to carrying amount of completed projects and projected carrying amount of ongoing real estate projects upon completion.

Completed properties, carrying amount, January 1, 2011



Commercial Property Development – Markets

EUR M	Revenue 2010	Revenue 2009	Operating income 2010	Operating income 2009	Of which gain from divestments of properties 2010	Of which gain from divestments of properties 2009	Capital employed 2010	Capital employed 2009	Return on capital employed, %[1] 2010	Return on capital employed, %[1] 2009
Nordic	**387**	345	**89.0**	72.5	**64**	63	**829**	964	**8.5**	10.9
Europe	**99**	83	**12.4**	4.6	**19**	8	**191**	197	**7.1**	6.9
U.S.	**0**	0	**–5.0**	–3.7	**0**	0	**47**	10	**neg**	–

1 Calculated in accordance with the definition of financial targets.

Commercial Property Development – Carrying amounts and market values

EUR bn	Carrying amount, Dec 31, 2010	Carrying amount upon completion	Market value, Dec 31, 2010	Surplus value	Leasable space, 000 sq. m	Economic occupancy level, %	Operating net, EUR M	Yield on carrying amount, %	Yield on market value, %	Projected rental value fully leased, EUR M	Average lease, years
Completed projects	537	537	709	171	356	89	33.9[3]	6.7	5.1	67.7[5]	6.6
Completed projects in 2010	18	18	23	5	24	100	1.6[4]	9.2	7.2	1.7[5]	15.0
Ongoing projects	222	626	246[2]	24	274	32	48.6[4]	8.2	6.6	54.0[6]	9.5
Totalt	**777**	**1,181**	**977**	**200**	**654**		**84.1**				
Development properties[1]	332	332	387	55							
Total	**1,110**	**1,513**	**1,364**	**255**							

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 Accrued market value. Internal appraisal on each respective completion date. Estimated market value at completion totaled EUR 782 M.
3 Estimated operating net before corporate and business area overhead in 2010 on annual basis assuming current occupancy rate.
4 Estimated operating net before corporate and business area overhead fully leased in year 1 when the properties are completed.
5 Total of contracted rents and estimated rent for unoccupied space.
6 Estimated rental value fully leased in year 1 when the property is completed.

Green profile for new district in Malmö

Location: Universitetsholmen, Malmö, Sweden
Area: 61,000 sq. m (656,700 sq. ft.) including Bassängkajen. Remaining building rights for 115,000 sq. m (1.24 million sq. ft.)
Project developer: Skanska Commercial Development Nordic
Builder: Skanska Sweden
Ongoing projects: Bassängkajen and the Congress, Concert and Hotel complex for the City of Malmö

In Malmö, Sweden, Skanska is playing a major role in creating the new Universitetsholmen (University Island) district in the city's inner harbor area.

New, modern, green workplaces are taking shape. The venerable former harbor is now being transformed into a vibrant new district, with the new City Tunnel as a main artery. Citykajen, which was completed and sold in 2009, practically has its own entrance to the Copenhagen train. Skanska's Malmö office previously occupied the Citykajen site. Today PWC is among the tenants that have taken over this highly visible site. New Skanska projects start practically every year, and 2010 was no exception.

LEED certification of Bassängkajen

During 2010 the second phase of Bassängkajen was started. It will be completed in 2012. The first phase, to be completed in the summer of 2011, has been leased to such tenants as Malmö University and Awapatent. Bassängkajen is Malmö's first pre-qualified project to achieve Platinum, the highest level according to the LEED international environmental certification system. The total investment for both phases will be EUR 52 M (SEK 465 M).

A new cultural magnet

The Malmö Congress, Concert, Hotel complex represents a further step in the development of Universitetsholmen. The district will now also become a magnet for cultural events and conferences. In 2010 Skanska was awarded the contract to build the Malmö Congress, Concert, Hotel complex for EUR 147 M (SEK 1.4 bn). It is an example of how Skanska creates major new project opportunities by using the Company's financial synergies, by means of project development and "Bundled Construction".

During the year, Skanska sold the Hjälmarekajen office property for EUR 42 M (SEK 400 M) to Executive Property Svenska AB. Hjälmarekajen was completed in 2006 and 1978 (renovated in 2006). Among the tenants are KPMG and the White architectural firm.

Green profile

The Skåne and Blekinge Court of Appeal in the Flundran block, completed in 2008, is another Skanska-built landmark.

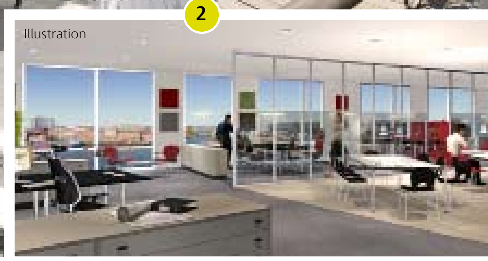
Skanska is responsible for development, investment and construction. Location and tenants – the traditional value parameters – are strengthened by the green profile of these projects. The trend is for investors to prioritize energy-efficient offices featuring healthy, cheerful work space.

In Universitetsholmen, Skanska is currently developing about 16,000 sq. m (172,200 sq. ft.) of office space in Bassängkajen and has previously developed about 45,000 sq. m (484,400 sq. ft.) of offices in the area.

1 The Court of Appeal – Completed in 2008, sold in 2007
2 Bassängkajen – Office property, phase 1 to be completed in 2011 and phase 2 in 2012
3 Congress/Concert/Hotel – Project start-up in 2011/2012
4 Hjälmarekajen – Office property, completed in 2006, sold in 2010
5 Citykajen – Office property, completed in 2008/2009, sold in 2009

Future projects in Universitetsholmen
Tyfonen – Cultural and office property
Gäddan – Office property and homes
Kaptenen – Office property
Trollhättan – Office property and homes

2

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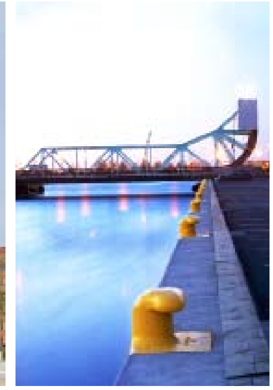



4
5
5


Illustration
Tyfonen


Illustration
Illustration
3

The modernization of the street lighting network in Surrey, southeast of London, began in 2010 and is the largest such program in the U.K. During the next five years, a total of 89,000 lighting columns will be replaced or renovated. They will be equipped with more energy-efficient light sources. About 70,000 are being replaced entirely and another 19,000 are being upgraded.

Infrastructure Development

New Karolinska Solna

Barts Hospital in London

A tunnel section of the **Autopista Central highway**

Infrastructure Development develops and invests in public-private partnership (PPP) projects in the Nordic countries, Central Europe and Latin America.

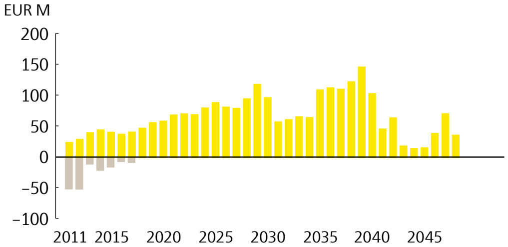
Profitable Growth 2011-2015

Infrastructure Development will increase its investments in markets where Skanska has construction operations, expand in the United States and Central Europe and in new public-private partnership sectors. The target is a return on capital employed amounting to 10–15 percent annually for Skanska's three project development streams combined.

EUR M	2010	2009
Revenue	**33**	14
Operating income	**31**	18
Investments	**–72**	–42
Divestments	**42**	13
Operating cash flow from business operations[1]	**–78**	–26
Capital employed,	**298**	187
Gross present value, project portfolio	**505[2]**	1,120
Employees	**140**	128

1 Before taxes, financing operations and dividends.
2 Excluding Autopista Central.

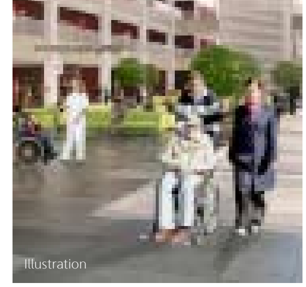
Estimated annual cash flow in Skanska Infrastructure Development's project portfolio, December 31, 2010[1]



Inflow: EUR 2.4 bn (interest, dividends and repayments)
Outflow: EUR –0.2 bn (contracted future investments)

1 Cash flows have been translated into EUR at the exchange rates prevailing on December 31, 2010

Breakthrough for PPP in Sweden



Illustration

New Karolinska Solna is Skanska's largest-ever assignment and Sweden's first public-private partnership (PPP) hospital. In 2010 Skanska started a new highway project in Chile as well as a school project and modernization of a street lighting network in the U.K. An agreement for the sale of Skanska's stake in the Autopista Central was signed in the final days of the year.

Last year marked a breakthrough for public-private partnerships in Sweden. For the first time, a private consortium was awarded an assignment to design, finance, build and provide facilities management for a hospital, New Karolinska Solna – a university hospital that will provide world-class medical care, research and education.

During the second quarter of 2010, Skanska signed the New Karolinska Solna agreement. It means a construction contract totaling about EUR 1.5 billion, (SEK 1.4 bn) making it Skanska's largest-ever single order.

Skanska is also investing about EUR 67 M, equivalent to a 50 percent stake in the project company.

To win the project, Skanska had brought together its hospital construction expertise from Sweden, the U.K. and the U.S. The design/build assignment is being carried out jointly by Skanska's Swedish and British construction units, with 70 and 30 percent of the assignment, respectively. The construction task began last summer after H.R.H. Crown Princess Victoria of Sweden set off the first explosive charge. The first parts of the hospital complex will go into service during 2016 and the entire project will be completed in autumn 2017.

During 2010 Skanska was also given responsibility for designing and constructing a new 200 km (125 mi.) long highway in Antofagasta, northern Chile. Construction work has begun.

Phases in the development process

Terminology	Meaning	Financial implications for Skanska	Market appraisal
Bidder	Tries actively to be awarded the project.	Costs are recognized continuously in the income statement.	No
Preferred bidder	A consortium is selected and pursues final negotiations to sign a contract with exclusive rights.	The project is highly likely to be implemented. Bidding costs are capitalized from this date onward.	No
Financial close	All contracts are signed. Debt funding is raised, often in the form of a syndicated bank loan or bonds. The first disbursement is made to the project company.	Construction and service contracts are reported among order bookings. Upon appraisal, an initial risk premium is added to Skanska's discount rate.	Yes
Completion of construction phase	Construction is completed, entirely or partly (in stages), and the asset is in operation.	The initial operating phase has begun. The initial risk premium has gradually been reduced, but a certain risk premium is retained through the ramp-up phase.	Yes
Ramp-up	The initial operating phase. The duration varies, depending on the type of project and payment.	The risk premium is gradually reduced.	Yes
Steady state	The project is in full operation and has achieved long-term revenue and cost levels.	The long-term discount rate is applied.	Yes

Appraisal methodology

Category	Steady state methodology	Steady-state discount rate, %	Additional risk premium during development phase	ID projects
U.K. hospitals, availability	Secondary market yields where a deep market exists.	8.5	Add 1–2 percent premium upon contracting and financial close and reduce this on a linear basis including first year of steady state. Barts hospital includes a 2 percentage premium due to the unusually long remaining ramp-up until the hospitals are in full operation.	Barts, Coventry, Derby, Mansfield and Walsall
Other U.K. projects, availability	As above.	8.5	As above.	Bristol, Midlothian, Essex, M25 and Surrey Street Lighting
Other European projects, availability	As above.	8.5	As above. The A1 project has one percent higher base rate due to some traffic risk plus 2 percentage points in premium due to a degree of traffic volume risk.	A1, E18, and Nelostie
Highways, market risk	Based on cost of long-term government bonds plus risk premium. Test against listed companies with expressway holdings and previous divestments.	11.7	Add 3 percent premium upon contracting and financial close and reduce this on a linear basis until steady state has been reached.	Antofagasta
Swedish hospital	Based on cost of long-term government bonds plus risk premium.	9.5	Add 2 percentage premium due to the unusually long remaining ramp-up until the hospital is in full operation.	New Karolinska Solna

At the end of 2010, Skanska signed an agreement to sell its 50 percent stake in the Autopista Central in Chile. The divestment, which will be completed during 2011, is expected to result in an after-tax gain of approximately EUR 0.55 billion. The urban highway in Santiago has been in operation since 2004.

During the year, Skanska also sold its stakes in the E39 highway south of Trondheim, Norway and the Bexley Schools project in southeastern London, U.K.

In the U.K., work began on modernizing the street lighting network in Surrey, southeast of London. This represents a new product segment in public-private partnerships. Skanska is also working on the possibility of constructing and operating thermoelectric power plants in the U.K. for generating energy through waste combustion. This segment will grow, due to new European Union directives that will not allow continued use of waste landfills.

Construction is continuing on a number of other projects. These include school projects in Bristol and Essex as part of the large-scale British school modernization program, Building Schools for the Future, and four hospitals: Barts, the Royal London, Mansfield and Walsall.

In the U.K., Skanska is also continuing its expansion of the M25 orbital road around London.

In Poland, Skanska is currently building the second, 62 km (39 mi.) phase of the A1 expressway project. The first 90 km (56 mi.) phase of the expressway was completed in the autumn of 2008.

Skanska Infrastructure Development is also active in the U.S. market. A highway tunnel in Virginia is one of several potential projects it is working on in the PPP market. In the U.S., Skanska is studying a number of potential infrastructure projects such as highways and tunnels. Skanska is currently conducting feasibility studies that will provide documentation for decisions by public agencies on possibly choosing a PPP solution in order to implement and operate these projects. Skanska is being compensated for some parts of these studies.

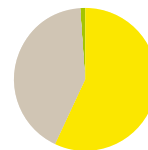
During 2010 the estimated unrealized development gain in Skanska's project portfolio decreased by EUR 0.6 billion and amounted to EUR 194 M (0.8 bn) at year-end. The change in unrealized development gain was primarily due to the divestment of the Autopista Central, but also to investments in new projects, currency rates and time value effects.

Public-private partnerships

Public-private partnerships mean that private market players provide facilities and buildings to public agencies. This often 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 public works investments over longer periods. It lowers life-cycle costs and also increases the benefit to users because the service or facility becomes available earlier than would be the case with traditional procurement and financing.

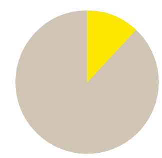
Estimated gross present value, excluding Autopista Central by:

Category



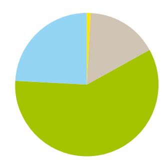
Highways, 57%
Social infrastructure, 42%
Utilities, 1%

Compensation type



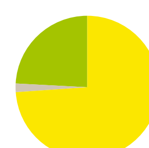
Market risk, 12%
Availability, 88%

Remaining concession



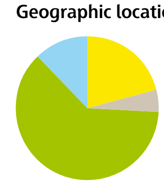
< 10 years, 1%
10–20 years, 16%
20–30 years, 59%
> 30 years, 24%

Phase



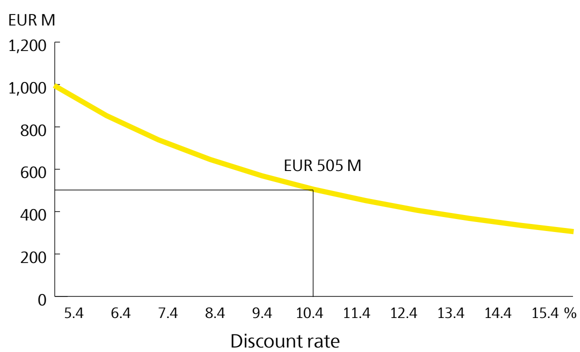
Construction, 74%
Ramp-up, 2%
Steady state, 24%

Geographic location



Nordics, 21%
Other European countries, 5%
U.K., 62%
Chile, 12%

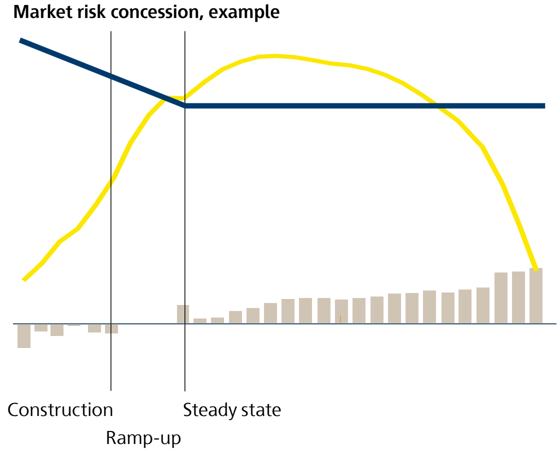
Gross present value of cash flow from projects – sensitivity analysis



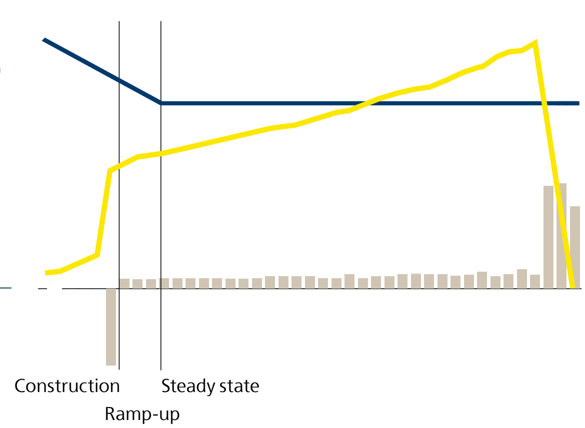
Sensitivity analysis, gross present value EUR 505 M

EUR M	Change	
Discount rate (–/+ 1 percentage point)	64.0	–53.7

Market risk concession, example



Availability project, example



Discount rate, % Net Present Value Cash Flow Value, annually

Public-private partnership projects create value for Skanska by generating large construction assignments, as well as potential capital gains from divestment of completed projects and cash flows during the long-term operation phase ("steady state"). In addition to construction assignments, in many cases Skanska is also responsible for long-term service and maintenance contracts. Skanska Infrastructure Development (Skanska ID) thus creates assets characterized by reliable cash flows lasting many years, once steady state begins.

The development process

In public-private partnership projects, Skanska is involved in the entire development chain from design and financing to construction, operation and maintenance. By assuming an overall responsibility, Skanska optimizes both construction and operating costs. Skanska-led consortia are awarded these projects not only because of price but also on the basis of how well the product they offer meets the needs of the customer today and in the future.

During the entire development process, which is led by Skanska, the customer, owners and construction companies (Skanska and its partners) and suppliers of operating and maintenance services are integrated into the task from the start, which reduces the overall project risks.

Risk management – generating value-added

The investment, which is Skanska Infrastructure Development's part of the value chain, must meet commercial financial return targets. To create commercially attractive long-term assets, Skanska must efficiently manage risks and opportunities during the development process, that is, before and after financial close. Substantial value-added is generated during this process.

Thorough selection process

The selection process is crucial to Skanska. First and foremost, projects must be in product segments and markets where Skanska has proficiency and experience. The investment must also meet the yield requirements (or return targets) that Skanska has established. Skanska performs a thorough examination of risks and opportunities, in close collaboration with the Group's construction units. Since public-private partnership projects largely undergo final planning during the bidding phase, tender-related costs are substantially higher than for traditionally procured construction contracts. The bidding period is usually also longer. By means of a very thorough internal selection process, Skanska focuses on a limited number of projects, thereby holding down the costs.

Together with one or more suitable partners, Skanska usually forms a bidding consortium. In collaboration with the bidding consortium, Skanska's local construction units and any other partners, Skanska develops a bid. After the consortium has been selected as the preferred bidder, final negotiations with the customer and potential financiers begin. Only when financial close has been achieved are assignments included in the order bookings of the construction unit and in Skanska's portfolio of infrastructure development assets.

Integrated model

As a rule, Skanska's local construction company carries out most of the construction project as a design-build contract with a fixed price and completion date. If risks are properly managed, there is potential for higher margins in these contracts than is the case in traditionally procured projects. This is primarily because Skanska is involved in the entire process and can thus influence planning and design from the very beginning. The local construction company is often also contracted to operate and maintain the completed facility.

The greatest risk from an investor perspective is that the asset cannot go into service on schedule and that quality standards are not met, but this risk is regarded as lower when Skanska is responsible for the construction assignment than when an external contractor is responsible for it.

Once the construction phase ends, the ramp-up phase begins, that is, the time it takes for the project to achieve the expected utilization levels and degrees of functionality. Its length varies depending on the type of project and its size. In addition, Skanska has operating and maintenance obligations.

Two different compensation models

The project company, in which Skanska is a part owner, receives compensation mainly according to one of two different models.

The availability model

In the availability model, compensation is based on providing a given amenity and agreed services at a predetermined price. Compensation, which is adjusted for inflation, is payable regardless of the extent to which the facility is utilized. The project company is exclusively responsible for keeping the services and facilities available, functioning smoothly and up to the agreed standard. Shortcomings may result in deductions from payments. Because the customer in availability project models is usually a national or local government, the project company's credit and payment risk is low. In this model, an overwhelming proportion of Skanska's investment consists of subordinated shareholder loans. The availability model is more common in Skanska's project portfolio and is the most prevalent model in Europe.

The market risk model

In the market risk model, compensation is based entirely 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

New Karolinska Solna will be the world's most environmentally friendly university hospital and is being designed to be LEED-certified, aiming at Gold level. It is not only Skanska's largest-ever project, but also the world's largest public-private partnership hospital.

“To win the New Karolinska Solna project, Skanska brought together its hospital construction and PPP expertise from Sweden, the U.K. and the U.S.

and payment risks are higher, while it also has major potential for increasing the return on its investment by means of more efficient operation and higher utilization. In the market risk model, Skanska’s investment consists largely of share capital. Payment streams thus consist mainly of dividends, which are determined by the profitability of the facility. The market risk model is more common in the U.S. and Latin America.

Financing of projects

The financing of a project or project company is allocated between Skanska and its partner(s), which invest in the project company in the form of equity and subordinated shareholder loans. The rest of the financing – which in availability model projects may total more than 90 percent and in market risk model projects 60–80 percent of project cost – consists of bank or bond loans.

Cash flows from the project company to Skanska consist of interest and principal repayments on subordinated loans issued by Skanska, dividends from project company profits and, finally, repayment of share capital. In the current project portfolio, Skanska’s ownership stake in project companies normally does not exceed 50 percent, and Skanska thus does not exercise any controlling ownership role.

Valuation in 2010 (excluding Autopista Central) by category, EUR M

Category	Gross Present Value, Dec 2010	Discount rate,% 2010	Net present value, remaining investments[1]	Carrying amount, Dec 2010[2]	Unrealized development gain, 2010
Highways	290	10.8	47	111	132
Social infrastructure	211	9.7	75	75	61
Utilities	5	9.3	3	0	2
Total	**505**	**10.4**	**126**	**185**	**194**

1 Nominal value EUR 173 M
2 Invested capital, accumulated carrying amount of shares recognized in project company equivalent to Skanska’s ownership.

Definitions, appraisal model

Gross present value	The discounted present value of all flows from the project to Skanska.
Present value of remaining investments	The discounted present value of remaining investment commitments in ongoing projects. This is discounted at the same discount rate as the project.
Net present value	The discounted present value of all flows to/from the project. The same as the sum of present value of cash flow from projects minus present value of remaining investments.
Unrealized development gain	Net present value minus carrying amount of projects.
Change in unrealized development gain	Annual change in unrealized development gain.

Project portfolio, EUR M

Category	Type	Country	Payment type	Phase	Concession ends	Ownership, %	Year of operation/full operation	Invested capital, Dec 31, 2010	Total commitment
Highways									
A1 (Phase I and II)	Highway	Poland	Availability	Construction	2039	30	2007/2012	18	21
Antofagasta	Highway	Chile	Market risk	Construction	2030	100	2014	47	67
E18	Highway	Finland	Availability	Steady state	2029	41	2010	9	9
M25	Highway	U.K.	Availability	Construction	2039	40	2012	52	93
Nelostie	Highway	Finland	Availability	Steady state	2012	50	1998/1999	4	4
Social infrastructure									
Barts	Health	U.K.	Availability	Construction	2048	37.5	2006/2016	15	47
Essex BSF	Education	U.K.	Availability	Construction	2036	50	2012	1	6
Bristol	Education	U.K.	Availability	Ramp up	2034	50	2007/2011	5	5
Coventry	Health	U.K.	Availability	Steady state	2042	25	2005/2007	10	10
Derby	Health	U.K.	Availability	Steady state	2043	25	2006/2008	11	11
Mansfield	Health	U.K.	Availability	Construction	2043	50	2006/2011	13	17
Midlothian	Education	U.K.	Availability	Steady state	2037	50	2007/2008	2	2
Walsall	Health	U.K.	Availability	Construction	2041	50	2007/2010	5	10
New Karolinska Solna	Health	Sweden	Availability	Construction	2040	50	2018	9	66
Utilities									
Surrey	Street lighting	U.K.	Availability	Construction	2035	50	2015	0	5
Total, Skanska								**199**	**372**
Accumulated share of earnings in joint ventures								–14	
Carrying amount								**185**	

Appraisal methodology

Skanska conducts an annual market appraisal of its 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 the 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 the transactions carried out during the period. The appraisal covers 15 projects that have reached financial close and have thus been started up.

The 2010 appraisal

At year-end 2010, the estimated gross present value of cash flows from projects, excluding the Autopista Central highway, totaled EUR 0.5 (1.1) billion. Unrealized development gains before taxes amounted to about EUR 194 M (0.8 bn) at year-end. During 2010 the figure was reduced mainly due to the divestment of Skanska's stake in the concession for the Autopista Central, which is expected to generate an after-tax gain of about EUR 0.55 billion. The weighted discount rate used in the appraisal was 10.4 (11.0) percent.

The appraisal carried out at the end of 2010 encompassed an update of financial models and a review of the yield requirements applied. The assessment of market value was made in cooperation with external appraisal expertise.

Earnings

Revenue in Skanska Infrastructure comes mainly from Skanska's share of income in the companies that own assets in project portfolios and from divestments of these companies. Expenses consist mainly of bidding costs and the cost of Skanska's own employees.

Starting from 2010, Skanska is applying IFRIC 12, which means that earnings in project companies are accounted for in relation to value of services provided. This will result in earlier and higher income from participations in consortia as well as lower unrealized development gain.

Markets

Operations focus on three segments – highways, social infrastructure and such facilities as bridges, tunnels and 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 projects that increase in value upon being completed, thereby enabling Skanska to sell them to investors that have lower return requirements.

Skanska intends to expand its operations in the public-private partnership sector. The Company prioritizes projects with reasonable returns that meet the Group's yield requirements.

For some time, the United Kingdom has been the biggest market for PPP solutions but is now affected by cutbacks in the British government budget. However, opportunities are expected in the fields of street lighting networks and waste-to-energy facilities. Skanska is working on project opportunities in the latter segment, which is expected to grow as a consequence of EU legislation that will not permit waste landfills.

In Sweden, opportunities are expected to increase, for example in the construction of wind power facilities.

North America continues to offer attractive expansion potential, but the market is developing slowly. A number of U.S. states are planning public-private partnerships related to road projects, but the timetable remains uncertain.

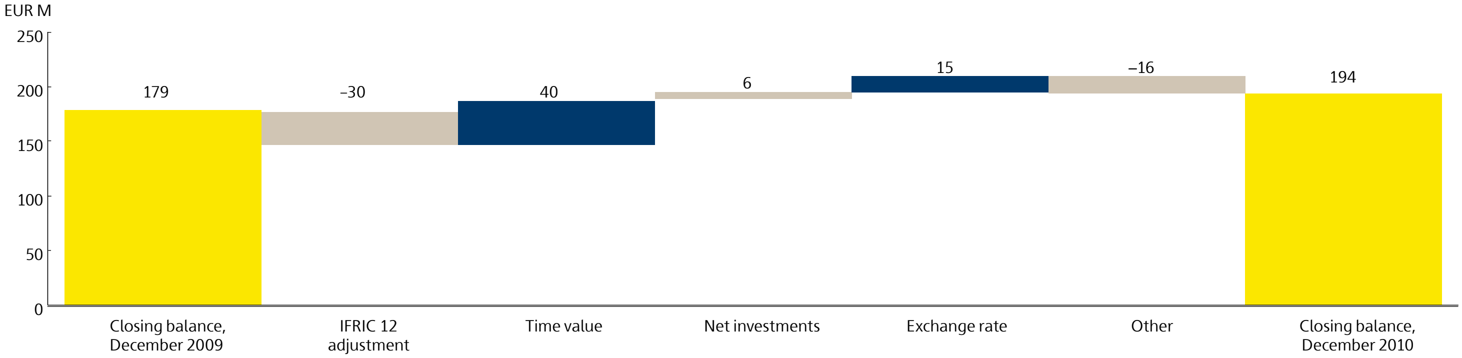
In Latin America, there is a large potential PPP market for hospital projects. New hospital projects are expected to be put out for tender competitions during 2011.

In the Czech Republic and Poland, a future market for PPP solutions is expected mainly when it comes to new highway projects and waste to energy power plants.

The strained public budget situation in many countries is adversely affecting the supply of new projects. In the U.K., for example, the large-scale program for constructing new, modern schools – Building Schools for the Future – may be slowed down or cut back. Meanwhile the more stable financial market situation means that the prerequisites for new PPP projects will improve.

At 188 km (117 mi.), London's M25 orbital motorway is one of the longest ring roads in the world. Widening is currently under way on two sections in the northeast and northwest, and extra lanes totaling 58 km (36 mi.) will be added. Road-widening activities, which began in 2009, are expected to be completed before the opening of the London Games in summer 2012. Skanska's assignment includes operation and maintenance of a total of 400 km (250 mi.) of road links.

Changes in unrealized development gain, 2010 [1]



1 Excluding Autopista Central

Two London hospitals, Barts and the London Hospital, are part of one project worth GBP 1 billion. The London Hospital in Whitechapel (above) will be the largest hospital in the U.K. The general public in East London will have access to both general and specialist care, along with emergency and pediatric wards.

New PPP projects

In Latin America, Skanska began a large highway project in Antofagasta, northern Chile. The design/build assignment and Skanska's investment in the project total USD 250 M, or about EUR 200 M. The project includes about 200 km (125 mi.) of highway, of which 120 km (75 mi.) is new construction. Skanska is the sole owner of the project but intends to sell a 50 percent stake.

In the U.K., Skanska began construction of the Essex school project and upgrading of the street lighting network in Surrey, southeast of London, which represents a new product segment in public-private partnerships.

PPP projects under construction

In Poland, work is underway on the second phase of the A1 expressway, which when completed will form a 150 km (93 mi.) continuous stretch of expressway south from Gdańsk.

In the London area, the expansion of part of the M25 orbital motorway is continuing. The first sub-phase was completed in 2010. Skanska holds 40 percent of the consession company and has a 50 percent share of the construction contract, totaling about GBP 1 billion. A stretch of motorway some 60 km (37 mi.) long is being widened to four lanes in each direction.

Construction is continuing at school projects in Bristol and Essex, part of the large-scale British school modernization program known as Building Schools for the Future.

Four large British hospital projects are still under construction: hospitals in Mansfield and Walsall as well as the two hospitals that form the large London project known as Barts and The London Hospitals. Portions of the new hospitals are in operation.

Completed projects in operation

Other PPP projects have been completed and are in operation. This applies, for example, to the Autopista Central highway in Chile, the hospitals in Derby and Coventry, U.K., the Midlothian school project in the U.K. and the E18 highway in Finland.

The concession contract for the Nelostie highway between Helsinki and Lahtis, Finland will expire during 2012, and the highway will then revert to government ownership.

Next to St. Paul's Cathedral in central London is the U.K.'s oldest and at the same time newest hospital, St. Bartholomew's, often called Barts. The first new portion, with 700 rooms, has been completed and is receiving cancer patients. The hospital's cardiac center is currently under construction.

Autopista Central – a tollway that pays its way

Skanska Infrastructure Development was selected for the project in September 2000
Total investment by Skanska: About EUR 100 M
Average daily traffic: About 64,000 vehicles
Traffic revenue, 2010: About EUR 140 M
Sale agreement: Signed in 2010

Skanska is now selling its stake in the Autopista Central in Chile. To date, the highway is the largest public-private partnership project that Skanska has pursued from start to finish.

Skanska played several roles in the creation of the Autopista Central – project developer, investor, builder and responsibility for operation and maintenance. Skanska's investment, which totaled about EUR 100 M, has yielded returns at every stage. Skanska was half-owner and also had a 48 percent stake in the construction and operation project.

The divestment will be completed and reported in the financial statements during 2011.

The 61 km (38 mi.) long highway also shows that Skanska's good investment capacity generates projects for its construction units.

64,000 vehicles per day

Autopista Central was the first of Santiago's two toll highways. More than 1.5 million registered and paying users is a good measure of their benefits to society. An average of 64,000 vehicles a day use the highway, and 2010 traffic revenue totaled about EUR 140 M.

Almost eleven years have passed since Skanska won the tender competition. In order to land the project, Skanska had already carried out extensive development, so construction work began quickly. The highway opened to traffic late in 2004, and by early 2006 the entire stretch of highway was completed.

The Autopista Central, which crosses right through Santiago, is a toll highway without toll barriers. Both invoicing and monitoring take place electronically.

Every meter of the highway is visible from surveillance cameras. There are 120 cameras in all. If an accident occurs or a car stalls, help is on the way within a few minutes. Both healthcare staff and towing specialists can be dispatched immediately to help those in need and to ensure that the highway remains open for traffic.

Earthquake-safe

The condition of the highway is subject to regular inspections and maintenance. Necessary repairs are generally performed at night. The highway structure is stable and was not damaged by the powerful earthquake off the coast of Chile in February 2010.

The Autopista Central was welcomed by all those drivers who were previously forced to spend valuable time in long traffic jams. The highway relieves the pressure on local streets, shortening the travel time through Santiago by up to 40 minutes.


Vía Local
Autopista


300m
El Parron
80

Skanska pioneers the use of many innovative technologies, particularly in the area of energy efficiency. The use of Energy Piles™ and Energy Wall™ combine the latest foundation and geothermal technology to provide an innovative source of renewable energy. They can help reduce the carbon emissions related to heating and cooling of a building by up to 30 percent.

Sustainable development

Blå Jungfrun. Harnessing heat from people and household appliances

The Skanska Journey to Deep Green™

Exceeding norms in Poland

The Skanska Journey to Deep Green™ has begun. It will redefine construction and development, providing new opportunities for a more sustainable future.

Meeting and exceeding expectations

Skanska constructs buildings and infrastructure projects that meet or surpass the requirements of many voluntary national and international environmental labeling and management systems, among them:

- EU GreenBuilding – Europe
  - All new projects by Skanska's Commercial Development Nordic and Commercial Development Europe business units will meet this target.
  - Today Skanska Commercial Development Nordic is a registered EU GreenBuilding Corporate Partner.
- Leadership in Energy and Environmental Design (LEED) – Global
  - As a minimum, all new commercial properties in the Nordic countries, Central Europe and the United States developed for Skanska's own account will meet the standards for LEED Gold certification.
- Building Research Establishment Environmental Assessment Method (BREEAM) – United Kingdom
- Civil Engineering Environmental Quality Assessment Tool (CEEQUAL) – United Kingdom
- ISO 14001 Environmental Management System – Global
  - In 2000, Skanska was the first construction company to become globally ISO 14001-certified.
- Swan label – Nordic countries

Taking the lead in sustainability

Skanska is helping to build a Deep Green Society – a place where projects have a near-zero environmental impact.

Solar makes financial sense
Over 1,600 solar panels have been installed at Skanska Koch's headquarters in Carteret, New Jersey, U.S.A. Capable of generating 426kW of electricity, the array will not only provide 85 percent of the building's electricity needs, but also generates up to USD 25,000 of revenue every month. This is the first installation of its kind at a Skanska office. Payback is expected in less than five years.

Skanska is regarded by many clients, independent rating agencies and industry experts as a leading practitioner of sustainable development. This is confirmed by the 2010 Carbon Disclosure Project's Nordic 200 report, where Skanska is the top construction company in the region and is ranked number nine overall. Skanska is the only construction company in the top 20 listing. In the U.K., the *Sunday Times* newspaper also recognized Skanska's efforts in its annual Best Green Companies list. Skanska UK was overall winner of the category "large company with high environmental impact," and the top contractor in the Green List, as well as winning the category for best corporate environmental strategy. In November, Skanska USA Building was presented with the US Green Building Council's Leadership Award for the private sector. The Award recognizes outstanding individuals and organizations that signify vision, leadership and commitment to the evolution of green building design and construction. Further recognition of leadership was confirmed with the appointment of a Skanska USA Building employee as the new Chairperson of the US Green Building Council.

Measurement where appropriate

This Sustainability Review highlights what has been accomplished environmentally and socially in 2010. It also looks forward to work that must be done in the future.

This review does not follow convention, given the business model of project-based companies. For example there is no third-party verification because no credible approach exists for a project-based business such as Skanska's. What Skanska does is driven by customer demands. As a consequence, many so-called standard reporting practices are inadequate because they tend to be based on a model for manufacturing industries – not project-based construction where, in effect, almost every project is a one-off. Therefore, only Key Performance Indicators (KPIs) that take into account the nature of Skanska's business model, are reported here.

Challenges and opportunities

The primary sustainability challenges for Skanska are safety and business ethics, highlighted in the first part of this review. The second part focuses on the largest business opportunity for Skanska in the field of sustainable development – Green Business. This moved forward significantly during 2010 under the title Journey to Deep Green™ and is communicated and measured using a new tool, the Skanska Color Palette™.

Last year was another challenging year for sustainability from a global perspective. In times of economic uncertainty, it is always easy to focus on short-term gains and dismiss the importance of the longer-term benefits of sustainability. Skanska has maintained its commitment to improvement. When economic times are tough, and the focus is on cost-cutting, the business case for Skanska's sustainability agenda become stronger, for example improved energy efficiency, water use and waste management.

Improving safety standards, particularly in Central Europe, has also been prioritized. The regions in which Skanska operates are at different stages of development, both in behavioral patterns and in regulatory standards. Efforts continue to introduce global standards of best practice.

Ethics

As a founding member of the World Economic Forum's Partnering Against Corruption Initiative (PACI) Skanska has, for many years, been committed to eradicating corruption in the construction industry. Skanska AB's General Counsel is a member of the working group appointed by the Swedish government to propose changes to Swedish criminal law on bribery, including a proposal for a code on gifts and benefits.

Leading change throughout the industry

Skanska continues to play an active role in improving working conditions, equality and safety, not only within its own business units but across the wider construction industry. The company is a signatory to the United Nations Global Compact act and its business leadership forum, Caring for Climate. Skanska is also a member of the UN Global Compact Nordic Network.

Ethics Committee

During the year, the Skanska Group established a Corporate Ethics Committee and mandated that every Skanska home market have its own ethics committee. In addition, an Ethics Expert Group consisting of Skanska employees was established under the sponsorship of a member of the Senior Executive Team (SET). The Ethics Expert Group meets twice a year to share best practices and agree on focus areas for further improvement. The Corporate Ethics Committee was established to debate best practices and review any issues highlighted through the corporate whistle-blowing system that operates worldwide.

Open and transparent dialogue is encouraged throughout Skanska and, in a majority of cases, important issues can be resolved in this way. Where this is not possible, for reasons of confidentiality, the fully independent whistle-blowing process is in place to ensure that any ethical dilemma can be resolved satisfactorily.

Safety starts with planning

Skanska believes that any accident, of any kind, is one too many and that all accidents are avoidable. Analyzing and understanding why accidents happen, managing risk and providing education and training are vital factors in improving safety performance. To do this, Skanska works to be a learning, reporting, fair and just organization.

Performance

Improving its safety performance remains a key focus for Skanska. The ultimate goal of zero accidents is supported by a series of annual milestones. The 2008–2010 Business Plan set a target Lost Time Accident Rate* (LTAR) of 4.0 by the end of 2010. The actual LTAR in 2010 was 3.6, improving on the 2009 achievement of 3.8. Skanska regrets to announce that nine work-related fatalities occurred at the company's sites during 2010: five subcontractors, three employees and one member of the public. This loss of life is unacceptable and Skanska will make whatever changes are necessary to prevent these in the future.

The business plan for 2011–2015 sets a new Skanska milestone LTAR of 1.0 for the end of 2015, which will move Skanska closer to its ultimate goal of zero accidents. This plan includes a global strategy covering five key areas, including safety competency and knowledge, the selection and management of subcontractors and embedding safety in efficient production methods.

As part of its continuous improvement program, during 2010 Skanska developed eight new Global Safety Standards to complement the four already in use. Ensuring that these safety standards are fully operational in all businesses is a key step to providing a safer workplace.

Leadership

During 2010 a Global Safety Leadership Team was established. It consists of senior managers and safety specialists from across Skanska's business units including the President and CEO of Skanska. The aim is to ensure that all obstacles to achieving the global safety goal of zero accidents are identified and overcome. As part of our focus on introducing and monitoring leading indicators, Executive Site Safety Visits (ESSV) were introduced in 2008 and have continued to be a success during 2010. These were extended during 2010 to include a wider range of company personnel. A total of 4,751 ESSVs were completed during 2010, compared to a target of 3,013. Each business unit also measured a larger number of safety leading indicators. In this way, Skanska is monitoring and measuring the actions that eliminate accidents before they happen.

Sharing knowledge

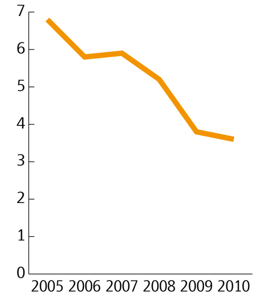
Skanska recognizes that some business units have a more mature knowledge base of safety procedures and techniques than others and benefit from having highly developed training and regulatory frameworks. To enable other business units to reach the same level of safety performance, Skanska seconded two of its safety specialists from the U.K. to Poland and the Czech Republic. Skanska's commitment to improving safety is not limited to its own operations. World-class safety expertise can be used to improve working conditions in the entire industry. Skanska has therefore begun to engage with leading competitors and government regulators in several markets where improvement is needed, in order to change attitudes and help to deliver best practices throughout the whole sector. Skanska Poland initiated an agreement with several major competitors to improve safety in its home market.

Skanska aims to be a learning organization, and in 2008 the use of Global Safety Stand Downs (GSSDs) was introduced. Extensive investigation of procedures, systems, equipment and behaviors takes place after every fatal accident. This enables lessons to be learned with the aim of preventing similar occurrences in the future. Skanska has further developed this reporting procedure to cover other serious incidents.

A safer workplace brings rewards

The drive to reduce accidents to zero and provide a safe working environment for everyone associated with any Skanska project also has economic benefits. Research undertaken by Skanska USA shows that by improving a project's risk rating, its insurance premiums can be reduced significantly. This results in more competitive tendering and lower ultimate project costs for the client.

Lost Time Accident Rate (LTAR) 2005–2010



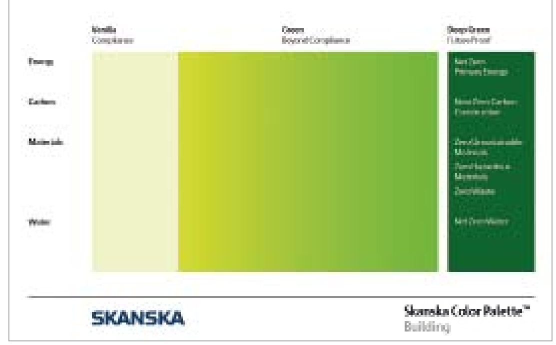
(Number of lost time accidents times 1,000,000 hours) divided by (total labor hours)

*Skanska has recorded lost time accident rate (LTAR) on a global basis since 2005, which serves as the base year for these statistics. To reduce the number of accidents, Skanska established a three-year target: by the end of 2010, to reach an overall LTAR in the Skanska Group not exceeding 4.

As the chart indicates, Skanska achieved an LTAR of 3.8 by the end of 2009, and 3.6 by the end of 2010.

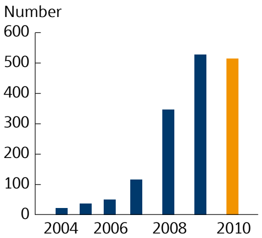
Skanska Safety Week, held for the sixth consecutive year, was a great success in 2010. Tens of thousands of Skanska employees, contractors and customers took part in the world's largest workplace safety initiative organized by a company. The Safety Week themes were "Being involved" and "What can we do better?".

The Journey to Deep Green™



Today, vanilla buildings and infrastructure are the norm. There is a growing list of green projects around the world. While these may meet today's requirements, will they be good enough tomorrow – will their value be future-proofed? The concept of "green" is a moving target, so Skanska prefers to push towards Deep Green projects.

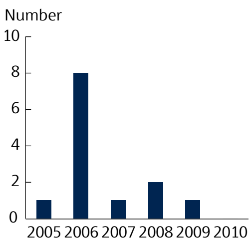
Eco-design professionals



LEED' AP's, BREEAM, CEEQUAL and other eco design professionals.

ISO 14001 Major Non-conformances (MNCs)

The frequency of MNC in 2005–2010



In 2010 Skanska Business Units had zero MNCs. Since January 1, 2005, Skanska recorded a total of thirteen MNCs.

Delivering consistently beyond compliance

It is now more than 10 years since Skanska became the first construction company to be globally certified to ISO 14001. Using this internationally recognized environmental management system provides a consistent framework for continual improvement.

Projects are now regularly delivered that exceed the national standards and voluntary eco-design frameworks set for green construction, such as: LEED (Leadership in Energy and Environmental Design), BREEAM (Building Research Establishment Environmental Assessment Method) and EU GreenBuilding.

The Deep Green Society

The Journey to Deep Green™ was a major focus of resources, training and commitment throughout 2010. Skanska's Journey to Deep Green™ will eventually take the company, its customers, suppliers and the people who benefit by occupying or utilizing everything that is constructed by Skanska, to a Deep Green Society. This is a place where projects have a near zero environmental impact. In a Deep Green Society, assets and facilities are future-proofed by the improvement of energy efficiency and materials use and the reduction of carbon emissions and water consumption. Deep Green can be measured in zeros, using six key indicators:

- Net zero primary energy
- Near zero carbon construction
- Zero waste
- Zero hazardous materials
- Zero unsustainable materials
- Net zero water for buildings and zero potable water for construction in civil/infrastructure

Getting to Deep Green

The Skanska Color Palette™, a strategic framework and communication tool for Green Business, has been developed to measure the company's performance along the way. The palette comprises three colors:

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

Green – The construction process or product performance is beyond compliance, but can not yet be considered to have near-zero impact. Green can be qualified by voluntary classifications such as: EU GreenBuilding, LEED and BREEAM.

Deep Green – signifies a construction process where product performance is future-proofed – for example, it uses zero net energy and produces zero waste. Deep Green is the ultimate destination for the projects undertaken on behalf of Skanska's more forward-looking customers.

Exceeding norms in Poland

Delivering beyond compliance is exemplified by the Grunwaldzki Center in Wrocław, Poland. Designated an EU GreenBuilding, the modern office facilities consume 30 percent less energy than Polish building norm. The building is equipped with an advanced Building Management System, which manages the heating, ventilating and air conditioning system and all the indoor parameters to ensure optimal energy use. Heat recovery systems in the air handling units recycle 90 percent of the energy from the outgoing air and outgoing warm air is recirculated through the garage levels to avoid the need for space heating. The project also achieved 98 percent recycling of waste materials, which were segregated on site.

Harnessing heat from people

Apartments in the Blå Jungfrun development in Stockholm have no conventional space heating, they are warmed by the heat of the occupants themselves, household appliances and passive solar heating. As a result, these apartments consume less than half the energy of a comparable building types in Sweden.

The Skanska Color Palette™ is now being used to benchmark new projects. Each of the key indicators is mapped according to project performance.

A sustainablesports arena

Completed in April 2010, the New Meadowlands Stadium in New Jersey – home to both the New York Giants and New York Jets – is one of the most sustainable sporting venues in the U.S. Local employment was encouraged through the Construction Management Building Blocks program, a training program designed to help small business owners from minority social groups. During the construction phase and the first year of operation, carbon dioxide emissions were reduced by approximately 1.68 million metric tons. The new stadium uses around 30 percent less energy than its predecessor, despite having double the floor space, while water usage has been reduced by 25 percent. By working closely with the customer and the U.S. Environmental Protection Agency, Skanska USA delivered a USD 1.1 billion project that sets new standards for sustainability and spectator enjoyment. Read more about the stadium on page 30.

Enhancing the natural environment

The United Nations designated 2010 as the International Year of Biodiversity.

The forests of Brazil represent around one third of the world's remaining rainforests and are home to an estimated 56,000 species of plants and over 3,600 species of animals. They also provide the country with two million jobs. Skanska is currently helping to reduce deforestation and encourage sustainable forest management by supporting The Forest Trust, a Swiss non-governmental organization. Aided by contributions from Skanska, TFT has enabled Rondobel, a Brazilian forestry company that works 16,000 hectares of the forest, to progress toward full Forest Stewardship Certification (FSC) for its products. Carbon emissions resulting from air travel to corporate events involving large numbers of employees and day-to-day travel for a number of corporate functions are balanced through these contributions. This has several advantages over conventional carbon offsetting. As well as encouraging responsible forest management, the social welfare of the communities who rely on the rainforest is enhanced. Established forests are also more efficient carbon sinks than the newly-planted woodland that forms the basis of many offset programs. At project level, where biodiversity can be enhanced or improved, Skanska recognizes its broader responsibility to assist in species protection.

Carbon

Skanska reports its Scope 1 and 2 emissions in accordance with the internationally recognized Greenhouse Gas Protocol and supplies this data to several external stakeholder groups, including the Carbon Disclosure Project. Scope 1 Absolute Carbon Dioxide emissions were 336,082 metric tons and Scope 2 Absolute Carbon Dioxide emissions were 106,189 metric tons in 2010. In addition, Skanska's ambition is to further develop its reporting within Scope 3 in line with emerging international guidance.

Energy efficiency and carbon reduction are major sustainability opportunities for Skanska. The progress made in previous years was strengthened in 2010 with the development and use of carbon footprinting tools, both to benchmark the total lifetime carbon emissions of a structure and to help identify low carbon options for projects.

During 2010 Skanska's Building Information Modeling (BIM) competence centre in Finland incorporated a carbon calculator so that, for the first time, trade-offs between cost, structural performance and carbon can be assessed for different materials and structures.

Skanska's business units are developing a range of approaches to carbon footprinting, depending on local regulations and market requirements. In 2010,

Planning for safety

The Norra Länken project, winner of the Skanska 2009 Health and Safety Award, uses Building Information Modeling (BIM) as part of safety improvement plans. BIM makes it possible to plan every step of construction. For example, the project employed BIM to illustrate materials using 3-dimensional tools at startup meetings with different trade contractors, which helped provide a better picture of the work to be carried out and any difficulties that might arise. This enabled some of the risks to be removed. The project also went on to win the Swedish Road Administration Safety Award in 2010.

Green – from the roof down

Due for completion in 2011, the new ten-story 733 10th and G building in Washington, D.C. is being constructed to a minimum standard of LEED Gold. Innovative building features include a green roof to minimize "heat island" effects and reduce storm water overflow. Inside, sensors will monitor carbon dioxide levels and regulate ventilation. Energy efficiency measures will provide an estimated 14 percent reduction in annual energy costs. Outside, special parking is provided for alternate fuel vehicles. High performance, low solar gain glass is complemented by the re-use of materials.

Skanska Sweden launched its own ECO2 tool, which was used for the first time on the Nyhamn-Gävle Strand residential project. ECO2 is linked directly to cost estimating, enabling carbon emissions to be calculated according to the project specification and construction material profiles. Skanska Finland used BIM to calculate the carbon footprint of its new headquarters building, Skanska House, while in Norway the Norwegian Government's carbon calculator was applied during the construction of the Nesodden Community Center.

Reducing carbon emissions

In the U.S., footprinting of the Hillsboro Intermodal Transport Facility (HTIF) a multi-story vehicle and bicycle parking project in Oregon, helped in the selection of low carbon options for a range of primary construction materials, resulting in the avoidance of over 3,600 metric tons of carbon dioxide equivalent (tCO_{2e}). HTIF has been designed to consume significantly less energy than conventional parking garages. Using energy-efficient lighting designed to perform at 82 percent below code and a 60kW photovoltaic solar energy system that generates 89 percent of the power requirements, the carbon footprint of the project has been reduced significantly and the Hillsboro project rates beyond compliance, or Green on the Skanska Color Palette™.

Meanwhile, in the U.K., Skanska calculated the carbon footprint of the recently delivered One and Two Kingdom Street projects in Paddington, London. Embodied carbon is typically estimated at 20 percent of a construction project, with the remaining 80 percent due to energy consumption during lifetime occupancy. Results produced for Skanska UK show that thanks to energy-efficient design and construction, operational carbon for these projects is predicted to fall to approximately 70 percent of the total. Meanwhile the Bristol Private Finance Initiative (PFI) schools in which Skanska Infrastructure Development is an investor are now part of the largest biomass boiler cluster in the U.K.

Low-carbon homes will play an important part in achieving the energy reduction targets, particularly those set in Europe. Skanska has already built over 50 percent of all the "passive house" stock in Sweden. The latest development, completed in 2010, represents the first high-rise rental apartment building to be constructed to Swedish passive house standards.

Energy

Skanska continues to benefit from energy efficiency and renewable energy. During the year the Commercial Property Development business units in the Nordic countries and Central Europe focused on beating national energy codes by at least 25 percent to obtain EU GreenBuilding recognition for their projects. Most business units also have energy efficiency plans for their own offices and projects. In addition to energy efficiency measures, supply contracts were switched to Green tariffs and in the case of the Civil business area of Skanska USA, two large photovoltaic systems were installed in New Jersey and Colorado, and surplus generation is sold to the state grids.

External engagement – carbon and energy

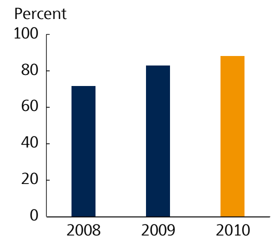
Skanska works with the influential EU Corporate Leaders Group on Climate Change to support policymakers by promoting a forward-looking agenda on climate change.

The Company is also continuing its participation in the World Business Council for Sustainable Development's Energy Efficiency in Buildings Initiative. Skanska is playing a leading role in developing the project with the International Energy Agency into a high level policy document and is facilitating the development of a sector Carbon Dioxide Measurement Protocol together with ENCORD - the European Network of Construction Companies for Research and Development. In addition, Skanska supports the UN Environment Program's Sustainable Building & Climate Initiative and piloted its Common Carbon Metric tool for buildings.

Water conservation

Water is regarded as one of the planet's finite resources that will be severely affected by climate change. Although construction and infrastructure development does not consume large quantities of water, the subsequent occupancy of buildings can be responsible for high levels of water consumption during their service lifetime. Skanska is reducing this consumption in a number of ways, and for the first time water is a specific focus area in both the Skanska Color Palette™ and the 2011-2015 Environmental Strategy. Reuse of rainwater, grey water recycling and reducing the consumption of potable water are important considerations for all projects. For example, Skanska UK's involvement in construction for the 2012 London Games involves a comprehensive program of ground and surface water treatment and reuse. When complete, the project is expected to use over 60 percent non-potable water.

Total average amount of waste diverted from landfill 2008–2010



Waste diverted from landfill. Target for 2010 >90%.

Royal green

Playing an active role in the EU Corporate Leaders' Group on Climate Change, an initiative that is supported by His Royal Highness the Prince of Wales, is part of Skanska's commitment to sharing sustainable best practices. Skanska's contribution to building a more sustainable future was acknowledged personally by His Royal Highness in a letter he sent from Clarence House.

His Royal Highness The Prince of Wales

Photo Chris Jackson

Sustainable procurement

Over 80 percent of Skanska's revenue flows through its supply chain. As well as playing a key role in materials selection and use, sustainable procurement is of great strategic importance. Skanska will only ever be as safe, green and ethical as its supply chain. As a consequence, one of the most important business challenges is to ensure that subcontractors as well as materials and product suppliers are aligned with Skanska's own sustainability agenda. Clear communication with the supply chain is vital to ensure that goods and materials have a chain-of-custody. Pre-qualification of suppliers and subcontractors is also an important tool for improving safety performance. Skanska UK works systematically to ensure that the supply chain understands the precise requirements. Assistance is given to suppliers, to enable them to work towards compliance and appreciate the importance of sustainable sourcing.

The activities of Skanska's Nordic Procurement Unit are greatly influenced by sustainability considerations. Suppliers are encouraged to consider green solutions, aimed at reducing whole-life cost, as part of their bids. Where alternative materials and products have already been used successfully in projects, details are communicated throughout Skanska's Nordic business units. There is also increased focus on using additional factors besides price in determining the suitability of a product, service or supplier, for example by integrating the Skanska Color Pallette™ into the procurement process.

Skanska Norway actively supports the EU Chem Xchange project. Started in 2009, it offers the European construction sector a tailor-made, low-priced, fully digitalized chemical information system covering risk assessment, supply chain communication and management. A database will soon provide information in 23 EU languages plus Norwegian.

Skanska's Green IT commitment demands that suppliers replace substances of high concern such as phthalates, PVC cables and brominated flame retardants with commercially viable alternatives. For many years Skanska has committed to reducing hazardous substances in its projects, for example through membership of the Business Group of NGO ChemSec.

Community engagement

Skanska works closely with small suppliers and underrepresented minority groups to encourage their involvement in the supply chain. During 2010, three training programs aimed at young offenders have been undertaken by Skanska UK with the encouragement of its customer, the National Grid. Working with the South East Electricity Substation Alliance (SEESA) and the Rochester Young Offenders Institution, Skanska has helped to teach participants to find work at the end of their sentences. The ten-week courses have been so successful that employment is now being offered by Skanska to many of those who complete the training.

Education at every level is important and Skanska takes its responsibilities seriously. In Argentina, Skanska has been working with the Cimientos Foundation since 2005, helping to support and encourage children through their secondary schooling.

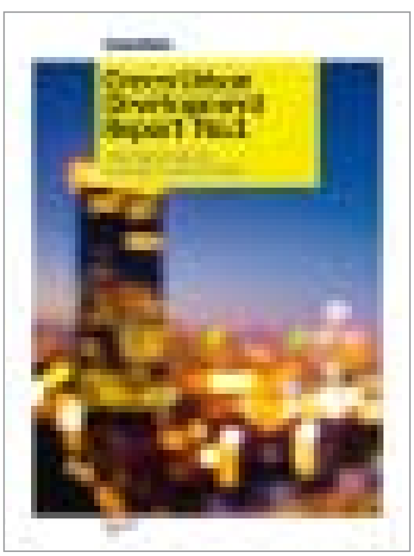
The road ahead

In 2010 several of Skanska's key sustainability initiatives were strengthened and further developed, while Skanska's Journey to Deep Green™ is already changing the way new projects are visualized and implemented.

Looking forward, sustainable development concepts will play a central part in the Company's 2011–2015 business plan. The social priorities of ethics and safety will be actively managed alongside green business opportunities linked to energy, carbon, materials and water.

Green Urban Development Report

Skanska's new series of Green Urban Development Reports highlights trends and developments that will make our society greener. The first issue features how energy consumers turn into producers. In the near future, citizens will become stakeholders in a local energy community. Smart technology will empower citizens to become urban energy farmers. Skanska will issue two reports per year and you can find them at www.skanska.com/greenreport



Awards won

- Top construction company, Nordic Region, in the Carbon Disclosure Project (Skanska Group)
- The Sunday Times - Best Green Companies Award: 2nd overall and winner of large company and winner of best corporate environmental strategy (Skanska UK)
- The US Green Building Council's Leadership Award (Skanska USA Building)
- Winner of the Supplier Diversity category in the Mayor of London's Responsible Procurement Awards (Skanska UK)
- Safety - Premio Apolo Award ENDESA (Skanska Latin America)
- Via Bona awards, presented by the Pontis Foundation for Skanska's commitment to business ethics (Skanska Slovakia)

Solar power in Colorado

Location: Cortez, Colorado
Unit: Skanska USA Civil
Project: 1,260 solar panels
Capacity: 258 kWh
Investment: USD 1.5 M
Environmental benefit: Reducing CO_2 emissions by purchasing substantially less electricity produced by coal fired power plants

In the Rocky Mountains, some 2,000 meters (over 6,000 ft.) above sea level, Skanska is capturing the sun. Skanska's local office in Cortez, Colorado has switched to solar power. Not only that – surplus energy will flow from its new system into the local electrical grid.

Skanska's 1,260 solar panels will generate 258 kW when operating at capacity. The desert-dry landscape around Cortez has few rainy days and the sun shines 240 days a year. The solar panels will also generate electricity even on cloudy days.

The office's solar panels are capable of rotating and are connected to a GPS tracking system that enables them to follow the sun and maintain an optimal angle. This boosts their efficiency by 30 percent compared to fixed panel arrays.

Heavy road, excavation and construction jobs are part of Skanska's day-to-day work in the "Four Corners" region. Giant bulldozers and other heavy machinery parked in the Skanska USA Civil yard in Cortez normally attract people's attention. But no longer – today the big eye-catcher is 15 rows of shiny new solar panels.

The Cortez office also showed its precision know-how by performing its own site preparation, including pole and solar panel installation.

The message has been snapped up by its surroundings. A number of potential customers have already contacted the office to get help with their own solar energy systems. Skanska has also been given the Green Business of the Year award by the Cortez Area Chamber of Commerce.

At today's energy prices, the office's USD 1.5 M investment will pay for itself in six years. The environmental benefit cannot be measured in money, but the transition to solar energy is estimated to save the equivalent of 227 metric tons of carbon dioxide emissions yearly.

Skanska USA Civil's office in New Jersey also generates its own electricity, using roof-mounted solar panels.

Skanska Financials 2010

The financial statements presented in this Review
have been prepared in EUR (euros) as the presentation currency.

As the functional currency of the Parent Company is
SEK (Swedish kronor), Skanska's Statutory Annual Report
including the consolidated financial statements of the
Parent Company has been prepared using SEK (Swedish kronor)
as the presentation currency.

Financial review 2010

Skanska's operations delivered good earnings during 2010, but sales in both euros (EUR) and local currencies decreased compared to the previous year. The margins in several Construction operations reached record levels, while large positive cash flows were generated.

In Residential Development operations, the pace of homes started and sold increased. During the year, Skanska started 4,113 new homes, began 14 new commercial property development projects and reached financial close on three new public-private partnership (PPP) projects, among them New Karolinska Solna. This represented a total investment commitment of about EUR 1.6 billion, which will also generate a construction volume of about EUR 2.7 billion for Skanska's Construction operations.

During the final days of 2010, Skanska signed a sales agreement related to the concession for its stake in the Autopista Central highway in Chile. The transaction is expected to be completed no later than during the third quarter of 2011.

Construction

The market for building construction gradually improved. The Nordic markets in particular, especially Sweden, showed a stable trend while the Czech market was weaker. In the United States, the demand within certain building construction segments such as healthcare and computer centers was relatively good. Civil construction markets continued to show a stable trend in most of the Group's markets. The number of bidders is still large, however, which means tight bidding margins. This is especially clear in the U.S. market.

In the United Kingdom and the Czech Republic, the market was affected by public sector austerity programs, which results in reduced public construction investments in these markets. The Polish market is stable but the competition is fierce.

Residential Development

The housing market performed well in all of Skanska's Nordic markets, with good demand and a stable price trend. In the Czech Republic the market slowly strengthened.

Commercial Property Development

Great interest and increasing activity by property investors are resulting in higher transaction volume, with falling yield requirements. Vacancy rates are stable in the office markets in the Nordic and Central European cities where Skanska performs commercial property development. In the United States there is good potential, because many market players lack financial resources, to develop new office projects.

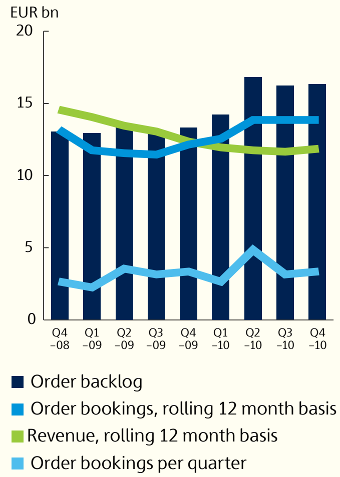
Infrastructure Development

Due to fiscal tightening in the British public sector, a general cutback in public investments is occurring in the U.K. These cutbacks will also affect new PPP projects, but to what extent remains uncertain.

In other European markets, the supply of projects is more limited, although interest in PPP solutions has strengthened. As the financing market becomes more stable, the conditions for new PPP projects have also improved. There is 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 and backlog in construction



Order bookings

Order bookings increased by 14 percent to EUR 13.8 (12.1) billion. Adjusted for currency rate effects, order bookings increased by 6 percent. Order bookings in EUR were 16 (–1) percent higher than revenue during 2010.

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

Among the contracts that were signed during 2010, a number of major contracts in segments important to Skanska deserve particular mention.

Nordic countries

In the Nordic countries, the Group received a number of major assignments during the year. In Sweden, Skanska was chosen to design and build New Karolinska Solna, a new university hospital that was procured as a public-private partnership (PPP). The construction contract amounted to about EUR 1.5 billion. Skanska will invest EUR 66.6 M, corresponding to a 50 percent stake in the project company. The assignment will be carried out jointly by the Group's Swedish and British construction units, with Skanska Sweden responsible for 70 percent and Skanska UK responsible for 30 percent of the contract amount. In Sweden, Skanska was also commissioned to develop and construct a combined congress, hotel and concert hall facility in Malmö, with a construction contract totaling about EUR 0.1 billion. Skanska Sweden furthermore secured an assignment to construct a new veterinary and domestic animal center in Uppsala, with a contract amount of about EUR 0.1 billion. In addition, Skanska Sweden received a design-build contract worth about EUR 0.1 billion for the new headquarters of the Swedish Security Service in Solna. In Norway, Skanska was commissioned to construct a new office building for Statoil in Oslo, with a contract amount totaling about EUR 0.2 billion.

Other European markets

In Slovakia, Skanska was contracted to build the R4 expressway, comprising a 14 km (9 mi.) long stretch of highway including 14 bridges. The contract amount was about EUR 77.0 M. In the United Kingdom, Skanska was awarded a contract to design and build a new prison in London, with a contract amount of EUR 0.1 billion. Skanska received two other major assignments in the London area; one was to build the Brent Civic Centre, with a contract amount of about EUR 97.4 M, and the other to build tunnels for power transmission, with a contract amount of about EUR 101.6 M. Skanska UK also received an assignment to build three new schools in Essex. The construction contract totaled about EUR 81.7 M and the project is being carried out as a public-private partnership (PPP).

North America and Latin America

During 2010 Skanska USA Civil was awarded assignments that included port renovations at the U.S. Navy facility in Portsmouth, Virginia, with a contract amount of about EUR 0.1 billion. Skanska USA Building received two construction management assignments in Ontario, Canada with a total contract value of about EUR 0.3 billion; two construction management assignments related to a hospital in Florida and a large industrial facility in Arizona, with a total contract amount of about EUR 0.1 billion; and two major healthcare projects in California with a total contract amount of about EUR 0.2 billion. During 2010 Skanska's two American construction business areas received a joint contract related to the new PATH commuter train station in the World Trade Center area of New York City, where Skanska's share of the total order amount was about EUR 0.3 billion. In Latin America, Skanska Latin America's orders included an assignment at an oil refinery in Brazil, where Skanska's share of the total contract amount is about EUR 0.2 billion. Skanska Latin America also received the assignment to carry out a highway project in Antofagasta, Chile with a contract amount of about EUR 0.2 billion. The project is being carried out as a public-private partnership, in which Skanska Infrastructure Development owns the concession and is responsible for financing.

Order bookings and backlog

	Order bookings		Order backlog	
EUR M	2010	2009	2010	2009
Business unit				
Sweden	**4,243.7**	2,053.8	**3,662.3**	1,499.0
Norway	**1,356.9**	1,061.3	**1,131.6**	885.7
Finland	**909.3**	591.6	**654.9**	460.3
Poland	**717.6**	1,313.9	**994.3**	1,172.9
Czech Republic	**710.5**	843.5	**931.9**	1,078.3
United Kingdom	**1,565.3**	1,902.7	**2,608.7**	2,378.7
USA Building	**2,677.8**	2,802.4	**3,400.5**	2,878.1
USA Civil	**746.4**	1,115.9	**2,309.1**	2,560.1
Latin America	**833.5**	438.0	**625.0**	344.5
Total	**13,761.2**	12,123.0	**16,318.3**	13,257.7

Order backlog

Order backlog increased by 23 percent and totaled EUR 16.3 (13.3) billion at the end of 2010. Adjusted for currency rate effects, order backlog increased by 14 percent. Order backlog was equivalent to about 16 (13) months of construction.

North American and Latin American, Nordic and other European operations accounted for 39, 33 and 28 percent of order backlog, respectively.

The portion of order backlog that is planned for execution during 2011 was equivalent to EUR 8.6 billion at closing day exchange rates.

Segment and IFRS reporting

Effective from January 1, 2010, the Group is reporting its Residential Development and Commercial Property Development segments according to a new segment reporting method. The new segment reporting method recognizes sales revenue and gains on the divestment of properties, residential as well as commercial, when binding sales contracts are signed. When reporting in compliance with IFRIC 15, 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.

Revenue

Revenue by business stream according to segment reporting

EUR M	2010	2009
Construction	**11,853.5**	12,274.1
Residential Development	**793.7**	616.0
Commercial Property Development	**486.7**	427.9
Infrastructure Development	**33.4**	14.2
Central and eliminations	**–429.1**	–546.8
Total revenue according to segment reporting	**12,738.2**	12,785.5
Reconciliation with IFRSs	**58.7**	311.0
Total revenue according to IFRSs	**12,797.0**	13,096.5

Revenue according to segment reporting was essentially unchanged, amounting to EUR 12.7 (12.8) billion. In local currencies, the revenue decline was 8 percent. In the Construction business stream, revenue declined in EUR by 3 percent and in local currencies by 9 percent. Revenue in Residential Development and Commercial Property Development increased due to more signed sales contracts during 2010 compared to 2009. EUR 1.1 (0.9) billion of revenue in Construction, equivalent to 8.9 (7.6) percent, was generated by Skanska's project development operations. To reconcile with IFRSs, add the revenue 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.

Operating income

Operating income by business stream according to segment reporting

EUR M	2010	2009
Construction	**459.4**	458.4
Residential Development	**58.5**	–1.5
Commercial Property Development	**96.3**	73.4
Infrastructure Development	**31.1**	17.6
Central	**–82.9**	–64.0
Eliminations	**–3.5**	2.9
Operating income according to segment reporting	**559.0**	486.9
Reconciliation with IFRSs	**12.5**	81.1
Operating income according to IFRSs	**571.5**	567.9

Operating income according to segment reporting amounted to EUR 559.0 M (486.9), with Residential Development accounting for the largest improvement compared to the preceding year. Earnings in Commercial Property Development and Infrastructure Development also improved compared to the preceding year. Earnings in Construction rose somewhat despite the downturn in revenue. Currency rate effects increased operating income by EUR 42.0 M.

Impairment losses on current and non-current assets including goodwill were charged to operating income in the amount of EUR 26.2 M (41.2). To reconcile with IFRSs, add the revenue 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 inreased by 0.2 percent and amounted to EUR 459.4 M (458.4). The operating margin improved compared to the preceding year and amounted to 3.9 (3.7) percent. The margin was positively affected because there was a relatively larger share of projects at the end of the project cycle than at the beginning. Net project revaluations occurred primarily in Skanska Sweden, Skanska USA Civil, Skanska USA Building, Skanska UK and Skanska Poland, while net project impairment losses occurred primarily in Skanska Finland and Skanska Norway. In Norway, earnings were affected by a positive nonrecurring effect of EUR 10.7 M due to changes in the Norwegian pension system. Recovered bidding costs in Construction in conjunction with the financial close of New Karolinska Solna added EUR 5.9 M to income. In Finland, a goodwill impairment loss of EUR 11.4 M in civil construction operations was charged to earnings. In Skanska USA Civil, a provision for estimated costs in conjunction with ongoing litigation was charged to earnings.

Residential Development

In Residential Development, operating income totaled EUR 58.5 M (–1.5). The operating margin in the business stream amounted to 7.4 (neg) percent. The number of project start-ups also developed satisfactorily, though at a somewhat slower pace than project start-ups. Impairment losses on current assets (land) were charged to earnings in the amount of EUR 3.7 M (2.6).

Commercial Property Development

Operating income in Commercial Property Development totaled EUR 96.3 M (73.4). During the year, the business stream carried out divestments worth EUR 412.7 M (335.0). Its operating income included capital gains from property divestments amounting EUR 82.8 M (71.0).

Infrastructure Development

Operating income in Infrastructure Development totaled EUR 31,1 M (17.6). Income was favorably affected in the amount of EUR 10.2 M by the business stream's divestment of its stake in the Orkdalsvegen E39 road in Norway. The financial close of New Karolinska Solna had an impact on earnings, in the form of recovered bidding costs totaling EUR 1.3 M. Additional earnings from divestments in previous years totaled EUR 9.0 M.

Central

Central expenses including businesses that are being closed down totaled EUR –82.9 M (–64.0). Units being closed down were charged to earnings in the amount of EUR –13.6 M (–1.7). Of this, EUR 10.9 M was related to closing-down expenses, mainly impairment losses on land for Skanska's previous residential operations in Denmark.

Eliminations of intra-Group profits

Eliminations of intra-Group profits amounted to EUR –3.5 M (–2.9). 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

Income according to IFRSs

EUR M	2010	2009
Revenue	**12,797.0**	13,096.5
Cost of sales	**–11,493.5**	–11,806.2
Gross income	**1,303.5**	1,290.3
Selling and administrative expenses	**–788.7**	–760.4
Income from joint ventures and associated companies	**56.6**	38.0
Operating income	**571.5**	567.9

Gross income was EUR 1,303.5 M (1,290.3). 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 EUR 14.0 M (14.9), most of it related to impairment losses on land.

Divestments of current-asset properties resulted in a capital gain of EUR 240.6 M (220.9).

Selling and administrative expenses increased to EUR 788,7 M (760.4), which was equivalent to 6.2 (5.8) percent of revenue.

Income from joint ventures and associated companies, EUR 56.6 M (38.0), mainly encompassed holdings reported in the Infrastructure Development business stream and also included gains on divestments of projects.

Income after financial items

Income after financial items

EUR M	2010	2009
Operating income	**571.5**	567.9
Interest income	**22.8**	23.7
Pension interest	**6.2**	–3.4
Interest expenses	**–27.3**	–39.3
Capitalized interest expenses	**4.8**	17.7
Net interest income	**6.5**	–1.2
Change in fair value	**–3.8**	–8.5
Other financial items	**–6.4**	–12.2
Income after financial items	**567.8**	546.0

Net financial items amounted to EUR –3.7 M (–21.9).

Net interest income improved to EUR 6.5 M (–1.2). Interest income decreased to EUR 22.8 M (23.7), among other things due to a certain downturn in interest-bearing assets and somewhat lower short-term interest rates, measured as annual averages, in most currencies in which Skanska was a net investor. Interest expenses decreased to EUR –27.3 M (–39.3), which is explained primarily by a downturn in interest-bearing liabilities.

Capitalization of interest expenses in ongoing projects for Skanska's own account decreased because a relatively large share of projects were in their early stages and totaled EUR 4.8 M (17.7).

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, 2010, based on final figures for 2009, increased to EUR 6.2 M (–3.4).

Change in fair value of financial instruments amounted to EUR –3.8 M (–8.5). This was based primarily on negative interest rate differences in currency hedging of investments in Skanska's development operations, as well as currency hedging of Skanska's equity denominated mainly in Norwegian kroner and Polish zloty.

Other financial items totaled EUR –6.4 M (–12.2) and mainly consisted of currency rate differences and various fees for credit facilities and bank guarantees.

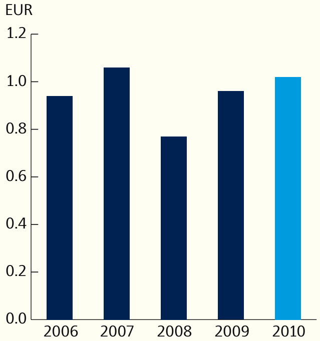
Profit for the year

Profit for the year

EUR M	2010	2009
Income after financial items	**567.8**	546.0
Taxes	**–146.1**	–148.6
Profit for the year	**421.7**	397.3
Profit for the year attributable to:		
Equity holders	**421.1**	396.9
Non-controlling interests	**0.6**	0.5
The year's earnings per share after repurchases and conversion, EUR	**1.02**	0.96

After subtracting the year's tax expense, EUR –146.1 M (–148.6), equivalent to a tax rate of 26 (27) percent, profit for the year attributable to equity holders amounted to EUR 421.1 M (396.9). Taxes paid for the year amounted to EUR 171.3 M (92.8). Earnings per share amounted to EUR 1.02 (0.96).

Earnings per share



Comparative figures for 2006–2008 have not been adjusted for the effects of IFRIC 12 and 15.

Comprehensive income for the year

Comprehensive income for the year		
EUR M	2010	2009
Profit for the year	**421.7**	397.3
Other comprehensive income		
Translation differences attributable to equity holders	**174.0**	113.2
Translation differences attributable to non-controlling interests	**–1.6**	–0.5
Hedging of exchange rate risk in foreign operations	**–42.3**	–31.8
Effects of actuarial gains and losses on pensions	**93.1**	71.9
Effects of cash flow hedges[1]	**13.3**	–37.6
Tax attributable to other comprehensive income	**–30.7**	–21.9
Other comprehensive income for the year	**205.8**	93.3
Total comprehensive income for the year	**627.6**	490.7
Total comprehensive income attributable to		
Equity holders	**628.5**	490.7
Non-controlling interests	**–0.9**	0.0
1 Of which in joint ventures and associated companies	**–15.6**	–54.4

"Other comprehensive income for the year" amounted to EUR 205.8 M (93.3). The change in translation differences attributable to equity holders totaled EUR 174.0 M (113.2). This item – which consists of the change in accumulated translation differences when translating the financial reports of operations outside Sweden, as well as exchange rate differences that have arisen when hedging net investments in operations outside Sweden – mainly includes positive translation differences in all of Skanska's currencies such as U.S. dollars, Swedish kronor, Norwegian kroner, Polish zloty and Czech korunas. About 30 percent of net investments outside Sweden were currency hedged during 2010, which contributed a positive effect of EUR –42.3 M (–31.8) to "Other comprehensive income for the year". See also Note 6.

The effects of actuarial gains and losses on pensions totaled EUR 93.1 M (71.9). This positive impact was due to higher discount rates and a return on pension plan assets that exceeded actuarial assumptions. The higher discount rates were primarily a consequence of a new benchmark interest rate for Skanska's Swedish pension liabilities.

Effects of cash flow hedges amounted to EUR 13.3 M (–37.6). 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 an unrealized loss of about EUR –15.6 M related to fair value measurement of interest rate swaps from joint venture companies in Infrastructure Development operations, mainly in the U.K. Interest rate swaps are used for long-term hedging of interest expenses related to certain long-term Infrastructure Development projects.

Unrealized gains related to currency swaps included about EUR 28.5 M in Polish operations. Total comprehensive income for the year amounted to EUR 627.6 M (490.7).

Investments

Investments/Divestments		
EUR M	2010	2009
Operations – Investments		
Intangible assets	**–7.5**	–5.8
Property, plant and equipment	**–140.1**	–119.8
Assets in Infrastructure Development	**–72.5**	–41.9
Shares	**–16.2**	–12.0
Current-asset properties	**–889.1**	–701.5
Of which Residential Development	**–561.9**	–293.0
Of which Commercial Property Development	**–327.2**	–408.5
Investments	**–1,125.4**	–881.1
Operations – Divestments		
Intangible assets	**0.4**	0.0
Property, plant and equipment	**25.1**	37.7
Assets in Infrastructure Development	**42.2**	12.9
Shares	**1.7**	0.2
Current-asset properties	**1,251.7**	954.4
Of which Residential Development	**561.8**	557.4
Of which Commercial Property Development	**689.9**	397.1
Divestments	**1,321.1**	1,005.3
Net investments/divestments in operations	**195.7**	124.2
Strategic investments		
Acquisitions of businesses	**0.0**	–0.9
Acquisitions of shares	**0.0**	–4.8
Strategic investments	**0.0**	–5.7
Strategic divestments		
Divestments of businesses	**0.4**	0.0
Divestments of shares	**–2.0**	0.0
Strategic divestments	**–1.6**	0.0
Net strategic investments/divestments	**–1.6**	–5.7
Total net investments/divestments	**194.1**	118.4
Depreciation/amortization, non-current assets	**–136.2**	–139.0

The Group's investments totaled EUR –1,125.4M (–881.1). Divestments totaled EUR 1,321.1 M (1,005.3), and the Group's net divestments amounted to EUR 194.1 M (118.4).

Investments in property, plant and equipment, which mainly consisted of continuous replacement investments in operations, amounted to EUR 140.1 M (–119.8). Divestments of property, plant and equipment amounted to EUR 25.1 M (37.7).

Depreciation on property, plant and equipment amounted to EUR –128.0 M (–131.4).

Net divestments in current-asset properties amounted to EUR 362.6 M (252.9). Projects were sold for EUR 1,251.7 M (954.4), while investments amounted to EUR –889.1 M (–701.5).

In Residential Development, investments in current-asset properties amounted to EUR –561.9 M (–293.0) and total investments amounted to EUR –582.3 M (–322.9), of which about EUR –196.4 M was related to acquisitions of land equivalent to 5,347 building rights. Completed homes were sold for EUR 561.8 M (557.4).

In Commercial Property Development, investments in current-asset properties amounted to EUR –327.2 M (–408.5), and total investments amounted to EUR –329.5 M (–404.7). Of this, EUR –84.4 M was related to investments in land. Divestments of current-asset properties totaled EUR 689.9 M (397.1). Net divestments of current-asset properties in Commercial Property Development amounted to EUR 362.7 M (–11.4).

Investments in the form of equity and subordinated loans in Infrastructure Development amounted to EUR –72.5 M (–41.9). Divestments amounted to EUR 42.2 M (12.9) and were related to the sale of Skanska's 50 percent stake in the Orkdalsvegen highway in Norway and repayment of subordinated loans from several projects. Net investments in Infrastructure Development totaled EUR –30.3 M (–29.0).

Cash flow

The Group's operating cash flow

EUR M	2010	2009
Cash flow from business operations before change in working capital	474.1	525.2
Change in working capital	5.0	37.9
Net investments/divestments in the business	195.7	124.2
Adjustments in payment dates of net investments	–16.8	–1.4
Taxes paid in business operations	–173.3	–102.6
Cash flow from business operations	**484.8**	583.3
Net interest items and other financial items	–6.5	–35.7
Taxes paid in financial activities	2.0	9.8
Cash flow from financial activities	**–4.5**	–25.9
Cash flow from operations	**480.3**	557.4
Strategic net investments/divestments	–1.6	–5.7
Taxes paid on strategic divestments	0.0	0.0
Cash flow from strategic investments	**–1.6**	–5.7
Dividend etc[1]	–300.8	–239.6
Cash flow before change in interest-bearing receivables and liabilities	**177.9**	312.1
Change in interest-bearing receivables and liabilities	–439.6	–152.2
Cash flow for the year	**–261.8**	159.8
Cash and cash equivalents, January 1	913.7	720.1
Exchange rate differences in cash and cash equivalents	86.3	33.7
Cash and cash equivalents, December 31	**738.3**	913.7

1 Of which repurchases of shares –26.4 –33.4

Cash flow for the year amounted to EUR –261.8 M (159.8). Reduced cash flows from a majority of the units in the Construction business stream as well as Residential Development contributed to the decrease in cash flow from business operations before change in working capital to EUR 474.1 M (525.2). Tied-up working capital continued to decrease during the year, and the change amounted to EUR 5.0 M (37.9).

Overall, net divestments in business operations increased by EUR 71.5 M to EUR 195.7 M (124.2). The change in net divestments was primarily due to the fact that, in Commercial Property Development, during 2010 purchasers took possession of a number of properties that had been sold.

Taxes paid in business operations amounted to EUR 173.3 M (102.6).

Dividends, repurchases of shares and adjustments of holdings to non-controlling interests amounted to EUR –300.8 M (–239.6).

Change in interest-bearing receivables and liabilities amounted to EUR –439.6 M (–152.2). The change is mainly due to debt repayments.

Cash flow for the year, EUR –261.8 M (159.8), together with exchange rate differences of EUR 86.3 M (33.7) decreased cash and cash equivalents to EUR 738.3 M (913.7).

Financing and liquidity

At year-end 2010, the Group had interest-bearing net receivables, including provisions, amounting to EUR 1,100.0 M (785.7). The Group's unutilized credit facilities totaled EUR 815.5 M (816.7) at year-end. Of these, EUR 750.0 M was an unutilized long-term credit that runs through June 2014. The proportion of interest-bearing net assets in currencies other than SEK, after taking derivatives into account, decreased to 28 (38) percent. A large part of this decrease is attributable to increased net debt in EUR. Interest-bearing assets increased to EUR 1,647.1 M (1,531.4). Of these, receivables in currencies other than SEK accounted for 75 (67) percent. The average interest rate refixing period for all of the Group's interest-bearing assets was 0.5 (0.1) years, and the interest rate amounted to 0.91 (0.63) percent at year-end.

Change in interest-bearing assets and liabilities

EUR M	2010	2009
Net interest-bearing receivables, January 1	**785.7**	843.4
Change in accounting principle		–431.7
Adjusted net interest-bearing receivables, January 1	**785.7**	411.7
Cash flow from business operations	484.8	583.3
Cash flow from financing activities excluding changes in interest-bearing liabilities and receivables	–4.5	–25.9
Cash flow from strategic investments	–1.6	–5.7
Dividend etc[1]	–300.8	–239.6
Acquired/divested interest-bearing liabilities	–0.4	0.0
Exchange rate differences	47.4	–13.2
Change in pension liability	79.6	65.0
Reclassifications	0.0	21.4
Other changes	9.8	–11.2
Net interest-bearing receivables, December 31	**1,100.0**	785.7

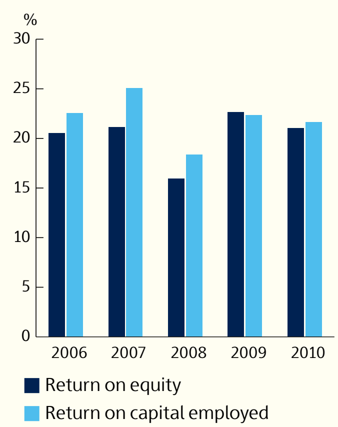
1 Of which repurchases of shares –26.4 –33.4

The Group's interest-bearing liabilities and provisions decreased to EUR 547.1 M (745.7), of which pension liabilities and provisions amounted to EUR 140.4 M (222.6) and construction loans to cooperative housing associations totaled EUR 123.3 M (247.9). The average interest rate refixing period, excluding pension liabilities, for all interest-bearing liabilities was 0.9 (1.2) years, and the average maturity was 1.4 (1.9) years.

The interest rate for all Group interest-bearing liabilities, excluding pension liabilities, amounted to 3.09 (3.65) percent at year-end.

The Group's total assets and liabilities/equity amounted to EUR 8.6 (8.1) billion. Due to currency rate effects, the total increased by EUR 0.5 billion.

Return on equity and capital employed



Comparative figures for 2006–2008 have not been adjusted for the effects of IFRIC 12 and 15

At year-end 2010, the equity of the Group attributable to equity holders amounted to EUR 2,293.0 M (1,939.4). Aside from total comprehensive income for the year, EUR 628.5 M, the change in equity is explained by disbursement of a dividend of EUR –270.3 M and repurchases of shares totaling EUR –26.4 M as well as long-term employee ownership and share award programs totaling EUR 21.8 M.

Return on equity decreased to 20.9 (22.6) percent.

Capital employed amounted to EUR 2,854.0 M (2,704.0). Return on capital employed decreased to 21.5 (22.4) percent.

Equity/assets and debt/equity ratio

The net debt/equity ratio amounted to –0.5 (–0.4), and the equity/assets ratio was 26.8 (24.1) percent.

Material risks and uncertainty factors

The construction 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 contractual mechanisms. The degree of risk associated with the price of goods and services varies greatly depending on the contract type.

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, with regard to technical, legal and financial risks.

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 started when a predetermined percentage of homes is sold or pre-booked.

Greater standardization, with shorter lead times, reduces the period of exposure and thus 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' leasing needs and the willingness of investors to buy commercial properties. By means of frequent customer contacts, Skanska tracks the leasing requirements of customers continuously.

Risks are limited because the business stream has an established ceiling on how much capital may be tied up 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 2010 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"). 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, 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, the highest decision-making body of the Company, 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 2010 Annual Shareholders' Meeting

The Annual Shareholders' Meeting was held on April 13, 2010 in Stockholm. At the Meeting, a total of 595 shareholders were present personally or through proxy, representing about 56.8 percent of the total voting power in the Company. The Meeting re-elected Stuart E. Graham, Finn Johnsson, Johan Karlström, Sverker Martin-Löf, Sir Adrian Montague, Lars Pettersson and Matti Sundberg as members of the Board of Directors. Bengt Kjell resigned from the Board.

The Meeting elected Josephine Rydberg-Dumont and Charlotte Strömberg as new members of the Board and 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 Ann-Christin Kutzner as deputy members. Among other things, the Meeting approved a dividend to the shareholders totaling SEK 6.25 per share (corresponding to EUR 0.65) and an extension of the Skanska Employee Ownership Program for the period 2011–2013. All 15 members of the Board and the Company's auditors were present at the Annual Shareholders' Meeting.

Complete information about the 2010 Annual Shareholders' Meeting plus minutes of the Meeting are available on Skanska's website.

The 2011 Annual Shareholders' Meeting

The next Annual Shareholders' Meeting of Skanska AB will be held at 4:00 p.m. on April 5, 2011 at the Cirkus auditorium, Djurgården, 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 2011 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 2010 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 2011 Annual Shareholders' Meeting. The Nomination Committee has the following composition: Carl-Olof By, Chairman of the Nomination Committee; Jan Andersson; Håkan Sandberg; Anders Oscarsson; 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.

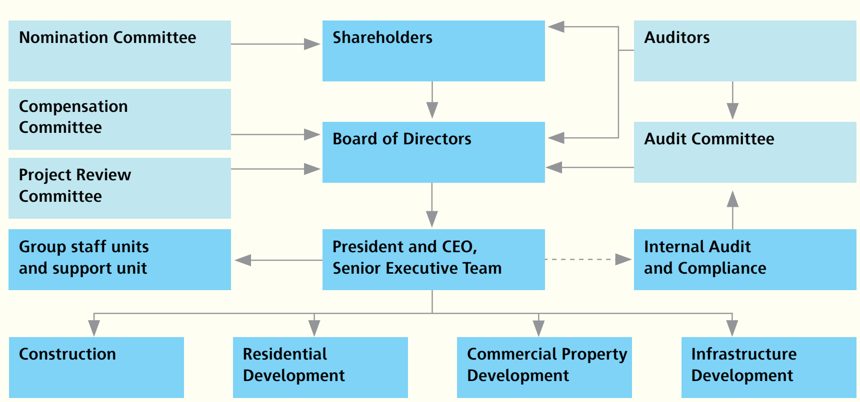
The Nomination Committee, 2010

Representative on the Nomination Committee in preparation for the 2011 Annual Shareholders' Meeting	Representing	December 31, 2010 % of voting power
Carl–Olof By	AB Industrivärden	28.4
Håkan Sandberg	Svenska Handelsbanken AB, Handelsbanken Pension Foundation and the pension fund Pensionskassan SHB försäkringsförening	6.6
Bo Selling	Alecta	5.1
Jan Andersson	Swedbank Robur Funds	3.9
Anders Oscarsson	AMF Insurance and AMF Funds	2.5
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.

Governance structure



The members and deputy members of the Board

Member	Position	Born	Nationality	Year elected	Audit Committee	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	Member	1946	U.S.	2009	■	□	□	No	Yes
Finn Johnsson	Member	1946	Sweden	1998				Yes	No
Johan Karlström	President and CEO	1957	Sweden	2008			□	No	Yes
Bengt Kjell[1]	Member	1959	Sweden	2008				Yes	No
Sir Adrian Montague	Member	1948	U.K.	2007			□	Yes	Yes
Lars Pettersson	Member	1954	Sweden	2006		□		Yes	Yes
Josephine Rydberg-Dumont[2]	Member	1955	Sweden	2010				Yes	Yes
Charlotte Strömberg[2]	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	Employee Rep. (Deputy)	1947	Sweden	2004				–	–
Alf Svensson	Employee Representative	1960	Sweden	2007				–	–

1 Until April 13, 2010
2 From April 13, 2010

■ = Chairman □ = Member

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

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 President and CEO is a member of the Board. For more detailed information about individual Board members and deputy members, see page 164.

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 2010

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 eleven meetings including its statutory meeting. Of these meetings, three were held per capsulam. At its September 2010 meeting, the Board visited the Skanska Sweden business unit. In conjunction with this meeting, the Board made a work site visit to the New Karolinska Solna and Norra Länken projects.

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 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. In this way, the Committee safeguards the quality of financial reporting, whose contents have been established by the Board in its Procedural Rules. The Audit Committee consists of Stuart Graham (Chairman), Charlotte Strömberg and Sverker Martin-Löf. During 2010, the committee held seven 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 2010, the committee evaluated Skanska's variable remuneration programs for its management and also monitored and evaluated the application of the principles for remuneration to senior executives as well as the existing remuneration structure and remuneration levels.

The committee consists of Sverker Martin-Löf (Chairman), Stuart Graham 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 2010, the committee held three 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 Sverker Martin-Löf (Chairman), Johan Karlström, Stuart Graham, Sir Adrian Montague, Matti Sundberg and Inge Johansson. During 2010, the committee held twelve 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 2010 Annual Shareholders' Meeting in the amount of SEK 4,500,000 (corresponding to EUR 471,155).

The Chairman of the Board received SEK 1,350,000 in fees (corresponding to EUR 141,346) and other Board members SEK 450,000 each (corresponding to EUR 47,115). This represented unchanged fees compared to 2009.

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, (corresponding to EUR 7,853) SEK 150,000 for their work on the Project Review Committee (corresponding to EUR 15,705) and SEK 100,000 (corresponding to EUR 10,470) per member of the Audit Committee and SEK 125,000 (corresponding to EUR 13,088) to its Chairman. This also represented unchanged levels of compensation compared to 2009. For a further account, see Note 37, "Remuneration to senior executives and Board members."

Attendance at meetings and remuneration to the Board

Board member	Board	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	**11**	**7**	**3**	**12**
Sverker Martin-Löf	11	7	3	12
Stuart E. Graham	11	6	2	8
Finn Johnsson	10			
Johan Karlström	11			12
Bengt Kjell[1]	0	1		
Sir Adrian Montague	11			10
Lars Pettersson	10		2	
Josephine Rydberg-Dumont[2]	8			
Charlotte Strömberg[2]	9	5		
Matti Sundberg	11			12
Richard Hörstedt	11			
Inge Johansson	11			12
Jessica Karlsson	11			
Roger Karlström	11			
Ann-Christin Kutzner	11			
Alf Svensson	10			

1 Until April 13, 2010
2 From April 13, 2010

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 the 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.

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 seven Executive Vice Presidents plus the Senior Vice President, Human Resources 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 162. 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 163.

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.

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.

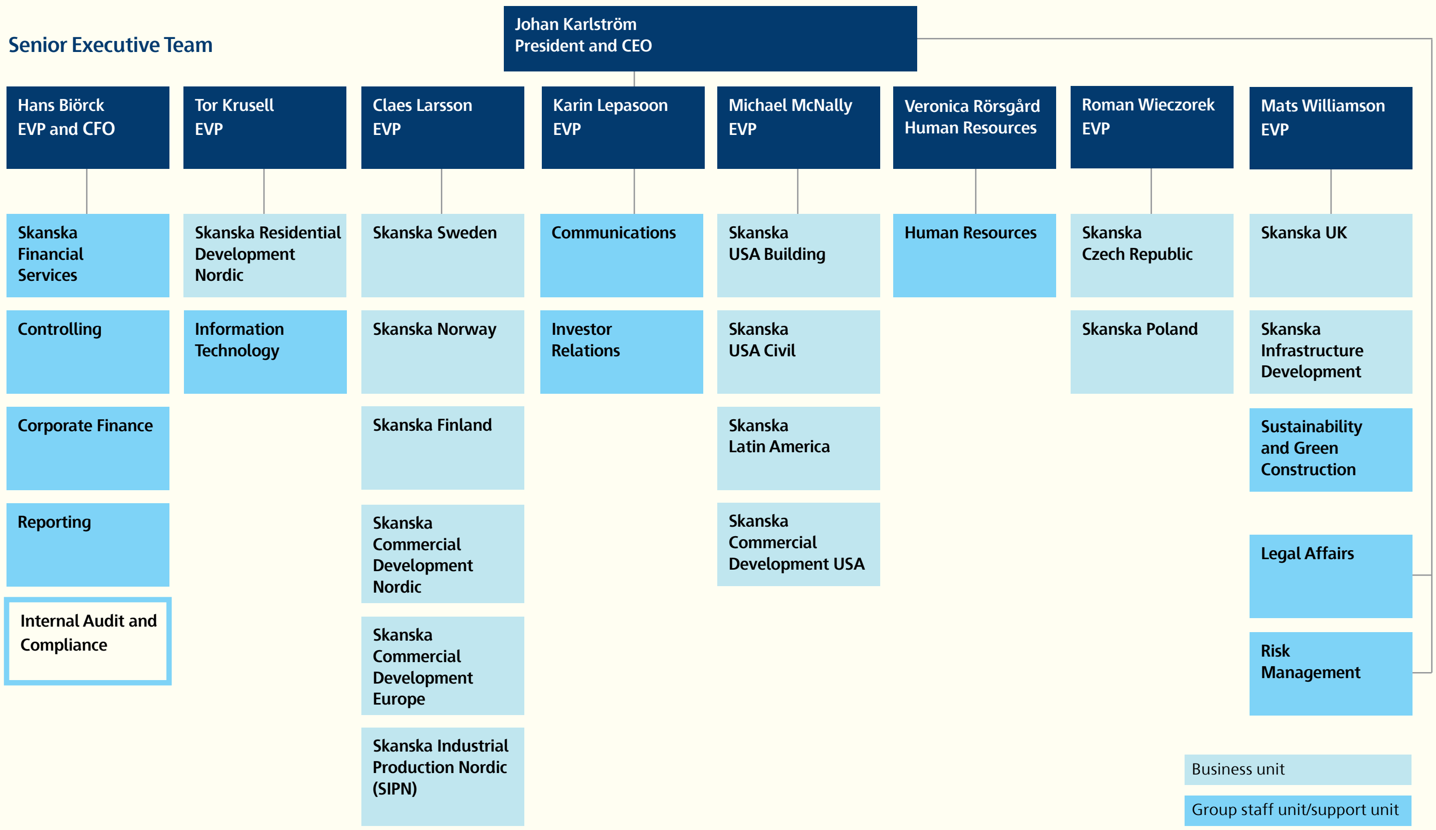
Each business unit follows a structured, step-by-step risk management process. Depending among other things on the size, type and geographic location of projects, a structured risk management report to the proper decision-making level is required before final decisions are made.

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

Skanska's management structure



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 2010 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 2011 Annual Shareholders' Meeting, are available on Skanska's website. 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 a note.

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

EUR M	2010	2009
Audit assignments	5.8	5.1
Tax advisory services	1.3	0.9
Other services	1.2	0.5
Total	8.2	6.5

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, only AB Industrivärden directly or indirectly has a shareholding that represents at least one tenth of the voting power for all shares in the Company. On December 31, 2010, Industrivärden's holding amounted to 28.4 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 2010 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 2011 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.

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 EUR 1.0 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 2010, 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 2010, the Internal Audit and Compliance unit concentrated its activities on auditing the material 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. These audits were carried out in accordance with a uniform audit methodology.

Research and Development

Research and Development efforts center on coordinating and disseminating technical information, new solutions and innovation within Skanska's business units.

During 2010, high-priority areas for Skanska's research and development activities were "green construction" as well as collaboration and knowledge-sharing. More activities were initiated in the fields of green construction, environmentally friendly cooling of buildings, fuel cells, active glass façades etc.

In the U.S. a pilot project was established, copying the Nordic model of development cooperation with universities, which within a short time has generated many new business opportunities and provided access to external experts for problem solving.

In Sweden, Skanska has played a leading role in Bygginnovationen (Construction Innovation), a development program with a ten-year budget of EUR 26.2 M aimed at utilizing knowledge from university-level institutions to products, services or processes. There are similar efforts in Norway that focus on development and on generating knowledge. Skanska's ambition is to ensure joint participation by all its business areas in such national programs, which will significantly improve the Group's internal cooperation.

During 2010 the Research and Development network was made a part of Skanska's Knowledge Network, which is sponsored by the Senior Executive Team and is accessible to all employees via the intranet.

Sustainable development

Skanska's sustainable development agenda is based on long-term balance between financial results, social responsibility and sound environmental management – the Triple Bottom Line model – and on the Global Reporting Initiative, a framework for sustainability reporting.

Skanska has signed the United Nationals Global Compact and remains committed to its ten principles concerning human rights, labor standards, environment and anti-corruption. In keeping with the Compact's rules, Skanska publishes an annual Communication on Progress (COP) on the Global Compact website. Skanska participates in the UN's Global Compact Nordic Network, in which more than 60 Nordic companies exchange best practices related to the ten principles.

Skanska continued to build further on its business ethics program during 2010, establishing a Corporate Ethics Committee to monitor progress and also mandating that each business unit must also establish an ethics committee. In addition, an Ethics Expert Group was established to exchange best practices.

Ensuring safe and healthy work sites for employees, subcontractors and suppliers is of the greatest importance to Skanska. During 2010, 65 percent of the workforce was formally covered by OHSAS 18001, an international health and safety management standard. All Skanska employees are also covered by the safety guidelines and standards in force. During 2010 the Group established a Global Safety Leadership Team, consisting of senior executives and safety experts at Skanska, to promote safety work. During the autumn, Skanska held its sixth annual Safety Week. The year's theme was "Being Involved" and "Doing things better."

During 2010 the number of accidents resulting in lost working time fell to 3.6 (3.8 in 2009) per million hours worked. Extremely tragically, the number of work-related fatalities was the same as in 2009, nine. Five of these were employees of subcontractors, three were Skanska employees and one was a member of the general public. Each of these tragic events was communicated within the Group with the help of the Global Safety Stand Down program, in which all Skanska employees stop work to be informed of the reason for the accident and what lessons can be learned from it and to show respect for those who lost their lives.

Concern for the environment is a central issue for Skanska. During the year, 95 percent of Skanska's units were certified in accordance with the international environmental management system ISO 14001. Via this standard, changes in local, national and international environmental legislation were monitored and dealt with at the business unit level.

No serious environmental incidents, i.e. resulting in prosecution, were reported at any of Skanska's business units during 2010.

Taking into account the risks and opportunities presented by climate change remains a high-priority area for Skanska, since about 40 percent of the carbon dioxide emissions caused by humans comes from the built environment. Skanska is continuing its proactive environmental work.

Such factors as stricter rules, building standards, taxes and trading in emission allowances that require better energy efficiency open up new business opportunities.

During 2010 Skanska continued to support such important work as the United Nations Sustainable Building & Climate Initiative" (SBCI), the World Business Council for Sustainable Development's Energy Efficiency in Buildings (EEB) initiative and the European Union's Corporate Leaders' Group on Climate Change (CLG). Skanska has worked with the European Network of Construction Companies for Research and Development (ENCORD) on a new method for carbon dioxide measurement and reporting in the construction sector. As a result of its commitment to climate change issues, Skanska was ranked as number one in the Nordic countries and number two in the world in its industry by the global Carbon Disclosure Project (CDP) organization.

Growing demand for more environmentally friendly construction led to increased investments in green projects and such external environmental certifications as LEED (United States), GreenBuilding (European Union) and BREEAM (United Kingdom). 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 now has representatives on the boards of many of these. During 2010 it provided support to the World GBC for the creation of a GBC network throughout Europe. The objective of these non-profit GBCs is to promote green construction by means of industry-wide agreements.

Human resources

The average number of employees during 2010 was 51,645 (52,931), of whom 9,982 (10,844) in Sweden. Employee turnover was at a low level.

During 2010 the economy rebounded in several of the Group's markets, thereby increasing the focus on attracting, recruiting and providing introductory training to new employees.

The Skanska Employee Ownership Program (SEOP) is aimed at attracting and retaining employees in the Group and creating greater affinity and dedication. The program gives all permanent employees of Skanska worldwide the opportunity to become shareholders in the Company. At present, 19 percent of Skanska's employees participate in the program.

The Group keeps track of long periods of absence from work due to illness. Such absences accounted for 2.8 (3.0) percent of regular working time in Swedish operations. Of this, 39.1 (35.6) percent consisted of continuous absences due to illness of 60 days or longer.

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 2010 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. 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 to provide opportunities to try an international career and facilitate exchanges of expertise within the Group, continued during 2010. This program gives employees the opportunity to carry out assignments at another business unit for 3–6 months. The year's group of Unlimited participants consists of 34 people, who began their assignments early in 2011.

For Skanska, diversity is a matter of embracing and utilizing the abilities of every individual. Skanska is convinced that it can become a more competitive company if all employees are satisfied with their jobs and professional development, regardless of gender, ethnicity or educational background. Today a sizeable number of women are active at the project level and in Group administrative departments, but the percentage of women in management positions is still very low. Efforts to increase diversity are underway both at the Group level and in each business unit. Today Skanska provides training programs, a global network and a mentoring program aimed at fostering diversity throughout 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 2011 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 2011 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.

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 case, 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.

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.

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

Skanska has two Groupwide share incentive programs, the long-term Skanska Share Award Plan that was applicable during 2005–2007 and the Skanska Employee Ownership Plan which runs during 2008–2010. The 2010 Annual Meeting approved the introduction of a new Skanska Employee Ownership Plan for 2011–2013 that is essentially identical to the 2008–2010 plan.

Long-term Share Award Plan (SAP), 2005–2007

The Skanska Share Award Plan (SAP) 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, 300,000 Series D shares held by the Company were converted into Series B shares during 2010. A total of 352,202 Series B shares were transferred to participants in the 2006 program.

Skanska Employee Ownership Program, 2008–2010 (SEOP)

The purpose of the 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 program runs for three years, 2008–2010, with allotment of shares earned by the employees not taking place until after a three year vesting (or "lock-up") period, i.e. during the years 2011–2013. 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.

At present, 19 percent of the Group's permanent employees are participating in the program.

The cost of the SAP and SEOP programs are presented in the following table

EUR M	SAP	SEOP	Total programs
Employee-related costs for share awards [1]			
Total preliminary cost of the programs	12.4	70.7	83.1
Expensed January 1	–11.6	–14.1	–25.7
Cost for the year	–0.7	–20.0	–20.7
Total expensed December 31	–12.4	–34.1	–46.5
Remaining to be expensed	**0.0**	**36.6**	**36.6**
Of which expensed in			
2011	0.0	20.6	20.6
2012 or later	0.0	16.0	16.0
Total	0.0	**36.6**	**36.6**
Share awards earned through 2010			
Number of shares	1,245,779	3,524,779	4,770,558
Dilution through 2010	0.30%	0.85%	1.15%
Maximum dilution at end of programs	0.30%	1.59%	1.89%
Share awards earned at end of programs Number of shares	1,245,779	6,818,633	8,064,412
Series B shares distributed	740,167	190,586	930,753
Total undistributed share awards	**505,612**	**6,628,047**	**7,133,659**
Series B shares in own custody			**8,253,247**

1 Excluding social insurance contributions

Repurchases of shares

In order to ensure delivery of shares to the participants in Skanska's share incentive programs, the 2010 Annual Shareholders' Meeting 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 2,110,000 shares at an average price of SEK 119.22 (corresponding to EUR 12.48). The average price of all repurchased shares is SEK 105.40 (corresponding to EUR 11.04).

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 5.75 (5.25) per share (corresponding to EUR 0.64 [0.55]) and an extra dividend of SEK 6.25 (1.00) per share (corresponding to EUR 0.69 [0.10]) for the financial year 2010, totaling SEK 12.00 (6.25) per share (corresponding to EUR 1.33 [0.65]). The extra dividend proposed by the Board is conditional upon Skanska's sale of its 50 percent stake in the company that owns the concession for the Autopista Central highway having been completed and the full sale price having been paid. The dividend for 2010 totals an estimated SEK 4,934 (2,582) (corresponding to EUR 547.4 M [270.3]). The Board proposes April 8 as the record date for the regular dividend and proposes that the Board be granted authorization by the Annual Shareholders' Meeting to set the record date for the conditional extra dividend.

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.

Events after the end of the report period

To ensure delivery of shares pursuant to Skanska's Share Award Plan related to the financial year 2007, 490,000 Series D shares were converted to Series B shares.

Business plan for 2011–2015

During 2010, Skanska drafted its business plan for 2011–2015. After a consolidation phase, Skanska is now aiming at achieving profitable growth. Skanska will continue to take advantage of the financial synergies of having both construction operations and development operations within the Group and will also use its financial strength and collective global experience. Skanska will continue to strive to be a leader in green construction and project development, health, safety, business ethics, human resource development and risk management.

Skanska's financial targets are a return on equity of 18–20 percent annually, an average operating margin in Construction of 3.5–4.0 percent over a business cycle and a return on capital employed averaging 10–15 percent annually for the combined project development business streams.

Consolidated income statement

EUR M	Note	2010	2009
Revenue	8,9	**12,797.0**	13,096.5
Cost of sales	9	**–11,493.5**	–11,806.2
Gross income		**1,303.5**	1,290.3
Selling and administrative expenses	11	**–788.7**	–760.4
Income from joint ventures and associated companies	20	**56.6**	38.0
Operating income	10, 12, 13, 22, 36, 38, 40	**571.5**	567.9
Financial income		**35.8**	24.7
Financial expenses		**–39.5**	–46.6
Net financial items	14	**–3.7**	–21.9
Income after financial items	15	**567.8**	546.0
Taxes	16	**–146.1**	–148.6
Profit for the year		**421.7**	397.3
Profit for the year attributable to			
Equity holders		**421.1**	396.9
Non-controlling interests		**0.6**	0.5
Earnings per share, EUR	26, 44		
after repurchases and conversion		**1.02**	0.96
after repurchases, conversion and dilution		**1.01**	0.95
Average number of shares outstanding	26		
after repurchases and conversion		**412,229,351**	415,059,131
after repurchases, conversion and dilution		**416,448,523**	416,743,454

Consolidated statement of comprehensive income

EUR M	2010	2009
Profit for the year	**421.7**	397.3
Other comprehensive income		
Translation differences attributable to equity holders	**174.0**	113.2
Translation differences attributable to non-controlling interests	**–1.6**	–0.5
Hedging of exchange risk in foreign operations	**–42.3**	–31.8
Effects of actuarial gains and losses on pensions	**93.1**	71.9
Effects of cash flow hedges[1]	**13.3**	–37.6
Tax attributable to other comprehensive income	**–30.7**	–21.9
Other comprehensive income for the year	**205.8**	93.3
Total comprehensive income for the year	**627.6**	490.7
Total comprehensive income for the year attributable to		
Equity holders	**628.5**	490.7
Non-controlling interests	**–0.9**	0.0
1 of which in joint ventures and associated companies	**–15.6**	–54.4

See also Note 26.

Consolidated statement of financial position

EUR M	Note	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Assets				
Non-current assets				
Property, plant and equipment	17, 40	**655.3**	612.1	632.2
Goodwill	18	**434.6**	423.7	405.9
Other intangible assets	19	**39.3**	20.2	21.2
Investments in joint ventures and associated companies	20	**196.9**	246.7	218.4
Financial non-current assets	21	**235.4**	101.2	28.2
Deferred tax assets	16	**163.3**	151.0	181.7
Total non-current assets		**1,724.8**	1,554.9	1,487.6
Current assets				
Current-asset properties	22	**2,264.1**	2,230.5	2,186.7
Inventories	23	**102.7**	81.1	82.3
Financial current assets	21	**701.3**	543.2	512.1
Tax assets	16	**56.1**	51.8	74.2
Gross amount due from customers for contract work	9	**548.2**	448.3	473.3
Trade and other receivables	24	**2,363.7**	2,310.6	2,401.3
Cash	25	**738.3**	913.7	720.1
Assets held for sale	5	**122.9**		
Total current assets		**6,897.4**	6,579.2	6,450.0
Total assets	32	**8,622.2**	8,134.1	7,937.6
of which interest-bearing financial non-current assets	31	**229.9**	95.8	22.4
of which interest-bearing current assets	31	**1,417.2**	1,435.5	1,207.0
		1,647.1	1,531.4	1,229.3

Consolidated statement of financial position

EUR M	Note	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Equity	26			
Share capital		**139.9**	139.9	139.9
Paid-in capital		**74.7**	52.9	40.7
Reserves		**79.2**	–60.1	–102.3
Retained earnings		**1,999.2**	1,806.8	1,597.3
Equity attributable to equity holders		**2,293.0**	1,939.4	1,675.6
Non-controlling interests		**13.9**	18.9	19.7
Total equity		**2,306.9**	1,958.3	1,695.3
Liabilities				
Non-current liabilities				
Financial non-current liabilities	27	**122.8**	185.8	98.4
Pensions	28	**134.9**	215.4	283.3
Deferred tax liabilities	16	**181.6**	149.1	148.8
Non-current provisions	29	**3.1**	5.1	7.9
Total non-current liabilities		**442.5**	555.4	538.3
Current liabilities				
Financial current liabilities	27	**309.1**	359.9	468.2
Tax liabilities	16	**111.3**	103.3	78.9
Current provisions	29	**558.9**	486.7	448.5
Gross amount due to customers for contract work	9	**1,879.2**	1,641.0	1,511.8
Trade and other payables	30	**3,014.4**	3,029.5	3,196.6
Total current liabilities		**5,872.9**	5,620.4	5,704.0
Total liabilities		**6,315.3**	6,175.8	6,242.3
Total equity and liabilities	32	**8,622.2**	8,134.1	7,937.6
of which interest-bearing financial liabilities	31	**406.7**	523.1	524.7
of which interest-bearing pensions and provisions	31	**140.4**	222.6	292.9
		547.1	745.7	817.6

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					
EUR M	Share capital	Paid-in capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity, December 31, 2008	**139.9**	**40.7**	**–80.5**	**–20.0**	**1,659.2**	**1,739.2**	**19.7**	**1,758.9**
Change in accounting principle			–10.2	8.5	–61.9	–63.6		–63.6
Adjusted equity, January 1, 2009	**139.9**	**40.7**	**–90.7**	**–11.5**	**1,597.3**	**1,675.6**	**19.7**	**1,695.3**
Profit for the year					396.9	396.9	0.5	397.3
Other comprehensive income for the year			81.4	–39.3	51.7	93.8	–0.5	93.3
Dividend to shareholders					–205.7	–205.7	–0.8	–206.4
Repurchases of 3,419,000 Series B shares					–33.4	–33.4		–33.4
Change in share-based payments for the year		12.2				12.2		12.2
Equity, December 31, 2009/ Equity, January 1, 2010	**139.9**	**52.9**	**–9.3**	**–50.8**	**1,806.8**	**1,939.4**	**18.9**	**1,958.3**
Profit for the year					421.1	421.1	0.6	421.7
Other comprehensive income for the year			131.7	7.6	68.1	207.4	–1.6	205.8
Dividend to shareholders					–270.3	–270.3	–4.1	–274.4
Repurchases of 2,110,000 Series B shares					–26.4	–26.4		–26.4
Change in share-based payments for the year		21.8				21.8		21.8
Equity, December 31, 2010	**139.9**	**74.7**	**122.4**	**–43.1**	**1,999.2**	**2,293.0**	**13.9**	**2,306.9**

See also Note 26.

Consolidated cash flow statement

EUR M	2010	2009
Operating activities		
Operating income	**571.5**	567.9
Adjustments for items not included in cash flow	**–97.4**	–42.7
Income tax paid	**–171.8**	–100.6
Cash flow from operating activities before change in working capital	**302.3**	424.6
Cash flow from change in working capital		
Investments in current-asset properties	**–883.0**	–746.4
Divestments of current-asset properties	**1,228.9**	997.9
Changes in inventories and operating receivables	**44.7**	296.2
Changes in operating liabilities	**–39.7**	–258.3
Cash flow from change in working capital	**350.9**	289.5
Cash flow from operating activities	**653.1**	714.0
Investing activities		
Acquisitions of businesses	**0.0**	–0.9
Investments in intangible assets	**–7.5**	–5.8
Investments in property, plant and equipment	**–140.1**	–119.8
Investments in Infrastructure Development assets	**–72.5**	–41.9
Investments in shares	**–16.2**	–16.9
Increase in interest-bearing receivables, loans provided	**–296.3**	–313.3
Disposals of businesses	**–1.6**	0.0
Divestments of intangible assets	**0.4**	0.0
Divestments of property, plant and equipment	**25.1**	37.7
Divestments of Infrastructure Development assets	**42.2**	12.9
Divestments of shares	**1.7**	0.2
Decrease in interest-bearing receivables, repayments of loans provided	**63.1**	155.0
Income tax paid	**–1.5**	–2.0
Cash flow from investing activities	**–403.1**	–294.7
Financing activities		
Net interest items	**0.3**	2.1
Other financial items	**–6.8**	–37.7
Borrowings	**49.5**	125.5
Repayment of debt	**–256.0**	–119.5
Dividend paid	**–270.3**	–205.7
Shares repurchased	**–26.4**	–33.4
Dividend to/Contribution from non-controlling interests	**–4.1**	–0.5
Income tax paid	**2.0**	9.8
Cash flow from financing activities	**–511.8**	–259.4
Cash flow for the year	**–261.8**	159.8
Cash and cash equivalents, January 1	913.7	720.1
Translation differences in cash and cash equivalents	86.3	33.7
Cash and cash equivalents, December 31	**738.3**	913.7

Change in interest-bearing net receivables

EUR M	2010	2009
Interest-bearing net receivables, January 1	**785.7**	843.4
Change in accounting principle		–431.7
Adjusted interest-bearing net receivables, January 1		411.7
Cash flow from operating activities	**653.1**	714.0
Cash flow from investing activities excluding change in interest-bearing receivables	**–169.9**	–136.5
Cash flow from financing activities excluding change in interest-bearing liabilities	**–305.3**	–265.5
Change in pension liability	**79.6**	65.0
Reclassifications	**0.0**	21.4
Net receivable/liability acquired/divested	**–0.4**	0.0
Translation differences	**47.4**	–13.2
Other items	**9.8**	–11.2
Interest-bearing net receivables, December 31	**1,100.0**	785.7

See also Note 35.

Consolidated operating cash flow statement and change in interest-bearing net receivables

EUR M	2010	2009
Construction		
Cash flow from business operations	**617,3**	622,0
Change in working capital	**152,8**	117,9
Net investments	**–113,0**	–84,1
Cash flow adjustment[1]	**0,1**	24,1
Total Construction	**657,2**	679,9
Residential Development		
Cash flow from business operations	**–67,8**	–42,5
Change in working capital	**–86,5**	–127,6
Net investments	**–29,4**	238,0
Cash flow adjustment[1]	**–18,7**	–24,5
Total Residential Development	**–202,5**	43,4
Commercial Property Development		
Cash flow from business operations	**12,7**	11,1
Change in working capital	**–17,8**	63,6
Net investments	**358,5**	–1,3
Cash flow adjustment[1]	**1,9**	–1,0
Total Commercial Property Development	**355,3**	72,4
Infrastructure Development		
Cash flow from business operations	**–8,4**	–3,3
Change in working capital	**–39,8**	5,9
Net investments	**–30,3**	–29,0
Cash flow adjustment[1]	**0,0**	0,0
Total Infrastructure Development	**–78,4**	–26,4
Central and eliminations		
Cash flow from business operations	**–79,7**	–62,1
Change in working capital	**–3,7**	–21,9
Net investments	**9,8**	0,6
Cash flow adjustment[1]	**0,0**	0,0
Total central and eliminations	**–73,5**	–83,5
Total cash flow from business operations	**474,1**	525,2
Total change in working capital	**5,0**	37,9
Total net investments	**195,7**	124,2
Total cash flow adjustment[1]	**–16,8**	–1,4
Total	**658,0**	685,9

EUR M	2010	2009
Taxes paid in business operations	**–173.3**	–102.6
Cash flow from business operations	**484.8**	583.3
Net interest items and other net financial items	**–6.5**	–35.7
Taxes paid in financing operations	**2.0**	9.8
Cash flow from financing operations	**–4.5**	–25.9
Cash flow from operations	**480.3**	557.4
Net strategic investments	**–1.6**	–5.7
Taxes paid on strategic divestments	**0.0**	0.0
Cash flow from strategic investments	**–1.6**	–5.7
Dividend etc [2]	**–300.8**	–239.6
Cash flow before change in interest-bearing receivables and liabilities	**177.9**	312.1
Change in interest-bearing receivables and liabilities	**–439.6**	–152.2
Cash flow for the year	**–261.8**	159.8

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	**–26.4**	–33.4

See also Note 35.

Notes including accounting and valuation principles

Amounts in millions of euros (EUR 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, these financial statements have been prepared incompliance 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.

This financial report was approved for publication by the President and CEO on February 9, 2011. The statutory annual report will be adopted by the Annual Meeting on April 5, 2011.

Conditions when preparing the Group's financial reports

The functional currency of the Parent Company is Swedish crowns or kronor (SEK). The Annual Report of the Parent Company and the Group is prepared with SEK as the presentation currency. These financial statements were prepared with euros (EUR) as the presentation currency. All amounts are rounded off to the nearest million with one decimal, 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

During 2010, Skanska began applying several amendments or improvements to accounting standards in force and five interpretations. Of these, it was mainly IFRIC 12, "Service Concession Arrangements," IFRIC 15, "Agreements for the Construction of Real Estate," the revision of IFRS 3, "Business Combinations" and the amendments to IAS 27, "Consolidated and Separate Financial Statements" that have been of significance to the Group's financial statements. The introduction of IFRIC 15 led to the establishment of segment reporting for Residential Development and Commercial Property Development based on a new method that diverges from IFRSs. IFRIC 12, IFRIC 15 and the new segment reporting method led to changes in comparative figures.

IFRIC 12, "Service Concession Arrangements," which affects Skanska Infrastructure Development, deals with the question of how the operator of a service concession agreement should account for the infrastructure as well as the rights it receives and the obligations it undertakes under the agreement.

IFRIC 15, "Agreements for the Construction of Real Estate," is to be 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.

The segment reporting method for Residential Development and Commercial Property Development was changed and now differs from IFRSs. Segment reporting recognizes the gain on a divestment on the date that a binding sales agreement is signed.

IFRS 3 has been revised. The change means that transaction costs related to business combinations (acquisitions of business) 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. In calculating the amount of goodwill that arises, a company may choose between including non-controlling interests (previously known as minority interests) or not. If the amount of contingent consideration changes in subsequent financial statements, the change is recognized in the income statement. The new rules are applied only prospectively.

An amendment to IAS 27 will mean, among other things, that 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, the remaining holding shall be recognized at fair value. In addition, non-controlling interests may be recognized as a negative amount if a partly-owned subsidiary operates at a loss. In this case, too, application will occur only prospectively.

Application in advance of revised IFRSs and interpretations

New and amended IFRSs or interpretations have not been applied in advance.

Amendments of standards and new interpretations that have not yet begun to be applied

A new standard, amendments to standards and new interpretations that were published before the issuance of this Annual Report are not expected to have any material effect on the Group's financial statements.

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, noncurrent-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.

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 expenses. The net amount of exchange rate differences is recognized either as financial income or 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 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 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 amendment of the standard has meant new principles. 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. The new rules are being applied prospectively starting in 2010.

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 EUR 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 relative 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.

The amendment to the standard has meant new principles. 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. The new rules are applied only prospectively effective from 2010.

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 EUR at the exchange rate prevailing on the closing day. Revenue and expenses in a foreign operation are translated to EUR 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 to EUR of a net investment in another currency and accompanying effects of hedging of net investments are recognized under "Other comprehensive income." When divesting a foreign operation, with a functional currency other than EUR 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 the functional currency of the respective unit. 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 instead 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. Tendering expenses that were recognized in prior interim or annual financial statements may not be recognized as project expenses in later financial statements.

Unrealized gains and losses on forward contracts related to hedging of operating transaction exposure are included, to the degree of completion, in the reporting of the respective project. 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 provided 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.

Note 01 Continued

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 segment.

In Construction and Residential Development, 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. 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. 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. 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, 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 using an interest rate based on the market return on high quality corporate bonds including mortgage bonds (United Kingdom and Sweden), or government bonds (Norway), 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.

Note 01 Continued

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, 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 to end employment before the normal retirement date, or when benefits are offered in order to encourage voluntary termination. 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.

IFRS 2, "Share-based Payment"

The share incentive programs introduced during 2005 and 2008, respectively, 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.

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 share incentive programs introduced during 2005 and 2008, respectively, 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.

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. In segment reporting, a divestment gain is recognized on the date that a binding sales contract is signed. 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 an operation in a country that has a functional currency other than EUR is divested, accumulated exchange rate differences attributable to that operation are transferred from other consolidated 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.

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 sales cycle.

Infrastructure Development

Skanska obtains an estimated market 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.

A market value is assigned only to projects 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 are denominated in currencies other than Swedish kronor. This means there is also an exchange rate risk in market values.

Market values have partly been calculated in cooperation with external appraisers.

Note 02 Key estimates and judgments

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."

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 market 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 market 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

New segment reporting and new accounting principles for the Skanska Group

Starting in 2010, changes in the accounting rules in the International Financial Reporting Standards (IFRSs) affect the Residential Development (IFRIC 15), Commercial Property Development (IFRIC 15) and Infrastructure Development (IFRIC 12) segments.

Under the new rules, capital gains in Residential and Commercial Property Development are recognized only when the purchaser takes possession of the property, which is generally later than the date when a binding contract is signed. In the accounting method applied to date, capital gains have been recognized successively after the signing of the sales contract and according to the percentage of completion.

Since the new accounting method (IFRIC 15) does not reflect the way that the Senior Executive Team and the Board of Directors monitor operations, a new segment reporting method has been presented, in which recognition of capital gains is based on the date when a binding sales contract is signed. The previous percentage of completion method for these two business streams will thus disappear entirely in the future.

As a result of the new accounting rules, cooperative housing associations are also included in their entirety in Skanska's accounts, implying an increase in current-asset properties and financial current liabilities compared to earlier.

To further increase the transparency of its accounting, Skanska has transferred residential development and commercial property development operations that have been carried out as part of Construction in the Nordic countries to the Residential and Commercial Property Development segments. These two segments now include all of the Group's operations in these segments.

As for Infrastructure Development, the new IFRIC 12-compliant accounting method means that income from joint ventures and associated companies is reported earlier than previously, with the added result that the carrying amount of these investments increases. The difference compared to market value thus decreases.

Since the new IFRIC 12-compliant accounting method reflects the way that the Senior Executive Team and the Board of Directors monitor operations, the previous accounting method has disappeared entirely. Estimated market value figures are presented in Note 20.

The new accounting rules do not change the way that Skanska reports its Construction operations. The effects of the new rules on cash flow and financial position are marginal, which means that these reports follow the new rules.

To summarize, Skanska presents two income statements: one in which capital gains are recognized according to the segment reporting method in Residential and Commercial Property Development, and one in compliance with the new IFRS rules. The income statement based on segment reporting is primarily used by the Board of Directors and the Senior Executive Team to monitor operations. The Group's incentive programs are also primarily based on segment reporting and provide guidance for the Board's dividend decisions.

The Group's financial reports for 2009 have been restated. The effects on the Group's financial statements for the full year 2009 and the opening balance for 2009 are presented in the following tables. Segment reporting for 2009 is also presented in Note 4.

For more detailed accounting principles according to IFRIC 12 and 15, see Note 1.

Effect on consolidated financial statements, January-December 2009

		Change			
Income statement, January-December 2009, EUR M	**Before change**	**IFRIC 12**	**IFRIC 15**	**Total change**	**After change**
Revenue	12,878.0		218.5	218.5	13,096.5
Cost of sales	–11,639.5	8.8	–175.5	–166.7	–11,806.2
Gross income	**1,238.5**	**8.8**	**43.0**	**51.8**	**1,290.3**
Selling and administrative expenses	–760.4			0.0	–760.4
Income from joint ventures and associated companies	13.5	24.6		24.6	38.0
Operating income	**491.6**	**33.3**	**43.0**	**76.3**	**567.9**
Interest income	26.7		–3.0	–3.0	23.7
Pension interest	–3.4			0.0	–3.4
Interest expenses	–30.0		–9.2	–9.2	–39.2
Capitalized interest expenses	8.5		9.2	9.2	17.7
Net interest income	**1.8**	**0.0**	**–3.0**	**–3.0**	**–1.2**
Change in fair value	–8.5			0.0	–8.5
Other financial items	–12.2			0.0	–12.2
Net financial items	**–18.9**	**0.0**	**–3.0**	**–3.0**	**–21.9**
Income after financial items	**472.7**	**33.3**	**40.0**	**73.3**	**546.0**
Taxes	–131.1	–7.4	–10.0	–17.5	–148.6
Profit for the year	**341.5**	**25.9**	**30.0**	**55.8**	**397.3**
Profit for the year attributable to					
Equity holders	341.1	25.9	30.0	55.8	396.9
Non-controlling interests	0.5	0.0	0.0	0.0	0.5

Note 03 Continued

Statement of comprehensive income, January–December 2009

EUR M	Before change	Change IFRIC 12	Change IFRIC 15	Total change	After change
Profit for the year	**341.5**	**25.9**	**30.0**	**55.8**	**397.3**
Other comprehensive income					
Translation differences attributable to equity holders	111.8	0.8	0.6	1.4	113.2
Translation differences attributable to non-controlling interests	–0.5			0.0	–0.5
Hedging of exchange rate risk in foreign operations	–31.8			0.0	–31.8
Effects of actuarial gains and losses on pensions	71.9			0.0	71.9
Effects of cash flow hedges	–15.8	–21.8		–21.8	–37.6
Tax attributable to other comprehensive income	–21.9			0.0	–21.9
Other comprehensive income for the year	**113.7**	**–21.0**	**0.6**	**–20.4**	**93.3**
Total comprehensive income for the year	**455.2**	**4.9**	**30.6**	**35.4**	**490.7**
Total comprehensive income for the year attributable to					
Equity holders	455.2	4.9	30.6	35.4	490.7
Non-controlling interests	0.0			0.0	0.0

Statement of changes in equity, January-December 2009

EUR M	Before change	Change IFRIC 12	Change IFRIC 15	Total change	After change
Equity, January 1	**1,758.9**	**20.2**	**–83.8**	**–63.6**	**1 695,3**
of which non-controlling interests	19.7			0.0	19.7
Dividend to equity holders	–205.7			0.0	–205.7
Dividend to non-controlling interests	–0.8			0.0	–0.8
Effects of share-based payments	12.2			0.0	12.2
Repurchases of shares	–33.4			0.0	–33.4
Other transfers of assets recognized directly in equity	0.0			0.0	0.0
Comprehensive income for the year attributable to					
Equity holders	455.2	4.9	30.6	35.4	490.7
Non-controlling interests	0.0			0.0	0.0
Equity, December 31	**1,986.4**	**25.1**	**–53.2**	**–28.2**	**1,958.3**
of which non-controlling interests	18.9				18.9

Statement of financial position, December 31, 2009

EUR M	Before change	Change IFRIC 12	Change IFRIC 15	Total change	After change
ASSETS					
Non-current assets					
Property, plant and equipment	612.1			0.0	612.1
Goodwill	423.7			0.0	423.7
Other intangible assets	80.1	–59.9		–59.9	20.2
Investments in joint ventures and associated companies	149.3	97.5		97.5	246.7
Financial non-current assets	101.2			0.0	101.2
Deferred tax assets	162.0	–9.5	–1.5	–11.0	151.0
Total non-current assets	**1,528.3**	**28.1**	**–1.5**	**26.6**	**1,554.9**
Current assets					
Current-asset properties					
Commercial Property Development	1,099.7		147.3	147.3	1,247.0
Residential Development	707.4		276.1	276.1	983.5
Inventories	81.1			0.0	81.1
Financial current assets	725.7		–182.6	–182.6	543.2
Tax assets	51.8			0.0	51.8
Gross amount due from customers for contract work	501.6		–53.2	–53.2	448.4
Trade and other receivables	2,296.2		14.5	14.5	2,310.6
Cash	913.7			0.0	913.7
Total current assets	**6,377.1**	**0.0**	**202.1**	**202.1**	**6,579.2**
TOTAL ASSETS	**7,905.4**	**28.1**	**200.6**	**228.7**	**8,134.1**
EQUITY					
Equity attributable to equity holders	1,970.0	27.9	–56.0	–28.1	1,941.8
Non-controlling interests	16.5			0.0	16.5
TOTAL EQUITY	**1,986.5**	**27.9**	**–56.0**	**–28.1**	**1,958.4**
LIABILITIES					
Non-current liabilities					
Financial non-current liabilities	185.8			0.0	185.8
Pensions	215.4			0.0	215.4
Deferred tax liabilities	162.5	0.1	–13.5	–13.4	149.0
Non-current provisions	5.1			0.0	5.1
Total non-current liabilities	**568.8**	**0.1**	**–13.5**	**–13.4**	**555.3**
Current liabilities					
Financial current liabilities	112.0		247.9	247.9	359.9
Tax liabilities	103.3			0.0	103.3
Current provisions	486.7			0.0	486.7
Gross amount due to customers for contract work	1,605.7		35.4	35.4	1,641.0
Trade and other payables	3,042.5	0.1	–13.0	–13.0	3,029.5
Total current liabilities	**5,350.2**	**0.1**	**270.2**	**270.3**	**5,620.5**
TOTAL EQUITY AND LIABILITIES	**7,905.4**	**28.1**	**200.7**	**228.7**	**8,134.1**

Key ratios, January-December 2009 and on December 31, 2009

EUR M unless otherwise stated	Before change	Change IFRIC 12 IFRIC 15	After change
Earnings per share after repurchases and conversion, EUR	0.82	0.13	0.96
Earnings per share after repurchases, conversion and dilution, EUR	0.82	0.13	0.95
Return on capital employed, %	21.2	1.2	22.4
Return on equity, %	18.9	3.7	22.6
Capital employed, closing balance	2,484.3	219.8	2,704.1
Capital employed, average	2,439.0	207.0	2,646.0
Equity/assets ratio, %	25.1	–1.0	24.1
Interest-bearing net receivables	1,216.2	–430.5	785.7
Net debt/equity ratio	–0.6	0.2	–0.4

Note 03 Continued

Operating cash flow and change in interest-bearing receivables, January-December 2009

		Change			
EUR M	Before change	IFRIC 12	IFRIC 15	Total change	After change
Cash flow from business operations before change in working capital	520.9		4.3	4.3	525.2
Change in working capital	143.8		–105.9	–105.9	37.9
Net investments in operations	4.5		119.7	119.7	124.2
Cash flow adjustments, net investments	–1.4			0.0	–1.4
Net strategic investments	–5.7			0.0	–5.7
Cash flow before taxes, financing operations and dividend	**662.1**	**0.0**	**18.1**	**18.1**	**680.2**
Taxes paid	–92.8			0.0	–92.8
Net interest items and other financial items	–32.7		–3.0	–3.0	–35.7
Dividend etc.	–239.6			0.0	–239.6
Cash flow before changes in interest-bearing receivables and net debt	**297.0**	**0.0**	**15.1**	**15.1**	**312.1**
Translation differences, interest-bearing net receivables/net debt	0.7		–13.9	–13.9	–13.2
Change in pension liability	65.0			0.0	65.0
Reclassification, interest-bearing net receivables/net debt	21.4			0.0	21.4
Interest-bearing liabilities acquired/divested	0.0			0.0	0.0
Other changes, interest-bearing net receivables/net debt	–11.2			0.0	–11.2
Change in interest-bearing net receivables	**372.8**	**0.0**	**1.2**	**1.2**	**374.0**
Interest-bearing net receivables, January 1	843.4		–431.7	–431.7	411.7
Change in interest-bearing net receivables	372.8		1.2	1.2	374.0
Interest-bearing net receivables, December 31	**1,216.2**	**0.0**	**–430.5**	**–430.5**	**785.7**

Group net investments, January-December 2009

		Change			
EUR M	Before change	IFRIC 12	IFRIC 15	Total change	After change
Investments					
Current-asset properties	–625.9		–75.6	–75.6	–701.5
of which Residential Development	–241.2		–51.8	–51.8	–293.0
of which Commercial Property Development	–384.7		–23.7	–23.7	–408.5
Other investments	–185.4			0.0	–185.4
Investments	**–811.3**	**0.0**	**–75.6**	**–75.6**	**–886.8**
Divestments					
Current-asset properties	759.2		195.2	195.2	954.4
of which Residential Development	366.3		191.1	191.1	557.4
of which Commercial Property Development	392.9		4.1	4.1	397.1
Other divestments	50.8			0.0	50.8
Divestments	**810.0**	**0.0**	**195.2**	195.2	1,005.3
Net investments	**–1.2**	**0.0**	**119.7**	**119.7**	**118.5**

Note 03 Continued

Consolidated statement of financial position, January 1, 2009

EUR M	Before change	Change IFRIC 12	Change IFRIC 15	Total change	After change
ASSETS					
Non-current assets					
Property, plant and equipment	632.2			0.0	632.2
Goodwill	405.9			0.0	405.9
Other intangible assets	73.5	–52.3		–52.3	21.2
Investments in joint ventures and associated companies	138.2	80.2		80.2	218.4
Financial non-current assets	28.2			0.0	28.2
Deferred tax assets	180.0	–7.8	9.4	1.7	181.7
Total non-current assets	**1,458.0**	**20.2**	**9.4**	**29.6**	**1,487.6**
Current assets					
Current-asset properties					
Commercial Property Development	990.0		105.7	105.7	1,095.8
Residential Development	706.6		384.3	384.3	1,090.9
Inventories	82.3			0.0	82.3
Financial current assets	665.7		–153.6	–153.6	512.1
Tax assets	74.2			0.0	74.2
Gross amount due from customers for contract work	556.2		–82.9	–82.9	473.3
Trade and other receivables	2,374.6		26.7	26.7	2,401.3
Cash	720.1			0.0	720.1
Total current assets	**6,169.8**	**0.0**	**280.2**	**280.2**	**6,450.0**
TOTAL ASSETS	**7,627.7**	**20.2**	**289.6**	**309.8**	**7,937.6**
EQUITY					
Equity attributable to equity holders	1,742.6	20.2	–83.8	–63.6	1,679.0
Non-controlling interests	16.3			0.0	16.3
TOTAL EQUITY	**1,758.9**	**20.2**	**–83.8**	**–63.6**	**1,695.3**
LIABILITIES					
Non-current liabilities					
Financial non-current liabilities	98.4			0.0	98.4
Pensions	283.3			0.0	283.3
Deferred tax liabilities	160.8		–12.0	–12.0	148.8
Non-current provisions	7.9			0.0	7.9
Total non-current liabilities	**550.3**	**0.0**	**–12.0**	**–12.0**	**538.3**
Current liabilities					
Financial current liabilities	190.1		278.1	278.1	468.2
Tax liabilities	78.9			0.0	78.9
Current provisions	448.5			0.0	448.5
Gross amount due to customers for contract work	1,557.9		–46.1	–46.1	1,511.8
Trade and other payables	3,043.0		153.6	153.6	3,196.6
Total current liabilities	**5,318.5**	**0.0**	**385.5**	**385.5**	**5,704.0**
TOTAL EQUITY AND LIABILITIES	**7,627.7**	**20.2**	**289.7**	**309.9**	**7,937.6**

Key ratios, January 1, 2009

	Before change	Change IFRIC 12 IFRIC 15	After change
Capital employed, EUR M	2,298.4	214.5	2,512.9
Equity/assets ratio, %	23.1	–1.7	21.4
Interest-bearing net receivables, EUR M	843.4	–431.7	411.7
Net debt/equity ratio	–0.5	0.3	–0.2

Segments, January-December 2009

The change by business stream during 2009 consists of three steps:
– Change of principles due to the introduction of IFRIC 12 and IFRIC 15, which affects the whole Group.
– The transfer from Construction to Residential Development and Commercial Property Development of the portion of Swedish construction operations that is also affected by IFRIC 15 and the new segment reporting method. This change also resulted in effects on Group eliminations.
– The bridge from IFRIC 15 to segment reporting.

EUR M	According to previous reporting	Change IFRIC 12	Change IFRIC 15	Intra-Group transfer	Bridge to segment reporting	According to new segment reporting
Construction						
Revenue	12,312.2		–40.9	2.8		12,274.1
Gross income	**1,072.4**	**0.0**	**–9.8**	**–9.8**	**0.0**	**1,052.8**
Selling and administrative expenses	–597.6			2.9		–594.7
Income from joint ventures and associated companies	0.3					0.3
Operating income	**475.1**	**0.0**	**–9.8**	**–6.9**	**0.0**	**458.4**
Gross margin, %	8.7					8.6
Selling and administrative expenses, %	–4.9					–4.8
Operating margin, %	3.9					3.7
Residential Development						
Revenue	610.7		251.2	26.7	–272.5	616.0
Gross income	**68.8**	**0.0**	**22.5**	**4.8**	**–41.7**	**54.4**
Selling and administrative expenses	–54.2			–1.3		–55.5
Income from joint ventures and associated companies	–0.4					–0.4
Operating income	**14.2**	**0.0**	**22.5**	**3.5**	**–41.7**	**–1.5**
Operating margin, %	2.3					–0.2
Commercial Property Development						
Revenue	390.5		43.6	32.4	–38.5	427.9
Gross income	**108.5**	**0.0**	**29.1**	**6.6**	**–39.3**	**104.9**
Selling and administrative expenses	–29.8			–1.6		–31.4
Income from joint ventures and associated companies	0.0					0.0
Operating income	**78.7**	**0.0**	**29.1**	**5.0**	**–39.3**	**73.4**
Infrastructure Development						
Revenue	14.2					14.2
Gross income	**–8.2**	**2.6**	**0.0**	**0.0**	**0.0**	**–5.6**
Selling and administrative expenses	–14.6					–14.6
Income from joint ventures and associated companies	12.0	25.8				37.7
Operating income	**–10.8**	**28.4**	**0.0**	**0.0**	**0.0**	**17.6**
Central and eliminations						
Revenue	–449.5		–35.4	–61.9		–546.8
Gross income	**–3.0**	**6.1**	**1.2**	**–1.6**	**0.0**	**2.7**
Selling and administrative expenses	–64.2					–64.2
Income from joint ventures and associated companies	1.6	–1.2				0.4
Operating income	**–65.6**	**4.9**	**1.2**	**–1.6**	**0.0**	**–61.1**
Group						
Revenue	12,878.0		218.5	13,096.5	–311.0	12,785.5
Gross income	**1,238.5**	**8.8**	**43.0**	**1,290.3**	**–81.1**	**1,209.3**
Selling and administrative expenses	–760.4			–760.4		–760.4
Income from joint ventures and associated companies	13.5	24.6		38.0		38.0
Operating income	**491.6**	**33.3**	**43.0**	**567.9**	**–81.1**	**486.9**
Net financial items	–18.9		–3.0	–21.9		–21.9
Income after financial items	**472.7**	**33.3**	**40.0**	**546.0**	**–81.1**	**464.9**
Taxes	–131.1	–7.4	–10.1	–148.6	22.1	–126.5
Profit for the year	**341.5**	**25.9**	**29.9**	**397.3**	**–58.9**	**338.4**
Earnings per share for the year after repurchases and conversion, EUR	0.82			0.96		0.81
Return on equity, %	18.9			22.6		19.8

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.

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.

Note 04 Continued

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central and eliminations	Total segments	Reconciliation with IFRS	Total IFRS
2010									
External revenue	11,404.4	781.3	486.7	33.4	12,705.7	32.6	12,738.2	58.7	12 797,0
Intra-Group revenue	449.2	12.5	0.0	0.0	461.6	–461.6	0.0	0.0	0,0
Total revenue	**11,853.5**	**793.7**	**486.7**	**33.4**	**13,167.3**	**–429.1**	**12,738.2**	**58.7**	**12 797,0**
Cost of sales	–10,792.2	–679.1	–352.9	–44.0	–11,868.2	415.2	–11,452.9	–40.5	-11 493,5
Gross income	**1,061.4**	**114.6**	**133.7**	**–10.6**	**1,299.1**	**–13.8**	**1,285.3**	**18.2**	**1 303,5**
Selling and administrative expenses	–603.5	–61.7	–37.2	–14.4	–716.8	–71.9	–788.7	0.0	-788,7
Income from joint ventures and associated companies	1.6	5.5	–0.2	56.1	63.0	–0.6	62.4	–5.8	56,6
Operating income	**459.4**	**58.5**	**96.3**	**31.1**	**645.4**	**–86.4**	**559.0**	**12.5**	**571,5**
Of which depreciation/amortization	–134.2	–0.4	–0.2	–0.6	–135.5	–0.7	–136.2		
Of which impairment losses/reversals of impairment losses									
Goodwill	–11.3				–11.3		–11.3		
Other assets	–2.0	–3.7	1.9		–3.8	–11.1	–14.9		
Of which gains from divestment of homes	1.5	118.5			120.0	–0.1	119.9		
Of which gains from commercial property divestments			82.8		82.8	8.4	91.2		
Of which gains from infrastructure project divestments				20.1	20.1		20.1		
Of which operating net from completed properties			41.0		41.0		41.0		
Assets, of which									
Property, plant and equipment	643.3	5.9	1.0	2.1	652.3	3.0	655.3		
Intangible assets	399.9	51.8		20.6	472.3	1.6	473.9		
Investments in joint ventures and associated companies	22.4	35.5	0.3	138.7	196.9		196.9		
Current-asset properties	19.3	1,123.4	1,122.0		2,264.7	–0.7	2,264.1		
Assets held for sale				122.9	122.9		122.9		
Capital employed	–177.7	1,130.4	1,066.0	297.5	2,316.1	537.9	2,854.0		
Investments	–141.5	–582.3	–329.5	–72.5	–1,125.7	0.3	–1,125.4		
Divestments	28.5	552.9	688.0	42.2	1,311.6	8.0	1,319.5		
Net investments	**–113.0**	**–29.4**	**358.5**	**–30.3**	**185.8**	**8.3**	**194.1**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	**11,853.5**	**793.7**	**486.7**	**33.4**	**13,167.3**	**–429.1**	**12,738.2**		
Plus properties sold before the period		330.9	291.2		622.0		622.0		
Less properties not yet occupied by the buyer on closing day		–525.4	–9.7		–535.1		–535.1		
Currency rate differences		–22.0	–6.2		–28.2		–28.2		
Revenue according to IFRIC 15 – handover	**11,853.5**	**577.2**	**761.9**	**33.4**	**13,226.0**	**–429.1**	**12,797.0**		
Operating income according to segment reporting - binding agreement	**459.4**	**58.5**	**96.3**	**31.1**	**645.4**	**–86.4**	**559.0**		
Plus properties sold before the period		51.2	42.0		93.2	1.8	95.0		
Less properties not yet occupied by the buyer on closing day		–71.8	–2.1		–73.9		–73.9		
Adjustment, income from joint ventures and associated companies		–5.8	0.0		–5.8		–5.8		
Currency rate differences		–2.8	0.0		–2.8		–2.8		
Operating income according to IFRIC 15 – handover	**459.4**	**29.3**	**136.2**	**31.1**	**656.1**	**–84.6**	**571.5**		
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							

Note 04 Continued

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central and eliminations	Total segments	Reconciliation with IFRS	Total IFRS
2009									
External revenue	11,789.4	604.9	408.5	14.2	12,817.1	–31.6	12,785.5	311.0	13,096.5
Intra-Group revenue	484.7	11.1	19.4		515.2	–515.2	0.0	0.0	0.0
Total revenue	**12,274.1**	**616.0**	**427.9**	**14.2**	**13,332.3**	**–546.8**	**12,785.5**	**311.0**	**13,096.5**
Cost of sales	–11,221.3	–561.6	–323.1	–19.8	–12,125.8	549.6	–11,576.2	–230.0	–11,806.2
Gross income	**1,052.8**	**54.4**	**104.9**	**–5.6**	**1,206.5**	**2.7**	**1,209.3**	**81.1**	**1,290.3**
Selling and administrative expenses	–594.7	–55.5	–31.4	–14.6	**–696.2**	–64.2	–760.4	0.0	–760.4
Income from joint ventures and associated companies	0.3	–0.4	0.0	37.7	37.7	0.4	38.0	0.0	38.0
Operating income	**458.4**	**–1.5**	**73.4**	**17.6**	**548.0**	**–61.1**	**486.9**	**81.1**	**567.9**
Of which depreciation/amortization	–137.0	–0.6	–0.3	–0.4	–138.2	–0.8	–139.0		
Of which impairment losses/reversals of impairment losses									
Goodwill	–19.8				–19.8		–19.8		
Other assets	–1.4	–5.0	–7.4	–7.0	–20.8	–0.7	–21.5		
Of which gains from divestment of homes	0.1	54.4			54.5	–0.1	54.4		
Of which gains from commercial property divestments			71.0		71.0	8.3	79.3		
Of which gains from infrastructure project divestments				0.0	0.0		0.0		
Of which operating net from completed properties			25.7		25.7		25.7		
Assets, of which									
Property, plant and equipment	604.6	3.5	0.8	1.5	610.3	1.7	612.1		
Intangible assets	392.5	48.7			441.3	2.6	443.9		
Investments in joint ventures and associated companies	21.8	17.7	0.1	206.3	245.9	0.9	246.7		
Current-asset properties	37.0	985.8	1,239.5		2,262.3	–31.8	2,230.5		
Capital employed	–162.5	842.3	1,171.1	186.9	2,037.9	666.1	2,704.0		
Investments	–135.8	–322.9	–404.7	–41.9	–905.3	18.5	–886.8		
Divestments	46.0	560.9	403.4	12.9	1,023.2	–17.9	1,005.3		
Net investments	**–89.8**	**238.0**	**–1.3**	**–29.0**	**117.9**	**0.6**	**118.4**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	**12,274.1**	**616.0**	**427.9**	**14.2**	**13,332.3**	**–546.8**	**12,785.5**		
Plus properties sold before the period		577.6	284.5		862.1		862.1		
Less properties not yet occupied by the buyer on closing day		–297.5	–261.8		–559.3		–559.3		
Currency rate differences		–7.6	15.8		8.2		8.2		
Revenue according to IFRIC 15 – handover	**12,274.1**	**888.5**	**466.4**	**14.2**	**13,643.3**	**–546.8**	**13,096.5**		
Operating income according to segment reporting - binding agreement	**458.4**	**–1.5**	**73.4**	**17.6**	**548.0**	**–61.1**	**486.9**		
Plus properties sold before the period		89.0	72.1		161.1		161.1		
Less properties not yet occupied by the buyer on closing day		–46.0	–37.7		–83.8		–83.8		
Adjustment, income from joint ventures and associated companies		0.0	0.0		0.0		0.0		
Currency rate differences		–1.2	5.0		3.8		3.8		
Operating income according to IFRIC 15 – handover	**458.4**	**40.2**	**112.8**	**17.6**	**629.0**	**–61.1**	**567.9**		
Employees	51,660	669	187	128	52,644	287	52,931		
Gross margin, %	8.6	8.8							
Selling and administrative costs, %	–4.8	–9.0							
Operating margin, %	3.7	–0.2							

Note 04 Continued

External revenue by geographic area

	Sweden		United States		Other areas		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Construction	2,124.2	1,904.3	3,541.5	4,116.4	5,738.7	5,768.7	11,404.4	11,789.4
Residential Development	315.3	421.2			249.5	456.5	564.8	877.6
Commercial Property Development	500.9	242.7			261.0	204.3	761.9	447.0
Infrastructure Development	3.5				29.9	14.2	33.4	14.2
Central and eliminations	14.2	1.6			18.3	–33.3	32.6	–31.7
Total operating segments	**2,958.0**	**2,569.7**	**3,541.5**	**4,116.4**	**6,297.5**	**6,410.3**	**12,797.0**	**13,096.5**

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	
	2010	2009	2010	2009	2010	2009	2010	2009
Sweden	168.3	151.7	2.9	0.9	26.3	14.9	1,323.4	1,296.0
Other areas	487.0	460.4	471.0	443.0	170.6	231.9	940.6	934.6
Total operating segments	**655.3**	**612.1**	**473.9**	**443.9**	**196.9**	**246.7**	**2,264.1**	**2,230.5**

1 Of the "Other areas" item for intangible assets, EUR 161.4 M (154.1) was from Norwegian operations and EUR 152.4 M (145.7) from British operations.

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 2009, no units were recognized as discontinued.

On December 28, 2010, Skanska signed an agreement concerning the divestment of its 50 percent stake in the Autopista Central highway in Chile, which was previously recognized under "Investments in joint ventures" in the Infrastructure Development business stream and was later recognized under "Assets held for sale", at a value of EUR 122.9 M.

The transaction is conditional upon approval from the bond guarantor and necessary amendments to the financing agreements. It is also conditional upon receiving these approvals within nine months.

At year-end, the after-tax divestment gain was estimated at about EUR 0.55 billion. Skanska expects to be able to complete the transaction no later than during the third quarter of 2011.

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 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 EUR 1,670.5 M. The average maturity of interest-bearing assets amounted to 0.5 (0.2) years on December 31, 2010. The increase was primarily due to bridge financing in conjunction with the New Karolinska Solna project.

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, 2010	Dec 31, 2009
Carrying amount	1,893.8	1,822.2
Impairment losses	56.9	52.6
Cost	**1,950.7**	**1,874.8**

Change in impairment losses, trade accounts receivable	2010	2009
January 1	52.6	52.5
Impairment loss/reversal of impairment loss for the year	1.9	7.5
Impairment losses settled	–0.9	–7.9
Reclassifications		
Exchange rate differences	3.3	0.5
December 31	**56.9**	**52.6**

Risk in other operating receivables including shares

Other financial operating receivables consist of accrued interest income, deposits, receivables for properties divested 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.

	2010	2009
Due within 30 days	13.6	3.1
Due in over 30 days but no more than one year	3.4	5.8
Due in more than 1 year	0.0	0.1
Total	**17.1**	**9.0**

Holdings of less than 20 percent of voting power in a company are reported as shares. Their carrying amount is EUR 4.5 M (5.3). Shares are subject to changes in value. Impairment losses on shares total EUR –0.7 M (–2.8), of which EUR 0 M (0) during 2010.

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 2009, through its Finnish operations, Skanska borrowed EUR 91 M in the form of pension re-borrowing from two Finnish insurance companies. The loans carried fixed interest with principal repayments every six months. After year-end these loans were repaid, and they were thus recognized as interest-bearing current financial liabilities on December 31, 2010.

Note 06 Continued

	Maturity	Currencies	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0–1 years		SEK/EUR	SEK 6,000 M	665.7	0.0
Medium Term Note (MTN) program, maturities 1–10 years		SEK/EUR	SEK 8,000 M	887.6	0.0
				1,553.3	**0.0**
Committed credit facilities					
Syndicated bank loan	2014	SEK/EUR/USD	EUR 750 M	750.0	0.0
Bilateral loan agreements	2012	EUR	EUR 70 M	70.0	70.0
Pension re-borrowing loans	2016	EUR	EUR 20 M	20.0	20.0
	2017	EUR	EUR 58 M	58.0	58.0
Other credit facilities				56.7	0.9
				954.7	**148.9**

At year-end 2009, the Group's unutilized credit facilities totaled EUR 815.5 M (816.7).

Liquidity reserve and maturity structure

The objective is to have a liquidity reserve of at least SEK 4 billion (corresponding to EUR 0.4 billion) available within one week in the form of cash equivalents or committed credit facilities. At year-end 2010, cash and cash equivalents and committed credit facilities amounted to about SEK 14 (18) billion (corresponding to EUR 1.6 [1.7] billion), (of which about SEK 10 billion (corresponding to EUR 1.1 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	406.7	419.0	137.8	131.9	139.7	9.5
Derivatives: Currency forward contracts						
Inflow	11.9	1,343.4	1,343.4			
Outflow	–15.5	–1,346.2	–1,346.2			
Total	**403.1**	**416.2**	**135.0**	**131.9**	**139.7**	**9.5**

The average maturity of interest-bearing liabilities amounted to 1.4 (1.9) years.

Other operating liabilities

Other operating liabilities that consist of financial instruments fall due for payments according to the table below.

Other operating liabilities	2010	2009
Due within 30 days	67.3	69.5
Due in over 30 days but no more than one year	94.3	17.9
Due in more than one year	7.4	17.1
	169.1	**104.5**

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 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 (corresponding to EUR 11.1 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 0.5 (0.1) years. The increase was mainly due to bridge financing in conjunction with the New Karolinska Solna project. The interest rate for these amounted to 0.91 (0.63) percent at year-end 2010. Of the Group's total interest-bearing financial assets, 37 (28) percent carry fixed interest rates and 63 (72) per cent variable interest rates.

The average interest rate refixing period for all interest-bearing liabilities was 0.9 (1.2) years. The interest rate for these amounted to 3.09 (3.65) percent excluding derivatives at year-end. Of total interest-bearing financial liabilities, 37 (29) percent carry fixed interest rates and 63 (71) percent variable interest rates.

On December 31, 2010 there was one outstanding interest rate swap contract, amounting to EUR 44.4M (0). 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 EUR 6.9 M (9.5) 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, 2010.

Foreign exchange risk

Foreign exchange 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 outside Sweden.

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 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 risk for the Group may amount to a total of SEK 50 M (corresponding to EUR 5.5 M), with risk calculated as the effect on earnings of a five percentage point shift in exchange rates. As of December 31, 2010, foreign exchange risk accounted for SEK 45 M (43) (corresponding to EUR 5.0 M [4.2]) of transaction exposure, of which EUR accounted for SEK 11 M (corresponding to EUR 1.2 M), PLN for SEK 21 M (corresponding to EUR 2.3 M) and USD for SEK 12 M (corresponding to EUR 1.3 M).

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	2011	2012	2013 and later
EUR[1]	121.6	18.9	8.3
USD	6.9		
JPY	4.8		–0.2
CLP	0.0		
HUF	–2.8		
CZK	–36.4	–5.7	–1.1
PLN	–67.8		
Other currencies	1.0		
Total equivalent value	**27.3**	**13.2**	**7.0**

1 Mostly related to a highway project in Poland.

Skanska applies hedge accounting mainly in its Polish operations for contracted flows in EUR. The fair value of these hedges totaled EUR 4.0 M (6.1) on December 31, 2010.

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 EUR -0.3 M (–0.4) on December 31, 2010, 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 2010, about 28 percent of equity in North American, Norwegian, Polish and Czech companies in the Skanska Group was currency hedged.

These hedges consist of forward currency contracts and foreign currency loans. The positive fair value of the forward currency contracts amounts to EUR 10.7 M (12.8) and their negative fair value amounts to EUR 9.7 M (15.5). The fair value of foreign currency loans amounts to EUR 69.6 M (67.4).

An exchange rate shift where the euro falls/rises by 10 percent against other currencies would have an effect of EUR 0.19 billion on "Other comprehensive income" after taking hedges into account.

Hedging of net investments outside Sweden

	2010			2009		
Currency	Net investment	Hedge[1]	Hedged portion	Net investment	Hedge[1]	Hedged portion
USD	492.0	151.9	31%	424.5	127.9	30%
EUR	443.4	163.9	37%	424.0	101.4	24%
CZK	344.1	87.4	25%	315.0	83.9	27%
NOK	386.4	123.3	32%	401.0	114.3	29%
PLN	224.6	47.7	21%	163.5	36.5	22%
CLP	150.8	118.4	79%	70.0	69.9	100%
BRL	64.1	0.0	0%	37.8	0.0	0%
GBP	69.7	7.9	11%	21.1	6.8	32%
Other currencies	109.2	0.0	0%	125.8	0.0	0%
Total	**2,284.1**	**700.4**	**31%**	**1,982.7**	**540.7**	**27%**

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."

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
2010						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	12.8	10.7				23.4
Financial investments at amortized cost			137.7			137.7
Financial interest-bearing receivables					771.1	771.1
	12.8	**10.7**	**137.7**	**0.0**	**771.1**	**932.2**
Cash equivalents at fair value						0.0
Cash					738.3	738.3
	12.8	**10.7**	**137.7**	**0.0**	**1,509.4**	**1,670.5**
Trade accounts receivable[2]					1,893.8	1,893.8
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				4.5		4.5
Other operating receivables[2, 4]					17.1	17.1
	0.0	0.0	0.0	4.5	17.1	21.6
Total financial instruments	**12.8**	**10.7**	**137.7**	**4.5**	**3,420.3**	**3,585.9**
2009						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	8.5	12.8				21.4
Financial investments at amortized cost			118.3			118.3
Financial interest-bearing receivables					499.4	499.4
	8.5	**12.8**	**118.3**	**0.0**	**499.4**	**639.1**
Cash equivalents at fair value						0.0
Cash					913.7	913.7
	8.5	**12.8**	**118.3**	**0.0**	**1,413.1**	**1,552.8**
Trade accounts receivable[2]					1,822.2	1,822.2
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				5.3		5.3
Other operating receivables[2, 4]					9.0	9.0
	0.0	0.0	0.0	5.3	9.0	14.4
Total financial instruments	**8.5**	**12.8**	**118.3**	**5.3**	**3,244.3**	**3,389.3**

The difference between fair value and carrying amount for financial assets is marginal.

1 The carrying amount for financial assets excluding shares, totaling EUR 932.2 M (639.1) 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, EUR 2,363.7 M (2,310.6) was reported as "Trade and other receivables." See Note 24, "Trade and other receivables." Of this amount, EUR 1,893.8 M (1,822.2) was trade accounts receivable. These were reported as financial instruments. The remaining amount was EUR 469.9 M (488.4) and was allocated between EUR 17.1 M (9.0)) in financial instruments and EUR 452.8 M (479.4) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits, receivables on divested properties 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, 2010	Dec 31, 2009	Jan 1, 2009
Assets			
Financial instruments	3,585.9	3,389.3	3,139.8
Other assets			
Property, plant and equipment and intangible assets	1,129.1	1,055.9	1,059.3
Investments in joint ventures and associated companies	196.9	246.7	218.4
Tax assets	219.5	202.8	255.8
Current-asset properties	2,264.1	2,230.5	2,186.7
Inventories	102.7	81.1	82.3
Gross amount due from customers for contract work	548.2	448.3	473.3
Trade and other receivables[1]	452.8	479.4	521.9
Assets held for sale	122.9		
Total assets	**8,622.2**	**8,134.1**	**7,937.6**

1 In the consolidated statement of financial position, EUR 2,363.7 M (2,310.6) was reported as "Trade and other receivables." See Note 24, "Trade and other receivables." Of this amount, EUR 1,893.8 M (1,822.2) was trade accounts receivable. These were reported as financial instruments. The remaining amount was EUR 469.9 M (488.4) and was allocated between EUR 17.1 M (9.0) in financial instruments and EUR 452.8 M (479.4) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits, receivables on divested properties 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
2010				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	15.5	9.7		25.2
Financial liabilities at amortized cost			406.7	406.7
	15.5	**9.7**	**406.7**	**431.9**
Operating liabilities				
Trade accounts payable			1,189.4	1,189.4
Other operating liabilities[2]			169.1	169.1
	0.0	0.0	1,358.5	1,358.5
Total financial instruments	**15.5**	**9.7**	**1,765.2**	**1,790.4**
2009				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	7.0	15.5		22.5
Financial liabilities at amortized cost			523.1	523.1
	7.0	**15.5**	**523.1**	**545.6**
Operating liabilities				
Trade accounts payable			1,217.9	1,217.9
Other operating liabilities[2]			104.5	104.5
	0.0	0.0	1,322.4	1,322.4
Total financial instruments	**7.0**	**15.5**	**1,845.5**	**1,868.0**

The difference between fair value and carrying amount for financial liabilities is marginal.

1 The carrying amount for financial liabilities, totaling EUR 431.9 M (545.6) can be seen in Note 27, "Financial liabilities."
2 Other operating liabilities, totaling EUR 1,825.0 M (1,811.6), were reported in the statement of financial position together with trade accounts payable of EUR 1,189.4 M (1,217.9). The total item in the statement of financial position amounted to EUR 3,014.4 M (3,029.5). 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.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Equity and liabilities			
Financial instruments	1,790.4	1,868.0	1,999.4
Other liabilities			
Equity	2,306.9	1,958.3	1,695.3
Pensions	134.9	215.4	283.3
Tax liabilities	292.9	252.4	227.7
Provisions	562.0	491.8	456.3
Gross amount due to customers for contract work	1,879.2	1,641.0	1,511.8
Trade and other payables [1]	1,655.9	1,707.1	1,763.9
Total equity and liabilities	**8,622.2**	**8,134.1**	**7,937.6**

1 Other operating liabilities, totaling EUR 1,825.0 M (1,811.6), were reported in the statement of financial position together with trade accounts payable of EUR 1,189.4 M (1,217.9). The total item in the statement of financial position amounted to EUR 3,014.4 M (3,029.5). 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 2010 and 2009 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 2010 and 2009 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 EUR 23.4 M and liabilities totaling EUR 25.2 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	2010	2009
Recognized in operating income		
Interest income on loan receivables	1.9	2.8
Interest expenses on financial liabilities at cost	0.0	0.0
Impairment loss/reversal of impairment loss on loan receivables	–1.2	–7.4
Cash flow hedge removed from equity and recognized in income statement	6.6	–3.0
Total income and expenses in operating income	**7.3**	**–7.6**
Recognized in financial items		
Interest income on financial assets at fair value through profit or loss[1]	11.8	9.1
Interest income on available-for-sale assets		
Interest income on held-to-maturity investments	3.2	1.1
Interest income on loan receivables	3.4	4.4
Interest income on cash	4.4	9.0
Divestments of available-for-sale financial assets	0.0	0.1
Distribution of available-for-sale financial assets		
Changes in market value of financial assets at fair value through profit or loss	0.9	0.8
Changes in market value of financial liabilities at fair value through profit or loss	0.9	0.1
Total income in financial items	**24.7**	**24.7**
Interest expenses on financial liabilities at fair value through profit or loss	–0.5	–0.9
Interest expenses on financial liabilities at amortized cost	–21.9	–20.3
Changes in market value of financial assets at fair value through profit or loss	–0.3	–0.6
Changes in market value of financial liabilities at fair value through profit or loss	–0.7	–1.5
Net financial items from hedging of net investments in foreign subsidiaries[2]	–4.6	–7.2
Impairment loss on available-for-sale financial assets		
Net exchange rate differences	–1.3	–5.1
Expenses for borrowing programs	–3.0	–1.7
Bank-related expenses	–3.2	–2.2
Total expenses in financial items	**–35.6**	**–39.5**
Net income and expenses from financial instruments recognized in income statement	**–3.6**	**–22.5**
Of which interest income on financial assets not at fair value through profit or loss	12.9	17.4
Of which interest expenses on financial liabilities not at fair value through profit or loss	–21.9	–20.3

1 The amount refers to EUR 11.8 M (9.1) worth of positive interest rate differences in currency swaps for the Group's borrowing.
2 The amount is related to interest rate expenses totaling EUR –4.6 M (–7.2) attributable to currency forward contracts.

Reconciliation with financial items	2010	2009
Total income from financial instruments in financial items	24.7	24.7
Total expenses from financial instruments in financial items	–35.6	–39.5
Interest income on pensions	6.2	–3.4
Other interest income		0.0
Other interest expenses	–0.1	–0.3
Other financial items	1.2	–3.4
Total financial items	**–3.7**	**–21.9**

See also Note 14, "Net financial items."

Income and expenses from financial instruments recognized under other comprehensive income	2010	2009
Cash flow hedges recognized directly in equity	19.9	–40.6
Cash flow hedges removed from equity and recognized in income statement	–6.6	3.0
Change in value of available-for-sale assets	0.0	0.0
Translation differences for the year	173.7	115.1
Transferred translation differences on divested companies		
Minus hedging on foreign exchange risk in operations outside Sweden	–42.0	–31.8
Total	**145.0**	**45.7**
of which recognized in cash flow hedge reserve	13.3	–37.6
of which recognized in translation reserve	131.7	83.3
	145.0	**45.7**

Note 06 Continued

Collateral

The Group has provided collateral (assets pledged) in the form of financial receivables amounting to EUR 111.0 M (107.1). 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.

The Group obtained a commercial property in the Czech Republic, Vysocanska brana, at a carrying amount of EUR 20.0 M, which served as collateral for a receivable.

Note 07 Business combinations

Business combinations (acquisitions of businesses) are reported in compliance with IFRS 3, "Business Combinations." See "Accounting and valuation principles," Note 1.

Acquisitions of Group companies/businesses

During the year, Skanska made no acquisitions. In 2009 Skanska made some minor acquisitions in Poland and Finland, totaling EUR –0.9 M. At the time of these purchases, EUR 0.5 M was allocated to intangible assets in the form of customer contracts in Poland and EUR 0.5 M to goodwill in Finland. The acquisitions are part of the Construction business stream.

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

	2010	2009
Construction	11,853.5	12,274.1
Residential Development	577.2	888.5
Commercial Property Development	761.9	466.4
Infrastructure Development	33.4	14.2
Other		
Central	60.3	14.6
Eliminations, see below	–489.4	–561.4
Total	**12,797.0**	**13,096.5**

Reported as eliminations:

	2010	2009
Intra-Group construction for		
Construction	–150.2	–174.3
Residential Development	–217.8	–184.8
Commercial Property Development	–92.0	–182.2
Infrastructure Development[1]		
Intra-Group property divestments	–1.0	–19.5
Other	–28.3	–0.6
	–489.4	**–561.4**

1 Construction included EUR 748.9 M (561.8) 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

	2010	2009
Construction contracts	10,595.2	11,358.5
Services	666.1	657.3
Sales of goods	201.4	53.2
Rental income	82.5	73.1
Divestments of properties	1,251.7	954.4
Total	**12,797.0**	**13,096.5**

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 EUR 841.2M (575.6). 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 EUR 10,595.2 M (11,358.5).

Information from the statement of financial position

Gross amount due from customers for contract work

	2010	2009
Accrued revenue	6.444.9	7.022.6
Invoiced revenue	–5.896.7	–6.574.3
Total, asset	**548.2**	**448.3**

Gross amount due to customers for contract work

	2010	2009
Invoiced revenue	23,185.7	17,216.7
Accrued revenue	–21,306.6	–15,575.7
Total Liability	**1,879.2**	**1,641.0**

Accrued revenue in ongoing projects including recognized gains minus recognized loss provisions amounted to EUR 27,751.5 M (22,598.4).

Advance payments received totaled EUR 46.6 M (20.7).

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 EUR 239.2M (348.6).

Note 10 Operating expenses by category of expense

During 2010, revenue decreased by EUR 299.5 M to EUR 12,797.0 M (13,096.5). Operating income increased by EUR 3.6 M to EUR 571.5 M (567.9). Personnel expenses for the year amounted to EUR –2,644.9 M (–2,503.2)

Other operating expenses adjusted for current-asset properties divested and income in joint ventures and associated companies amounted to EUR –8,463.8 M (–9,149.4).

	2010	2009
Revenue	12,797.0	13,096.5
Personnel expenses[1]	–2,644.9	–2,503.2
Depreciation/amortization	–136.2	–139.0
Impairment losses	–26.2	–41.2
Other operating expenses[2]	–9,418.3	–9,845.1
Operating income	**571.5**	**567.9**

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 are allocated according to the following table.

	2010	2009
Carrying amount of current-asset properties divested	–1,011.1	–733.8
Income from joint ventures and associated companies	56.6	38.0
Other	–8,463.8	–9,149.4
Total other operating expenses	**–9,418.3**	**–9,845.1**

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

	2010	2009
Construction	–603.5	–594.7
Residential Development	–61.7	–55.4
Commercial Property Development	–37.2	–31.4
Infrastructure Development	–14.4	–14.6
Central and eliminations	–71.9	–64.2
Total	**–788.7**	**–760.4**

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
2010						
Intangible assets	–8.0				–0.3	–8.3
Property, plant and equipment						
Property	–8.6	–0.1				–8.7
Plant and equipment	–117.7	–0.3	–0.2	–0.6	–0.4	–119.3
Total	**–134.2**	**–0.4**	**–0.2**	**–0.6**	**–0.7**	**–136.2**
2009						
Intangible assets	–7.3	–0.1			–0.2	–7.6
Property, plant and equipment						
Property	–7.0	–0.1				–7.1
Plant and equipment	–122.7	–0.4	–0.3	–0.4	–0.7	–124.4
Total	**–137.0**	**–0.6**	**–0.3**	**–0.4**	**–0.8**	**–139.0**

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
2010						
Recognized in operating income						
Goodwill	–11.3					–11.3
Other intangible assets	–0.4				–0.2	–0.6
Property, plant and equipment						
Property	–1.0					–1.0
Plant and equipment	–0.3					–0.3
Investments in joint ventures and associated companies	–0.2			0.5	–0.5	–0.2
Current-asset properties						
Commercial Property Development			1.9			1.9
Residential Development		–3.7			–10.9	–14.6
Total	**–13.3**	**–3.7**	**1.9**	**0.5**	**–11.6**	**–26.2**
2009						
Recognized in operating income						
Goodwill	–19.8					–19.8
Property, plant and equipment						
Property	–1.9	–0.3				–2.2
Plant and equipment	–0.4	–2.1				–2.4
Investments in joint ventures and associated companies	–0.1			–7.0	0.5	–6.6
Current-asset properties						
Commercial Property Development	0.9		–7.4			–6.5
Residential Development		–2.6			–1.1	–3.8
Total	**–21.2**	**–5.0**	**–7.4**	**–7.0**	**–0.7**	**–41.2**

Note 14 Net financial items

	2010	2009
Financial income		
Interest income	22.8	23.7
Net interest on pensions	6.2	
Gain on divestments of shares	4.9	0.1
Change in fair value	1.9	0.8
	35.8	**24.7**
Financial expenses		
Interest expenses	–27.3	–39.3
Net interest on pensions		–3.4
Capitalized interest expenses	4.8	17.7
Change in fair value	–5.7	–9.3
Net exchange rate differences	–1.3	–5.1
Net other financial items	–10.1	–7.2
	–39.5	**–46.6**
Total	**–3.7**	**–21.9**

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 2010, net financial items amounted to EUR –3.7 M (–21.9) altogether. Net interest items increased to 6.5 M (–1.2). Interest income declined to EUR 22.8 (23.7) , due among other things to a certain downturn in interest-bearing assets and somewhat lower short-term interest rates, measured as annual averages, in most of the currencies in which Skanska was a net investor. Interest expenses including capitalized interest decreased to EUR –27.3 M (–39.3), which was mainly explained by a downturn in interest-bearing liabilities.

During the year, Skanska capitalized interest expenses of EUR 4.8 M (17.7) in ongoing projects for its own account.

Interest income was received at an average interest rate of 0.77 (0.98) percent. Interest expenses, excluding interest on pension liability, were paid at an average interest rate of 3.06 (4.22) percent during the year. Taking derivatives into account, the average interest expense amounted to 0.85 (2.58) percent.

Net interest on pensions, based on 2009 outcome and consisting of the January 1 net amount of interest expenses on defined-benefit pension plans and return on plan assets, increased to EUR 6.2 M (–3.4). 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 EUR 1.9 M (2.8) that were recognized in operating income. See "Accounting and valuation principles," Note 1.

Change in fair value

Change in fair value amounted to EUR –3.8 M (–8.5). This was related to negative interest rate differences in currency hedging of investments in Skanska's development operations as well as currency hedging of equity mainly in NOK and PLN.

Net other financial items

These items amounted to EUR –10.1 M (–7.2) 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 2010, 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	
	2010	2009	2010	2009
Intangible assets				9.1
Current-asset properties	4.8	17.7	25.1	36.9
Total	**4.8**	**17.7**	**25.1**	**46.0**

Not 16 Income taxes

Income taxes are reported in compliance with IAS 12, "Income Taxes." See "Accounting and valuation principles," Note 1.

Tax expenses

	2010	2009
Current taxes	–154.9	–129.8
Deferred tax benefits from change in temporary differences	6.5	33.1
Deferred tax expenses/benefits from change in loss carry-forwards	7.9	–43.6
Taxes in joint ventures	–5.4	–8.3
Taxes in associated companies	–0.1	–0.1
Total	**–146.1**	**–148.6**

Tax items recognized under other comprehensive income

	2010	2009
Deferred taxes attributable to cash flow hedging	–5,7	–1,7
Deferred taxes attributable to pensions	–25,0	–20,2
Total	**–30,7**	**–21,9**

There was no deferred tax attributable to the category available-for-sale financial assets.

Income taxes paid in 2010 amounted to EUR –171.3 M (–92.8).

Relation between taxes calculated after aggregating nominal tax rates and recognized taxes

The Group's recognized taxes amounted to 26 (27) 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 (25) 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 26 (27) percent is explained in the table below.

	2010	2009
Income after financial items	567.8	546.0
Tax according to aggregation of nominal tax rates, 29 (29) percent	–164.7	–159.3
Tax effect of:		
Property divestments	25.5	21.6
Goodwill impairment loss		–5.6
Other items	–6.9	–5.4
Recognized tax expenses	**–146.1**	**–148.6**

Tax assets and tax liabilities

	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Tax assets	56.1	51.8	74.2
Tax liabilities	111.3	103.3	78.9
Net liability	**55.1**	**51.6**	**4.8**

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.

Note 16 Continued

Deferred tax assets and deferred tax liabilities

	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Deferred tax assets according to the statement of financial position	163.3	151.0	181.7
Deferred tax liabilities according to the statement of financial position	181.6	149.1	148.8
Net deferred tax assets (+), deferred tax liabilities (–)	**–18.3**	**1.9**	**32.9**

	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Deferred tax assets for loss carry-forwards	20.9	12.6	54.7
Deferred tax assets for other assets	51.0	35.2	43.9
Deferred tax assets for provisions for pensions	33.8	60.1	77.9
Deferred tax assets for ongoing projects	58.8	48.2	24.9
Other deferred tax assets	133.7	101.9	117.5
Total before net accounting	**298.2**	**257.9**	**318.9**
Net accounting of offset table deferred tax assets/liabilities	–134.9	–106.9	–137.2
Deferred tax assets according to the statement of financial position	**163.3**	**151.0**	**181.7**

	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Deferred tax liabilities for shares and participations	28.4	33.3	26.9
Deferred tax liabilities for other non-current assets	33.0	33.7	29.2
Deferred tax liabilities for other current assets	44.9	35.5	45.8
Deferred tax liabilities for ongoing projects	122.5	106.1	126.6
Other deferred tax liabilities	87.8	47.3	57.6
Total before net accounting	**316.5**	**256.0**	**286.0**
Net accounting of offsettable deferred tax assets/liabilities	–134.9	–106.9	–137.2
Deferred tax liabilities according to the statement of financial position	**181.6**	**149.1**	**148.8**

Change in net deferred tax assets (+), liabilities (–)

	2010	2009
Net deferred tax assets, January 1	1.9	19.2
Change in accounting principle		13.7
Adjusted net tax assets, January 1	**1.9**	**32.9**
Divestments of companies	6.4	
Recognized under other comprehensive income	–30.7	–21.9
Deferred tax benefits	14.3	–10.4
Exchange rate differences	–10.3	1.4
Net deferred tax liabilities/assets, December 31	**–18.3**	**1.9**

The net amount of deferred tax assets and deferred tax liabilities changed by EUR –20.2 M from a net asset to a net liability.

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 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 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 EUR 0.0 M (0.0). 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, 2010	Dec 31, 2009	Jan 1, 2009
Loss carry-forwards that expire within one year	0.0	0.0	4.8
Loss carry-forwards that expire in more than one year but within three years	31.4	24.5	3.4
Loss carry-forwards that expire in more than three years	95.8	120.7	188.1
Total	**127.1**	**145.2**	**196.3**

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

	2010	2009
Property	189.2	177.9
Plant and equipment	459.2	429.6
Property, plant and equipment under construction	6.9	4.6
Total	**655.3**	**612.1**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2010	2009	2010	2009	2010	2009
Property	–6.8	–5.7	–1.9	–1.3	–8.7	–7.1
Plant and equipment	–107.3	–112.0	–11.9	–12.3	–119.3	–124.4
Total	**–114.1**	**–117.8**	**–13.8**	**–13.6**	**–127.9**	**–131.4**

Impairment losses/reversals of impairment losses on property, plant and equipment

During 2010, net impairment losses in the amount of EUR –1.4 M (–4.6) were recognized.

All impairment losses /reversals of impairment losses were recognized under "Cost of sales."

Impairment losses/reversals of impairment losses	Property		Plant and equipment		Total	
	2010	2009	2010	2009	2010	2009
Impairment losses	–1.6	–2.2	–0.6	–3.5	–2.2	–5.6
Reversals of impairment losses	0.5	0.0	0.3	1.0	0.8	1.0
Total	**–1.0**	**–2.2**	**–0.3**	**–2.4**	**–1.4**	**–4.6**
Amount of impairment losses/reversals of impairment losses based on						
Net realizable value	–1.6	–0.3	–0.3	–2.4	–1.9	–2.6
Value in use	0.5	–1.9	0.0	–0.1	0.5	–2.0
Total	**–1.0**	**–2.2**	**–0.3**	**–2.4**	**–1.4**	**–4.6**

Information about cost, accumulated depreciation, accumulated revaluation and accumulated impairment losses

	Property		Plant and equipment		Property, plant and equipment under construction	
	2010	2009	2010	2009	2010	2009
Accumulated cost						
January 1	280.3	292.9	1,540.1	1,413.7	4.6	3.5
Investments	12.1	12.4	119.9	103.9	9.4	3.8
Acquisitions of companies						
Divestments of companies						0.1
Divestments	–9.2	–4.9	–15.5	–49.2		–2.1
Reclassifications	3.9	–29.0	–59.7	–1.1	–7.9	–0.9
Exchange rate differences for the year	19.6	8.9	130.9	72.9	0.7	0.2
	306.8	**280.3**	**1,715.7**	**1,540.1**	**6.9**	**4.6**
Accumulated depreciation						
January 1	–89.7	–83.2	–1,102.8	–956.0		
Divestments and disposals	1.0	0.9	4.4	27.4		
Reclassifications	1.8	3.3	66.6	3.6		
Depreciation for the year	–8.7	–7.1	–119.3	–124.4		
Exchange rate differences for the year	–7.3	–3.7	–96.8	–53.4		
	–102.9	**–89.7**	**–1,247.9**	**–1,102.8**		
Accumulated impairment losses						
January 1	–12.7	–33.8	–7.7	–4.8		
Divestments	0.1					
Reclassifications		24.4	–0.2			
Impairment losses/reversals of impairment losses for the year	–1.0	–2.2	–0.3	–2.4		
Exchange rate differences for the year	–1.1	–1.1	–0.5	–0.5		
	–14.8	**–12.7**	**–8.7**	**–7.7**		
Carrying amount, December 31	**189.2**	**177.9**	**459.2**	**429.6**	**6.9**	**4.6**
Carrying amount, January 1	177.9	175.9	429.6	452.9	4.6	3.5

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 EUR 0.0 M (0.3).

Skanska did not receive any compensation from third parties for property, plant and equipment that was damaged or lost, either in 2010 or 2009.

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 EUR 434.6 M (423.7) and was mainly attributable to acquisitions during 2000, when Skanska acquired goodwill through acquisitions of businesses in Norway, the U.K. and the Czech Republic.

During 2010, goodwill changed by EUR 0.0 M (0.5) through acquisitions. In 2009 one small unit in Finland was acquired. See Note 7, "Business combinations."

Goodwill value by business unit

	2010	2009	Change during the year	of which exchange rate differences	of which reclassifications	of which impairment loss
Construction						
Norway	113.3	106.3	6.9	6.9		
Finland	31.8	42.7	–10.9	0.0	0.5	–11.3
Poland	2.0	1.8	0.2	0.2		
Czech Republic	53.3	51.1	2.2	2.2		
United Kingdom	149.6	142.1	7.5	7.5		
USA Building	30.6	28.4	2.3	2.3		
USA Civil	2.7	2.5	0.1	0.1		
Residential Development						
Nordic	51.4	48.7	2.6	3.1	–0.5	
Total	**434.6**	**423.7**	**10.9**	**22.3**	**0.0**	**–11.3**

of which acquisition goodwill in Group financial statements		
Construction		
Norway	111.7	104.9
Finland	16.5	16.5
Czech Republic	43.9	42.1
United Kingdom	118.8	112.8
Residential Development		
Nordic	50.8	47.8
Total	**341.8**	**324.1**

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
Recoverable amount, 100	100	100	100	100	100
Carrying amount[1]	8	4	63	n.a.	32
Interest rate, percent (WACC)	8.6	8.9	9.3	8.6	5.1
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate					
+ 1 percentage point	10	5	69	n.a.	46
+ 5 percentage point[2]	16	8	89	n.a.	132

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 2010 the Group recognized goodwill impairment losses of EUR –11.3 M (–19.8). The year's impairment loss was related to goodwill that arose in conjunction with acquisitions in Finland carried out in 2000. Last year's impairment was attributable to the acquisition of McNicholas in the United Kingdom in 2006.

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	
	2010	2009
Accumulated cost		
January 1	455.5	417.9
Acquisitions of companies		0.5
Exchange differences for the year	24.2	37.2
	479.8	**455.5**
Accumulated impairment losses		
January 1	–31.9	–12.0
Impairment losses for the year	–11.3	–19.8
Exchange rate differences for the year	–2.0	–0.1
	–45.2	**–31.9**
Carrying amount, December 31	**434.6**	**423.7**
Carrying amount, January 1	423.7	405.9

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, 2010	Dec 31, 2009	Jan 1, 2009	Useful life applied
Expressway concession	20.6			20 years
Other intangible assets, externally acquired	18.6	20.2	21.2	3–10 years
Total	**39.3**	**20.2**	**21.2**	

The Group has no remaining carrying amounts for intangible assets that were internally generated.

The expressway concession refers to an expressway project in Antofagasta, Chile, where Skanska Latin America has the construction assignment. "Other tangible assets, externally acquired" includes acquired patents in Sweden, acquired service contracts in the United Kingdom, acquired service 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 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	2010	2009
Cost of sales	–5.3	–5.4
Selling and administration	–2.9	–2.3
Total	**–8.3**	**–7.6**

Impairment losses/reversals of impairment losses on other intangible assets

During 2010, impairment losses/reversals of impairment losses on other intangible assets were recognized in the amount of EUR –0.6 M (0.0). 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]	
	2010	2009	2010	2009	2010	2009
Accumulated cost						
January 1	0.0	58.0	75.0	67.3	6.2	5.8
Change in accounting principle		–58.0				
Adjusted accumulated cost, January 1	**0.0**	**0.0**	**75.0**	**67.3**	**6.2**	**5.8**
Acquisitions of companies				0.5		
Other investments	19.5		7.5	5.8		
Divestments			–2.6			
Exchange rate differences for the year	1.2	0.0	4.4	1.3	0.9	0.4
	20.6	**0.0**	**84.3**	**75.0**	**7.1**	**6.2**
Accumulated amortization						
January 1	0.0	–5.8	–52.5	–44.0	–6.2	–5.8
Change in accounting principle		5.8				
Adjusted accumulated amortization, January 1	**0.0**	**0.0**	**–52.5**	**–44.0**	**–6.2**	**–5.8**
Divestments			1.4			
Amortization for the year			–8.3	–7.6		
Reclassifications			0.2			
Exchange rate differences for the year	0.0		–3.2	–0.9	–0.9	–0.4
	0.0	**0.0**	**–62.5**	**–52.5**	**–7.1**	**–6.2**
Accumulated impairment losses						
January 1			–2.2	–2.1		
Amortization for the year			–0.6			
Exchange rate differences for the year			–0.4	–0.1		
	0.0	**0.0**	**–3.2**	**–2.2**	**0.0**	**0.0**
Carrying amount, December 31	**20.6**	**0.0**	**18.6**	**20.0**	**0.0**	**0.0**
Carrying amount, January 1	0.0	52.3	20.0	21.2	0.0	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 EUR 4.5 M (5.5).

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:

	2010	2009
Share of income in joint ventures according to the equity method[1]	36.5	38.3
Share of income in associated companies according to the equity method[1]	0.2	–0.2
Divestments of joint ventures	20.1	
Impairment losses in joint ventures	–0.2	–0.1
Total	**56.6**	**38.0**

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 EUR –5.4 M (–8.3) and its share of taxes in associated companies amounted to EUR –0.1 M (–0.1). See also Note 16, "Income taxes."

Carrying amount according to the statement of financial position and the change that occurred during 2010 can be seen in the following table:

	2010			2009		
	Joint ventures	Associated companies	Total	Joint ventures	Associated companies	Total
January 1	243.6	3.1	246.7	135.3	2.8	138.2
Change in accounting principle				80.2	0.0	80.2
Adjusted cost, January 1	243.6	3.1	246.7	215.6	2.8	218.4
Investments	67.7		67.7	58.4		58.4
Divestments	–21.9	–0.5	–22.4	–16.5		–16.5
Reclassifications	3.1		3.1	1.5		1.5
Exchange rate differences for the year	26.1	0.2	26.3	23.0	0.6	23.6
The year's provision/reversal for intra-Group profit on contracting work	–0.1		–0.1	2.4		2.4
Exchange rate differences for the year, derivatives	–15.6		–15.6	–32.7		–32.7
Impairment losses for the year	–0.2		–0.2	–6.6		–6.6
The year's change in share of income in joint ventures and associated companies after subtracting dividends received	14.0	0.2	14.2	–1.4	–0.3	–1.7
Transferred to "Assets held for sale"	–122.9		–122.9			
Carrying amount, December 31	**193.9**	**3.0**	**196.9**	**243.6**	**3.1**	**246.7**

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 EUR 193.9 M (243.6).

Infrastructure Development included a carrying amount in joint ventures totaling EUR 138.7 M (208.9).

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.

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, due to the divestment of the E39 Orkdalsvegen highway in Norway, among other assets.

During the year, Skanska signed contracts for three projects: New Karolinska Solna, a new university hospital in Sweden; three new schools in Essex, United Kingdom; and new construction and upgrading of a highway in Antofagasta, Chile. The latter is recognized in its entirety as a subsidiary, since it is 100 percent owned by Skanska.

Note 20 Continued

Specification of major holdings of shares and participations in joint ventures

Company	Operations	Country	Percentage of share capital	Percentage of voting power	Currency	Consolidated carrying amount Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Joint ventures in Infrastructure Development								
Autopista Central S.A.[1]	Highway	Chile	50	50	CLP	0.0	103.1	109.2
Breitener Energetica S/A[2]	Power plant	Brazil	35	35	BRL	–	–	7.2
Bristol PFI Development Ltd	Education	U.K.	50	50	GBP	0.0	0.0	0.0
Bristol PFI (Holdings) Ltd	Education	U.K.	61	46	GBP	0.0	0.0	0.0
Bristol PFI Ltd	Education	U.K.	61	46	GBP	1.0	2.3	1.2
Capital Hospitals (Holdings) Ltd	Healthcare	U.K.	38	38	GBP	19.7	18.5	14.8
Central Nottinghamshire Hospital (Holdings) Ltd	Healthcare	U.K.	50	50	GBP	16.8	5.3	0.0
Connect Plus Holdings Ltd	Highway	U.K.	40	40	GBP	9.8	0.0	
Derby Healthcare Holdings Ltd	Healthcare	U.K.	25	25	GBP	10.9	10.6	10.1
Essex LEP Ltd	Education	U.K.	70	70	GBP	0.0	–	–
Essex PFI Ltd	Education	U.K.	52	60	GBP	0.0	–	–
Gdansk Transport Company S.A	Highway	Poland	30	30	PLN	34.9	25.6	14.8
Investors in Community (Bexley Schools) Ltd[2]	Education	U.K.	50	50	GBP	–	2.0	1.9
Midlothian Schools Holdings Ltd	Education	U.K.	50	50	GBP	0.9	2.2	1.0
Orkdalsvegen AS[2]	Highway	Norway	50	50	NOK	–	7.2	6.4
Surrey Lighting Service Holding Company Ltd	Street lighting	U.K.	50	50	GBP	0.0	0.0	
The Coventry and Rugby Hospital Comp. Ltd	Healthcare	U.K.	25	50	GBP	10.8	9.9	7.9
Swedish Hospital Partners Holding AB	Healthcare	Sweden	50	50	SEK	9.4	–	–
The Walsall Hospital Company Plc	Healthcare	U.K.	50	50	GBP	5.7	0.6	0.0
Tieyhtiö Nelostie Oy	Highway	Finland	50	50	EUR	5.4	6.8	5.7
Tieyhtiö Ykköstie Oy	Highway	Finland	41	41	EUR	13.4	14.6	13.4
Total joint ventures in Infrastructure Development						**138.7**	**208.9**	**193.6**
Other joint ventures						55.3	34.8	21.9
Total joint ventures, Skanska Group						**193.9**	**243.6**	**215.6**

1 The holding in Autopista Central S.A., valued at EUR 122.9 M, has been moved to "Assets held for sale."
2 The holdings have been divested.

Estimated fair value of shares and participations in joint ventures in Infrastructure Development

EUR billion	Surplus value Dec 31, 2010
Present value of cash flow from projects	0.5
Present value of remaining investments	–0.1
Present value of projects	**0.4**
Carrying amount[1]	–0.2
Unrealized development gain	**0.2**

1 Including carrying amount of Antofagasta, EUR 0.04 billion, which is recognized as a subsidiary.

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	2010	2009	The amounts include Infrastructure Development operations totaling 2010	2009
Revenue	638.0	471.8	596.4	446.3
Operating expenses	–585.9	–447.9	–546.3	–423.8
Operating income	**52.1**	**23.9**	**50.0**	**22.5**
Financial items	–15.8	14.3	–14.0	15.2
Income after financial items[1]	**36.3**	**38.2**	**36.0**	**37.7**
Taxes	–5.4	–8.3	–5.2	–7.8
Profit for the year	**30.9**	**29.9**	**30.8**	**29.9**
Statement of financial position				
Non-current assets	2,266.9	1,919.6	2,205.6	1,897.4
Current assets	493.5	491.9	395.8	427.3
Total assets	**2,760.5**	**2,411.5**	**2,601.4**	**2,324.6**
Equity attributable to equity holder	312.3	243.6	257.1	208.9
Non-controlling interests	0.9	0.7		
Non-current liabilities	2,253.3	1,981.3	2,180.5	1,953.2
Current liabilities	193.9	186.0	163.8	162.6
Total equity and liabilities	**2,760.5**	**2,411.5**	**2,601.4**	**2,324.6**

1 The amount includes impairment losses in the consolidated accounts.

Note 20 Continued

Reconciliation with shares in joint ventures

	2010	2009
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	312.3	243.6
Recognized as "Assets held for sale"	–122.9	
+ Recognized as provisions	3.3	
+ Losses in Infrastructure Development not posed because Skanska's portion is already zero	1.2	
Carrying amount of shares	**193.9**	**243.6**

Assets pledged

Shares in joint ventures pledged as collateral for loans and other obligations amounted to EUR 53.8 M (65.8).

Other matters

Skanska's portion of the total investment obligations of partly owned joint ventures amounted to EUR 545.7 M (405.6), of which Skanska has remaining obligations to invest EUR 173.2 M (134.2) 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 EUR 41.2 M (33.8).

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 EUR 3.0 M (3.1).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2010	2009
Revenue	1.5	1.8
Income	0.2	–0.2
Assets	3.0	3.8
Equity[1]	–117.4	–102.3
Liabilities	120.4	106.0
	3.0	**3.8**

1 Reconciliation between equity and carrying amount of holdings according to the equity method of accounting.

	2010	2009
Equity in associated companies	–117.4	–102.3
Adjustment for losses not recognized	120.4	105.4
Carrying amount	**3.0**	**3.1**

Unrecognized portion of losses in associated companies

	2010	2009
Loss for the year	0	0
Losses in prior years	–120.4	–105.4

The losses occurred in partly owned limited partnerships that previously carried out aircraft leasing. After impairment losses, these holdings are recognized at EUR 0.0. The Group has no obligations to provide additional capital.

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, 2010	Dec 31, 2009	Jan 1, 2009
Financial investments			
Financial assets at fair value through profit or loss			
Derivatives	1.0		
Held-to-maturity investments			
Financial assets available for sale[1]	4.5	5.3	5.8
	5.5	**5.3**	**5.8**
Financial receivables, interest-bearing			
Receivables from joint ventures	106.5	2.6	3.3
Restricted cash	79.8	83.3	15.0
Pension receivable	7.1		
Other interest-bearing receivables	36.5	9.9	4.0
	229.9	95.8	22.3
Total	**235.4**	**101.2**	**28.1**
of which interest-bearing financial non-current assets	229.9	95.8	22.4
of which non-interest-bearing financial non-current assets	5.5	5.3	5.8

Financial current assets

	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Financial investments			
Financial assets at fair value through profit or loss			
Derivatives	11.8	8.5	3.5
Hedge accounted derivatives	10.7	12.8	21.7
Held-to-maturity investments	137.7	118.3	85.2
	160.1	**139.6**	**110.4**
Financial assets, interest-bearing			
Restricted cash	512.8	361.2	293.0
Receivables from joint ventures	0.0	1.8	
Discounted operating receivables	0.0	0.0	35.3
Other interest-bearing receivables	28.4	40.5	73.4
	541.2	403.6	401.7
Total	**701.3**	**543.2**	**512.1**
of which interest-bearing financial current assets	678.9	521.8	486.8
of which non-interest-bearing financial current assets	22.4	21.4	25.2
Total carrying amount, financial assets	**936.8**	**644.4**	**540.3**
of which financial assets excluding shares	932.2	639.1	534.4

1 Included EUR 4.5 M (5.3) in shares carried at cost.
During 2010, shareholdings were affected by impairment losses of EUR 0.0 M (0.0).

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, 2010	Dec 31, 2009	Jan 1, 2009
Commercial Property Development	1,109.5	1,247.0	1,095.8
Residential Development	1,154.6	983.5	1,090.9
Total	**2,264.1**	**2,230.5**	**2,186.7**

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 2010, impairment losses totaling EUR 2.3 M (0.9) were reversed. The reason for this was the net realizable value increased during the year.

	Impairment losses		Reversals of impairment losses		Total	
	2010	2009	2010	2009	2010	2009
Commercial Property Development	–0.4	–7.4	2.3	0.9	1.9	–6.5
Residential Development	–14.6	–3.8			–14.6	–3.8
Total	**–15.0**	**–11.2**	**2.3**	**0.9**	**–12.7**	**–10.3**

Carrying amount

	Completed properties			Properties under construction			Development properties			Total current-asset properties		
	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Commercial Property Development[1]	537.3	322.3	203.9	239.9	603.1	607.4	332.3	321.6	284.4	1,109.5	1,247.0	1,095.8
Residential Development	52.0	95.0	130.9	394.3	290.3	435.8	708.2	598.3	524.2	1,154.6	983.5	1,090.9
Total	**589.4**	**417.3**	**334.9**	**634.2**	**893.4**	**1,043.1**	**1,040.5**	**919.9**	**808.7**	**2,264.1**	**2,230.5**	**2,186.7**

1 Of the amount for properties under construction, EUR 239.9M, EUR 18,1 M consisted of properties completed during 2010 and EUR 221.8 M of ongoing projects.

	Commercial Property Development		Residential Development		Total current-asset properties	
	2010	2009	2010	2009	2010	2009
Carrying amount						
January 1	1,247.0	990.0	983.5	706.6	2,230.5	1,696.6
Change in accounting principle		105.7		384.3		490.0
Adjusted carrying amount, January 1	**1,247.0**	**1,095.8**	**983.5**	**1,090.9**	**2,230.5**	**2,186.7**
Investments	327.2	408.5	561.9	293.0	889.1	701.5
Carrying amount, properties divested	–553.8	–268.3	–457.3	–465.6	–1,011.1	–733.9
Impairment losses/reversals of impairment losses	1.9	–6.5	–14.6	–3.8	–12.7	–10.3
The year's provision for intra-Group profits in contracting work	–7.7	–9.0			–7.7	–9.0
Reclassifications	–15.1	–26.5	2.3	20.5	–12.8	–6.0
Exchange rate differences for the year	110.0	53.2	78.7	48.4	188.7	101.6
December 31	**1,109.5**	**1,247.0**	**1,154.6**	**983.5**	**2,264.1**	**2,230.5**

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, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009
Commercial Property Development	1,096.3	1,153.8	1,039.1	13.2	93.2	56.7	1,109.5	1,247.0	1,095.8
Residential Development	1,104.6	929.3	1,053.1	49.9	54.2	37.8	1,154.6	983.5	1,090.9
Total	**2,200.9**	**2,083.1**	**2,092.2**	**63.1**	**147.4**	**94.5**	**2,264.1**	**2,230.5**	**2,186.7**

Note 22 Continued

Fair value of current asset properties

EUR billion	Surplus value, Dec 31, 2010
Commercial Property Development	
Completed projects	0.17
Undeveloped land and development properties	0.06
Ongoing projects[1]	0.03
	0.26
Residential Development	
Undeveloped land and development properties	0.11
Total	**0.37**

1 Surplus value refers to accrued surplus value.

Assets pledged

Current-asset properties used as collateral for loans and other obligations totaled EUR 3.8 M (1.1). 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 EUR 14.5 M (70.3) in current-asset properties.

Note 23 Inventories etc.

Inventories are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

	2010	2009
Raw materials and supplies	64.0	59.6
Products being manufactured	14.4	10.8
Finished products and merchandise	24.3	10.7
Total	**102.7**	**81.1**

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, 2010	Dec 31, 2009	Jan 1, 2009
Trade accounts receivable from joint ventures	74.4	40.0	31.8
Other trade accounts receivable	1,819.4	1,782.2	1,832.3
Other operating receivables from joint ventures	6.2	3.4	0.0
Other operating receivables	330.4	368.2	358.8
Prepaid expenses and accrued income	133.3	116.8	178.4
Total	**2,363.7**	**2,310.6**	**2,401.3**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management."			
Trade accounts receivables	1,893.8	1,822.2	1,864.1
Other operating receivables including accrued interest income	17.1	9.0	15.3
	1,910.9	**1,831.2**	**1,879.4**
of which non-financial instruments	452.8	479.4	521.9

Note 25 Cash

"Cash" consist of cash and available funds at banks and equivalent financial institutions.

Cash amounted to EUR 738.3 M (913.7). 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:

	2010	2009
Opening balance	**1,958.3**	**1,758.9**
of which non-controlling interests	18.9	19.7
Change in accounting principle		–63.6
Adjusted opening balance	1,958.3	1,695.3
Total comprehensive income for the year		
Profit for the year attributable to		
Equity holders	421.1	396.9
Non-controlling interests	0.6	0.5
Other comprehensive income		
Translation differences attributable to equity holders[1]	174.0	113.2
Translation differences attributable to non-controlling interests	–1.6	–0.5
Hedging of exchange risk in foreign operations[1]	–42.3	–31.8
Effect of cash flow hedges[2]	13.3	–37.6
Effect of actuarial gains and losses on pensions[3]	93.1	71.9
Tax atttributable to other comprehensive income		
related to cash flow hedges[2]	–5.7	–1.7
related to actuarial gains and losses[3]	–25.0	–20.2
	205.8	**93.3**
Total comprehensive income for the year	**627.6**	**490.7**
of which attributable to equity holders	628.5	490.7
of which attributable to non-controlling interests	–0.9	0.0
Other changes in equity not included in total comprehensive income for the year		
Dividend to equity holders	–270.3	–205.7
Dividend to non-controlling interests	–4.1	–0.8
Effect of share-based payments	21.8	12.2
Repurchases of shares	–26.4	–33.4
Other transfers of assets attributable to non-controlling interests	0.0	0.0
	–279.0	**–227.6**
Equity, December 31	**2,306.9**	**1,958.3**
of which non-controlling interests	13.9	18.9

1 Translation differences attributable to equity holders, EUR 174.0 M (113.2) plus hedging of exchange risk in foreign operations, EUR –42.3 M (–31.8), totaling EUR 131.7 M (81.4), comprise the Group's change in translation reserve.

2 Effect of cash flow hedges, EUR 13.3 M (–37.6), together with tax, EUR –5.7 M (–1.7), totaling EUR 7.6 M (–39.3) comprise the Group's change in cash flow hedge reserve.

3 Effect of actuarial gains and losses on pensions, EUR 93.1 M (71.9), together with tax, EUR –25.0 M (–20.2), totaling EUR 68.1 M (51.7) 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, 2010	Dec 31, 2009	Jan 1, 2009
Share capital	139.9	139.9	139.9
Paid-in capital	74.7	52.9	40.7
Reserves	79.2	–60.1	–102.3
Retained earnings	1,999.2	1,806.8	1,597.3
Total	**2,293.0**	**1,939.4**	**1,675.6**

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 2010 and 2009 was attributable to share-based payments.

Reserves

	2010	2009
Translation reserve	122.4	–9.3
Cash flow hedge reserve	–43.1	–50.8
Total	**79.2**	**–60.1**

Reconciliation of reserves

Translation reserve		
January 1	–9.3	–80.5
Change in accounting principle		–10.2
Adjusted translation reserve, January 1	–9.3	–90.7
Translation differences for the year	174.0	113.2
Less hedging of exchange risk in foreign operations	–42.3	–31.8
	122.4	**–9.3**
Cash flow hedge reserve		
January 1	–50.8	–20.0
Change in accounting principle		8.5
Adjusted cash flow hedge reserve, January 1	–50.8	–11.5
Cash flow hedges recognized in other comprehensive income:		
Hedges for the year	19.9	–40.6
Transferred to the income statement	–6.6	3.0
Taxes attributable to hedging for the year	–5.7	–1.7
	–43.1	**–50.8**
Total reserves	**79.2**	**–60.1**

Translation reserve

The translation reserve consists of accumulated translation differences from the translation of local financial statements to the presentation currency. The translation reserve also includes exchange rate differences that have arisen when hedging net investments in operations outside Sweden. The translation reserve was reset at zero upon the transition to IFRSs on January 1, 2004. Translation differences for the year amounted to EUR 174.0 M (113.2) and consisted of positive translation differences in all currencies (for currency abbreviations, see Note 34, "Effect of changes in foreign exchange rates").

During 2010, the translation reserve was affected by exchange rate differences of EUR -42.3 M (–31.8) due to currency hedging. The Group has currency hedges against SEK, which is the functional currency of the Parent Company, related to net investments mainly in USD, EUR, NOK, CZK, PLN and CLP.

The accumulated translation reserve totaled EUR 122.4 M (–9.3).

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 2010 amounted toEUR 7.6 M (–39.3), and the closing balance of the reserve totaled EUR –43.1 M (–50.8).

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 EUR 68.1 M (51.7). In compliance with IFRS 2, the year's change in share-based payment was recognized directly in equity in the amount of EUR 21.8 M (12.2).

Note 26 Continued

Actuarial gains and losses on pensions

During 2010, equity was affected by actuarial gains and losses on defined-benefit plans in the amount of EUR 68.1 M (51.7) after taking into account social insurance contributions and taxes. The actuarial gain/loss on pension obligations was EUR 38.4 M (–8.8) and was due to the net amount of changed assumptions and experience-based changes. The actuarial gain/loss on plan assets amounted to EUR 41.1 M (73.8). The actuarial gain during 2010 occurred because actual return on plan assets exceeded expected return in all three countries where Skanska has defined-benefit plans. See also Note 28, "Pensions."

	2010	2009
Actuarial gains and losses on pension obligations	38.4	–8.8
Difference between expected and actual return on plan assets	41.1	73.8
Social insurance contributions	13.5	7.0
Taxes	–25.0	–20.2
	68.1	**51.7**

IFRS 2, "Share-based Payment"

The share incentive programs introduced in 2005 and 2008, 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 four- and three-year vesting period, respectively. 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 5.75 (5.25) per share (corresponding to EUR 0.64 [0.55]), and an extra dividend of SEK 6.25 (1.00) per share (corresponding to EUR 0.69 [0.10]) for the 2010 financial year, totaling SEK 12.00 (6.25) per share. (corresponding to EUR 1.33 [0.65]) The extra dividend is conditional upon the sale of the concession for the Autopista Central highway having been completed and the full sale price having been paid. The proposed dividend for 2010 totals an estimated EUR 547.4 M (270.3).

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 Share Award Program. The dividend is subject to the approval of the Annual Shareholders' Meeting on April 5, 2011.

Total dividend

EUR M	2010 [1]	2009
Regular dividend	262.3	227.1
Extra dividend	285.1 [2]	43.2
Total dividend	**547.4**	**270.3**

1 In 2010, refers to proposed dividend.
2 Conditional upon the sale of the Autopista Central.

Shares

Information on the number of shares as well as earnings and equity per share can be seen in the table below.

	2010	2009
Number of shares, December 31	423,053,072	423,053,072
of which Series A shares	20,032,231	20,100,265
of which Series B shares	399,380,841	399,012,807
of which Series D shares (not entitled to dividends, in Skanska's own custody)	3,640,000	3,940,000
Number of Series D shares converted to Series B shares	860,000	560,000
Average price, repurchased, shares, SEK	105.40	100.69
Corresponding Average price, repurchased shares, EUR	11.04	9.48
Number of Series B shares repurchased	8,324,000	6,214,000
of which repurchased during the year	2,110,000	3,419,000
Number of Series B shares in Skanska's own custody, December 31	8,253,247	6,331,190
Number of shares outstanding, December 31		
After repurchases and conversion	411,159,825	412,781,882
Average number of shares outstanding		
After repurchases and conversion	412,229,351	415,059,131
After repurchases, conversion and dilution	416,448,523	416,743,454
Average dilution, percent	1.01	0.40
Earnings per share		
After repurchases and conversion, EUR	1.02	0.96
After repurchases, conversion and dilution, EUR	1.01	0.95
Equity per share, EUR	5.58	4.70

Number of shares after repurchases and conversion, December 31	2010	2009
Number on January 1	412,781,882	415,759,910
Number of Series B shares repurchased	–2,110,000	–3,419,000
Number of shares transferred	487,943	440,972
Number on December 31	**411,159,825**	**412,781,882**

During 2010, 68,034 (2,363,398) Series A shares were redeemed for a corresponding number of Series B shares. Each Series A share carries 10 votes and each Series B and Series D share carries one vote. Series D shares do not entitle the holder to a dividend from earnings. Series B shares are listed on the NASDAQ OMX Stockholm.

Dilution effect

In the share incentive programs introduced in 2005 and 2008, 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. 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.

The cost of both share incentive programs is estimated at a total of about EUR 83.1 M, allocated over three years, corresponding to 8,064,412 shares. The maximum dilution at the close of the vesting period is estimated at 1.93 percent. During 2010, the cost of both programs amounted to EUR 20.7 M equivalent to 2,092,928 shares. The dilution effect up to and including 2010 totaled 1.20 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, 2010	Dec 31, 2009	Jan 1, 2009
Other financial liabilities			
Liabilities to credit institutions	85.8	78.0	74.9
Other liabilities	37.1	107.8	23.5
Total	**122.8**	**185.8**	**98.4**
of which interest-bearing financial non-current liabilities	122.8	185.8	98.4

Financial current liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives	15.5	7.0	20.5
Hedge accounted derivatives	9.7	15.5	21.5
Other financial liabilities			
Liabilities to credit institutions	27.2	39.8	37.9
Liabilities to joint ventures	0.0	0.9	0.8
Discounted liabilities[1]	42.4	40.8	95.2
Other liabilities	214.4	255.9	292.3
Total	**309.1**	**359.9**	**468.2**
of which interest-bearing financial current liabilities	283.9	337.3	426.3
of which non-interest-bearing financial current liabilities	25.2	22.5	41.9
Total carrying amount for financial liabilities	**431.9**	**545.6**	**566.6**

1 Of the total amount, EUR 42.4 M (40.8), EUR 18.5 M (20.7) consisted of discounted advance payments from customers. This amount also included EUR 23.9 M (20.1) 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 amount to EUR 134.9 M (215.4) and interest-bearing pension receivables amount to EUR 7.1 M (0.0). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables is EUR 127.8 M (215.4).

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 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 and the U.K. 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 EUR 1,327.2 M (1,202.3). The obligation for pensions decreased mainly because the benefits paid and the effect of a higher discount rate in Sweden as well as changes in exchange rates exceeded pensions earned during the period including interest expenses.

Plan assets amounted to EUR 1,199.3 M (986.9). The value of plan assets increased because actual return on plan assets and paid-in funds exceeded benefits paid and the effect of changes in exchange rates. 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 2010 amounted to EUR 38.4 M –8.8). Actuarial gains on plan assets during 2010 amounted to EUR 41.1 M (73.8), which was largely due to the international increase in the value of equities and mutual funds. The accumulated net loss amounted to EUR –248.6 M (–328.2), which is included in recognized pension liability.

The return on plan assets recognized in the income statement amounted to EUR 61.3 M (47.4), while actual return amounted to EUR 102.4 M (121.2). The higher 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 (640,000) Series B shares. There was also an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

Plan assets

	Sweden	Norway	United Kingdom
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%
2009			
Equities	30%	37%	50%
Interest-bearing securities	42%	56%	48%
Alternative investments	28%	7%	2%
Expected return	5.00%	5.75%	6.00%
Actual return	12.40%	14.70%	13.90%

Note 28 Continued

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

	2010	2009	2008	2007	2006
Pension obligations, funded plans, present value on December 31	1,327.1	1,202.3	1,036.2	1,180.8	1,204.2
Plan assets, fair value, December 31	–1,199.3	–986.9	–752.9	–1,059.2	–1,032.1
Net liability according to statement of financial position	**127.8**	**215.4**	**283.3**	**121.6**	**172.1**

Pension obligations and plan assets by country

	Sweden	Norway	United Kingdom	Total
2010				
Pension obligations	536.8	296.5	493.8	1,327.1
Plan assets	–401.9	–302.9	–494.5	–1,199.3
Net liability according to statement of financial position	**134.9**	**–6.4**	**–0.7**	**127.8**
2009				
Pension obligations	502.3	255.6	444.4	1,202.3
Plan assets	–334.8	–243.2	–408.9	–986.9
Net liability according to statement of financial position	**167.5**	**12.4**	**35.4**	**215.4**

Total pension expenses in the income statement

	2010	2009
Pensions earned during the year	–53.5	–63.1
Less: Funds contributed by employees	1.3	2.4
Interest on obligations	–55.1	–50.7
Expected return on plan assets	61.3	47.4
Curtailments and settlements[1]	12.1	20.5
Pension expenses, defined-benefit plans	**–33.9**	**–43.6**
Pension expenses, defined-contribution plans	–86.5	–89.9
Social insurance contributions, defined-benefit and defined-contribution plans[2]	–9.4	–11.5
Total pension expenses	**–129.8**	**–145.0**

1 In 2010: Refers to changed conditions for pension plans in Norway. In 2009: Refers mainly to changed conditions for a pension plan in the U.K.

2 Refers to special payroll tax in Sweden and employer fee in Norway.

Allocation of pension expenses in the income statement

	2010	2009
Cost of sales	–101.5	–122.8
Selling and administrative expenses	–34.6	–18.7
Financial items	6.2	–3.4
Total pension expenses	**–129.8**	**–145.0**

Actuarial gains and losses recognized under other comprehensive income

	2010	2009	2008	2007	2006
January 1	–328.2	–393.1	–140.4	–152.8	–223.2
Actuarial gains and losses on pension obligations[1]	38.4	–8.8	–81.9	19.3	50.5
Difference between expected and actual return on plan assets	41.1	73.8	–170.9	–6.9	19.9
Accumulated	**–248.6**	**–328.2**	**–393.1**	**–140.4**	**–152.8**

1 Allocation of changed assumptions and experience-based changes:

	2010	2009	2008	2007
Changed assumptions	28.7	12.5	–67.1	51.2
Experience-based changes	9.7	–21.4	–14.8	–31.9
Total actuarial gains and losses on pension obligations	**38.4**	**–8.8**	**–81.9**	**19.3**

See also Note 26, which shows the tax portion and social insurance contributions recognized under other comprehensive income.

Pension obligations

	2010	2009
January 1	1,202.3	1,036.2
Pensions earned during the year	53.5	63.1
Interest on obligations	55.1	50.7
Benefits paid by employers	–21.4	–16.9
Benefits paid from plan assets	–21.9	–15.4
Reclassifications	1.5	–0.9
Actuarial gains (-), losses (+) during the year	–38.4	8.8
Curtailments and settlements	–12.1	–23.8
Exchange rate differences	108.6	100.5
Pension obligations, present value	**1,327.1**	**1,202.3**

Plan assets

	2010	2009
January 1	986.9	752.9
Expected return on plan assets	61.3	47.4
Funds contributed by employers	42.1	53.1
Funds contributed by employees	1.3	2.4
Benefits paid	–21.9	–15.4
Reclassifications	1.5	
Actuarial gains (+), losses (–) during the year	41.1	73.8
Curtailments and settlements		–3.3
Exchange rate differences	87.0	76.1
Plan assets, fair value	**1,199.3**	**986.9**

Amounts contributed are expected to total about EUR 45 M during 2011 through payments to funds in Norway and the United Kingdom.

Reconciliation of interest-bearing pension liability

	2010	2009
Pension liabilities, January 1	215.4	283.3
Pension expenses	46.1	64.1
Benefits paid by employers	–21.4	–16.9
Funds contributed by employers	–42.1	–53.1
Reclassifications		–0.9
Actuarial gains (–), losses (+) during the year	–79.6	–65.0
Curtailments and settlements	–12.1	–20.5
Exchange rate differences	21.5	24.4
Net liability according to statement of financial position	**127.8**	**215.4**

Note 28 Continued

Actuarial assumptions

	Sweden	Norway	United Kingdom
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%
2009			
Discount rate, January 1	4.00%	4.00%	5.50%
Discount rate, December 31	3.75%	4.25%	5.25%
Expected return on plan assets for the year	5.00%	5.75%	6.00%
of which equities	7.00%	7.25%	7.00%
of which interest-bearing securities	3.50%	4.75%	4.75%
Expected pay increase, December 31	3.25%	4.00%	4.25%
Expected inflation, December 31	1.75%	2.25%	2.75%

	Sweden	Norway	United Kingdom
Life expectancy after age 65, men	20 years	18 years	22 years
Life expectancy after age 65, women	23 years	21 years	25 years
Life expectancy table[1]	DUS06	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

The discount rate is established on the basis of market yields on the closing day for long-term government bonds. Sweden and the United Kingdom have an extensive market for high-grade long-term corporate bonds, including mortgage bonds. In accordance with the standard, the discount rate is adjusted on the basis of these bonds. This means that the discount rate for Sweden and the U.K. is equivalent to the market yield on long-term government binds plus an adjustment of about 1 percent.

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 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, 2010	537	296	494	1,327
Discount rate increase of 0.25%[1]	–20	–10	–20	–50
Discount rate decrease of 0.25%[1]	20	10	20	50

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, 2010	402	303	495	1,199
Return increase of 5%[1]	20	15	25	60
Return decrease of 5%[1]	–20	–15	–25	–60

1 If actual return increases by 5 percent in relation to expected return, the actuarial gain is estimated at about EUR 60 M. If actual return decreases by 5 percent in relation to expected return, the actuarial loss is estimated at about EUR 60 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.

	2010	2009
Non-current provisions		
Interest-bearing	3.1	5.1
Current provisions		
Interest-bearing	2.3	2.0
Non-interest-bearing	556.5	484.7
Total	**562.0**	**491.8**

The amount for interest-bearing provisions included EUR 2.9 M (4.0) in provision to the employee fund in Sweden.

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 2010 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.

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 obligations		Other provisions		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
January 1	115.3	86.6	199.5	139.2	177.1	230.5	491.8	456.3
Provisions for the year	78.5	49.0	87.0	58.5	55.7	56.5	221.2	164.0
Provisions utilized	–41.0	–20.1	–40.2	–11.1	–75.5	–96.8	–156.7	–127.9
Unutilized amounts that were reversed, change in value	–12.9	–4.5	–11.0	–2.2	–20.6	–14.1	–44.5	–20.8
Exchange rate differences	8.5	4.4	17.2	9.6	15.0	13.6	40.7	27.7
Reclassifications	–8.3	–0.3	8.5	5.5	9.2	–12.6	9.4	–7.4
December 31	**140.1**	**115.3**	**261.0**	**199.5**	**160.9**	**177.1**	**562.0**	**491.8**

Specification of "Other provisions"

	2010	2009
Provisions for restructuring measures	16.3	41.0
Employee fund, Sweden	2.9	4.0
Employee-related provisions	52.7	41.6
Environmental obligations	14.5	11.9
Provision for social insurance contributions on pensions	11.0	26.6
Miscellaneous provisions	63.5	52.0
Total	**160.9**	**177.1**

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, 2010	Dec 31, 2009	Jan 1, 2009
Accounts payable to joint ventures	0.4	0.6	0.7
Other trade payables	1,188.9	1,217.3	1,281.6
Other operating liabilities to joint ventures	1.0	0.9	5.9
Other operating liabilities[1]	855.2	881.3	975.3
Accrued expenses and prepaid income	968.8	929.4	933.0
Total	**3,014.4**	**3,029.5**	**3,196.6**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management."			
Accounts payable	1,189.4	1,217.9	1,282.3
Other operating liabilities including accrued interest expenses	169.1	104.5	150.4
	1,358.5	**1,322.4**	**1,432.7**
of which non-financial instruments	1,655.9	1,707.1	1,763.9

1 "Other operating liabilities" included EUR 67.3 M (69.5) for checks issued but not yet cash 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, 2010			Dec 31, 2009		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Non-current assets						
Property, plant and equipment		655.3	655.3		612.1	612.1
Goodwill		434.6	434.6		423.7	423.7
Other intangible assets		39.3	39.3		20.2	20.2
Investments in joint ventures and associated companies		196.9	196.9		246.7	246.7
Financial non-current assets	229.9	5.5	235.4	95.8	5.3	101.2
Deferred tax assets		163.3	163.3		151.0	151.0
Total non-current assets	**229.9**	**1,495.0**	**1,724.8**	**95.8**	**1,459.0**	**1,554.9**
Current assets						
Current-asset properties		2,264.1	2,264.1		2,230.5	2,230.5
Inventories		102.7	102.7		81.1	81.1
Financial current assets	678.9	22.4	701.3	521.8	21.4	543.2
Tax assets		56.1	56.1		51.8	51.8
Gross amount due from customers for contract work		548.2	548.2		448.3	448.3
Trade and other receivables		2,363.7	2,363.7		2,310.6	2,310.6
Cash	738.3		738.3	913.7		913.7
Assets held for sale		122.9	122.9			
Total current assets	**1,417.2**	**5,480.2**	**6,897.4**	**1,435.5**	**5,143.7**	**6,579.2**
TOTAL ASSETS	**1,647.1**	**6,975.1**	**8,622.2**	**1,531.4**	**6,602.7**	**8,134.1**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	122.8		122.8	185.8		185.8
Pensions	134.9		134.9	215.4		215.4
Deferred tax liabilities		181.6	181.6		149.1	149.1
Non-current provisions	3.1		3.1	5.1		5.1
Total non-current liabilities	**260.8**	**181.6**	**442.5**	**406.3**	**149.1**	**555.4**
Current liabilities						
Financial current liabilities	283.9	25.2	309.1	337.3	22.5	359.9
Tax liabilities		111.3	111.3		103.3	103.3
Current provisions	2.3	556.5	558.9	2.0	484.7	486.7
Gross amount due to customers for contract work		1,879.2	1,879.2		1,641.0	1,641.0
Trade and other payables		3,014.4	3,014.4		3,029.5	3,029.5
Total current liabilities	**286.3**	**5,586.6**	**5,872.9**	**339.4**	**5,281.0**	**5,620.4**
TOTAL LIABILITIES	**547.1**	**5,768.2**	**6,315.3**	**745.7**	**5,430.1**	**6,175.8**
Interest-bearing net receivables	1,100.0			785.7		

Note 32 Expected recovery periods of assets and liabilities

Amounts expected to be recovered	Dec 31, 2010 Within 12 months	Dec 31, 2010 12 months or longer	Dec 31, 2010 Total	Dec 31, 2009 Within 12 months	Dec 31, 2009 12 months or longer	Dec 31, 2009 Total
ASSETS						
Non-current assets						
Property, plant and equipment[1]	144.2	511.0	655.3	135.9	476.1	612.1
Goodwill[1]		434.6	434.6		423.7	423.7
Other intangible assets[1]	11.1	28.2	39.3	9.7	10.5	20.2
Investments in joint ventures and associated companies[2]		196.9	196.9		246.7	246.7
Financial non-current assets		235.4	235.4	1.3	99.9	101.2
Deferred tax assets[3]		163.3	163.3		151.0	151.0
Total non-current assets	**155.3**	**1,569.5**	**1,724.8**	**146.9**	**1,407.9**	**1,554.9**
Current assets						
Current-asset properties[4]	776.7	1,487.4	2,264.1	874.0	1,356.6	2,230.5
Inventories	77.7	25.1	102.7	60.2	20.9	81.1
Financial current assets	701.3		701.3	482.9	60.3	543.2
Tax assets	56.1		56.1	51.8		51.8
Gross amount due from customers for contract work[5]	400.4	147.8	548.2	424.5	23.8	448.3
Trade and other receivables[5]	2,271.8	91.9	2,363.7	2,225.9	84.8	2,310.6
Cash	738.3		738.3	913.7		913.7
Assets held for sale	122.9		122.9			
Total current assets	**5,145.2**	**1,752.1**	**6,897.4**	**5,032.9**	**1,546.3**	**6,579.2**
TOTAL ASSETS	**5,300.6**	**3,321.6**	**8,622.2**	**5,179.8**	**2,954.3**	**8,134.1**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	39.5	83.3	122.8	13.9	171.9	185.8
Pensions[6]	23.3	111.6	134.9	17.5	197.9	215.4
Deferred tax liabilities		181.6	181.6		149.1	149.1
Non-current provisions		3.1	3.1		5.1	5.1
Total non-current liabilities	**62.8**	**379.7**	**442.5**	**31.4**	**524.0**	**555.4**
Current liabilities						
Financial current liabilities	286.5	22.6	309.1	324.6	35.2	359.9
Tax liabilities	111.3		111.3	103.3		103.3
Current provisions	356.9	201.9	558.9	311.4	175.3	486.7
Gross amount due to customers for contract work	1,577.3	301.9	1,879.2	1,455.9	185.1	1,641.0
Trade and other payables	2,931.7	82.8	3,014.4	2,813.1	216.4	3,029.5
Total current liabilities	**5,263.6**	**609.2**	**5,872.9**	**5,008.4**	**612.1**	**5,620.4**
TOTAL LIABILITIES	**5,326.4**	**988.9**	**6,315.3**	**5,039.7**	**1,136.0**	**6,175.8**

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

	2010	2009
Mortgages, current-asset properties	3.8	1.1
Shares and participations	53.8	65.8
Receivables	111.0	107.1
Total	**168.5**	**174.0**

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	
	2010	2009	2010	2009	2010	2009
Own obligations						
Liabilities to credit institutions	3.8	1.1			3.8	1.1
Other liabilities			111.0	107.1	111.0	107.1
Total own obligations	**3.8**	**1.1**	**111.0**	**107.1**	**114.7**	**108.2**
Other obligations			53.8	65.8	53.8	65.8
Total	**3.8**	**1.1**	**164.8**	**172.9**	**168.5**	**174.0**

Assets pledged for other liabilities, EUR 0.1 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.

Contingent liabilities	2010	2009
Contingent liabilities related to construction consortia	1,595.3	1,945.6
Contingent liabilities related to joint ventures	41.2	33.8
Other contingent liabilities	45.6	46.0
Total	**1,682.0**	**2,025.4**

The Group's contingent liabilities related to construction consortia totaled nearly EUR 1.6 (1.9) 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 EUR 0.04 billion (0.05), were related to obligations attributable to residential projects.

Since September 2009, when the Supreme Administrative Court of Finland issued a ruling in a case concerning alleged anti-competitive activities in the civil construction and asphalt sectors during the years 1994-2002, 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 16 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 EUR 7.2 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.

Skanska has an obligation to American guarantors to maintain a certain level of equity in its North American operations.

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

		Average exchange rate			Change in percent	
Currency	Country/zone	2010	2009	2008	2009–2010	2008–2009
ARS	Argentina	0.193	0.194	0.216	0	–10
CZK	Czech Republic	0.040	0.038	0.040	4	–6
DKK	Denmark	0.134	0.134	0.134	0	0
GBP	United Kingdom	1.165	1.122	1.256	4	–11
NOK	Norway	0.125	0.115	0.121	9	–6
PLN	Poland	0.250	0.231	0.285	8	–19
SEK	Sweden	0.105	0.094	0.104	11	–9
USD	United States	0.755	0.721	0.685	5	5

		Closing day exchange rate			Change in percent	
Currency	Country/zone	2010	2009	2008	2009–2010	2008–2009
ARS	Argentina	0.190	0.183	0.205	4	–11
CZK	Czech Republic	0.040	0.038	0.038	4	1
DKK	Denmark	0.134	0.134	0.134	0	0
GBP	United Kingdom	1.165	1.106	1.022	5	8
NOK	Norway	0.128	0.120	0.101	7	19
PLN	Poland	0.252	0.242	0.241	4	1
SEK	Sweden	0.111	0.097	0.091	14	6
USD	United States	0.755	0.698	0.706	8	–1

Income statement

During the year, the average EUR exchange rate weakened against most of the Group's other currencies.
Revenue was positively affected in the amount of EUR 792.2 M due to exchange rate differences.
Adjusted for currency rate effects, revenue decreased by 8 percent.

Currency rate effect by respective currency

2010	SEK	USD	GBP	NOK	CZK	PLN	Other	Total
Revenue	317.7	163.2	54.8	99.5	41.4	71.8	43.8	792.2
Operating income	28.6	6.0	1.6	0.9	2.1	4.7	–1.9	42.0
Income after financial items	28.3	5.9	1.7	1.7	2.1	5.0	–1.6	43.1
Profit for the year	24.2	3.3	1.5	1.1	1.8	4.0	–1.6	34.3

2009	SEK	USD	GBP	NOK	CZK	PLN	Other	Total
Revenue	–278.3	206.1	–205.9	–68.5	–73.8	–160.6	–27.5	–608.5
Operating income	–20.3	7.4	–5.2	–2.5	–4.1	–7.3	–0.8	–32.8
Income after financial items	–19.6	7.5	–5.0	–2.9	–4.1	–8.1	0.8	–31.4
Profit for the year	–17.6	4.1	–3.2	–2.1	–3.1	–6.5	0.3	–28.1

Statement of financial position

On the closing day, the euro had weakened against all other Group currencies.
The Group's total assets and liabilities/equity increased by EUR 488.1 M to EUR 8,622.2 M (8,134.1). Of the overall increase, EUR 503.3 M consisted of exchange rate effects. Adjusted for exchange rate effects, the total decreased by 0.2 percent.

Consolidated statement of financial position by currency, SEK billion

Dec 31, 2010	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.13	0.02	0.04	0.09	0.11	0.03	0.01	0.04		0.17	0.65
Intangible assets	0.03	0.16	0.03	0.17	0.06			0.01		0.02	0.48
Shares and participations			0.07	0.02				0.13		–0.02	0.20
Interest-bearing receivables	0.94	0.44	0.24	0.24	0.01	0.55	0.03	–1.64		0.08	0.91
Current-asset properties	0.07		0.51	0.21	0.09	0.01	0.08	0.00		1.30	2.26
Non-interest-bearing receivables	0.77	0.28	0.33	0.33	0.43	0.19	0.01	0.30		0.62	3.26
Cash and cash equivalents	0.30	0.01		0.02	0.04	0.02		0.01		0.32	0.73
Assets held for sale										0.12	0.12
Total	**2.24**	**0.91**	**1.23**	**1.09**	**0.74**	**0.81**	**0.13**	**–1.14**		**2.61**	**8.62**
Equity and liabilities											
Equity attributable to equity holders[3]	0.49	0.07	0.44	0.39	0.34	0.22	0.04	0.29		0.01	2.30
Non-controlling interests					0.01					0.00	0.01
Interest-bearing liabilities	0.14	0.18	0.38	0.14	0.01	0.04	0.04	–1.65	0.23	1.02	0.54
Non-interest-bearing liabilities	1.61	0.67	0.41	0.55	0.38	0.54	0.04	0.22		1.34	5.77
Total	**2.24**	**0.91**	**1.23**	**1.09**	**0.74**	**0.81**	**0.13**	**–1.14**	**0.23**	**2.37**	**8.62**

Dec 31, 2009	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.13	0.02	0.04	0.08	0.12	0.04	0.01	0.04		0.15	0.61
Intangible assets	0.04	0.15	0.05	0.16	0.06	0.00		0.05		–0.05	0.45
Shares and participations		0.05	0.06	0.02	0.00	0.00		0.01		0.13	0.26
Interest-bearing receivables	0.68	0.30	0.31	0.35	0.16	0.43	0.10	–1.69		–0.01	0.62
Current-asset properties	0.02		0.48	0.14	0.11	0.00	0.10	–0.03		1.42	2.22
Non-interest-bearing receivables	0.91	0.34	0.24	0.35	0.31	0.18	0.01	0.27		0.44	3.06
Cash and cash equivalents	0.22	0.01	0.01	0.02	0.02	0.04		0.01		0.58	0.91
Total	**2.00**	**0.86**	**1.18**	**1.11**	**0.77**	**0.69**	**0.21**	**–1.34**		**2.65**	**8.14**
Equity and liabilities											
Equity attributable to equity holders[3]	0.43	0.02	0.43	0.41	0.31	0.17	0.06	0.17		–0.04	1.94
Non-controlling interests			0.00		0.01			0.01		0.00	0.02
Interest-bearing liabilities	0.04	0.17	0.38	0.12	–0.01	0.04	0.11	–1.67	0.14	1.44	0.75
Non-interest-bearing liabilities	1.53	0.67	0.38	0.58	0.46	0.49	0.05	0.16		1.12	5.43
Total	**2.00**	**0.86**	**1.18**	**1.11**	**0.77**	**0.69**	**0.21**	**–1.34**	**0.14**	**2.52**	**8.14**

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 currencies other than SEK via forward contracts amounting to EUR 0.73 (0.60) billion before taxes, allocated among USD 0.21 (0.17), EUR 0.00 (0.01), CZK 0.12 (0.12), PLN 0.07 (0.05), NOK 0.16 (0.15) and CLP 0.15 (0.10) 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 EUR against other currencies and change in USD against EUR

The following sensitivity analysis, based on the 2010 income statement and statement of financial position, shows the sensitivity of the Group to a unilateral 10 percent change in the EUR against all currencies as well as a unilateral 10 percent change in the USD against the EUR by 10 percent.

SEK billion	+/–10%	of which USD +/–10%
Revenue	+/– 1.20	+/– 0.36
Operating income	+/– 0.05	+/– 0.01
Equity	+/– 0.19	+/– 0.03

"Plus" means a weakening of the euro. "Plus" for the USD thus means increased value against the EUR.

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

	2010	2009
Depreciation/amortization and impairment losses/ reversals of impairment losses	162.4	173.8
Income from divestments of non-current assets and current-asset properties	–245.8	–230.9
Income after financial items from joint ventures and associated companies	–36.8	–38.1
Dividends from joint ventures and associated companies	17.0	23.1
Provision for the year, intra-Group profits on contracting work	7.9	10.5
Pensions recognized as expenses but not related to payments	–3.1	7.7
Cost of SEOP	20.0	11.0
Gain on joint ventures divested	–20.1	
Other items that have not affected cash flow from operating activities	1.3	0.2
Total	**–97.4**	**–42.7**

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 EUR –171.3 M (–92.8).

Information about interest and dividends

	2010	2009
Interest income received during the year	23.2	23.8
Interest payments made during the year	–26.8	–40.4
Dividends received during the year	17.0	23.1

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.

	2010	2009
Cash	738.3	913.7
Cash equivalents	0.0	0.0
Total	**738.3**	**913.7**

Information about assets and liabilities in acquired Group companies/businesses

	2010	2009
Assets		
Intangible assets	0	0.9
Total	**0**	**0.9**
Purchase price paid	0	–0.9
Cash and cash equivalents in acquired companies	0	0.0
Effect on cash and cash equivalents, investment	**0**	**–0.9**

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.

	2010	2009
Assets		
Interest-bearing receivables	–0.4	
Total	**–0.4**	**0.0**
Equity and liabilities		
Gain on divestments of Group companies	0.0	
Total	**0.0**	**0.0**
Purchase price paid	0.4	
Cash and cash equivalents in divested companies	0.0	
Effect on cash and cash equivalents, divestment	**0.4**	**0.0**

Other matters

The Group's unutilized credit facilities amounted to EUR 815.5 M (816.7) 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

	2010	2009
Cash flow from business operations according to operating cash flow	484.8	583.3
Less net investments in property, plant and equipment and intangible assets	166.9	128.8
Less tax payments on property, plant and equipment and intangible assets divested and divestment of assets in Infrastructure Development	1.5	2.0
Cash flow from operating activities	**653.1**	**714.0**
Cash flow from strategic investments according to operating cash flow	–1.6	–5.7
Net investments in property, plant and equipment and intangible assets	–166.9	–128.8
Increase and decrease in interest-bearing receivables	–233.2	–158.2
Taxes paid on property, plant and equipment and intangible assets divested and assets in Infrastructure Development	–1.5	–2.0
Cash flow from investing activities	**–403.1**	**–294.7**
Cash flow from financing operations according to operating cash flow statement, including changes in interest-bearing receivables and liabilities	–444.1	–178.1
Increase and decrease in interest-bearing liabilities	233.2	158.2
Dividend etc[1]	–300.8	–239.6
Cash flow from financing activities	**–511.8**	**–259.4**
Cash flow for the year	**–261.8**	**159.8**
1 Of which repurchases of shares	**–26.4**	–33.4

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.

	2010	2009
Net investments in operating activities	345.8	251.5
Net investments in investing activities	–168.5	–134.5
	177.4	**117.0**
Less cash flow adjustments, investments	16.8	1.4
Total net investments	**194.1**	**118.4**

The consolidated operating cash flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/Divestments

	2010	2009
Operations - Investments		
Intangible assets	–7.5	–5.8
Property, plant and equipment	–140.1	–119.8
Assets in Infrastructure Development	–72.5	–41.9
Shares	–16.2	–12.0
Current-asset properties	–889.1	–701.5
of which Residential Development	–561.9	–293.0
of which Commercial Property Development	–327.2	–408.5
	–1,125.4	**–881.1**
Operations- Divestments		
Intangible assets	0.4	
Property, plant and equipment	25.1	37.7
Assets in Infrastructure Development	42.2	12.9
Shares	1.7	0.2
Current-asset properties	1,251.7	954.4
of which Residential Development	561.8	557.4
of which Commercial Property Development	689.9	397.1
	1,321.1	**1,005.3**
Net investments in operations	**195.7**	**124.2**
Strategic investments		
Acquisitions of businesses	0.0	–0.9
Acquisitions of shares	0.0	–4.8
	0.0	**–5.7**
Strategic divestments		
Divestments of businesses	0.4	0.0
Divestments of shares	–2.0	
	–1.6	**0.0**
Net strategic investments	**–1.6**	**–5.7**
Total net investments	**194.1**	**118.4**

Note 36 Personnel

Wages, salaries, other remuneration and social insurance contributions

	2010	2009
Wages, salaries and other remuneration		
Board members, Presidents, Executive Vice Presidents and other executive team members[1]	52.9	44.4
Of which variable remuneration	20.1	13.9
Other employees	2,032.1	1,928.0
Total wages, salary and other remuneration	**2,085.0**	**1,972.4**
Social insurance contributions	479.3	480.2
of which pension expenses	136.0	141.6

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, EUR 5.9 M (5.2) 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.

	2010	2009
Sweden	9,982	10,844
Norway	4,243	4,164
Denmark	127	143
Finland	2,779	2,509
United Kingdom	4,687	4,829
Poland	5,722	5,165
Czech Republic	4,624	5,374
Slovakia	970	1,066
United States	7,415	7,619
Argentina	4,187	4,059
Brazil	3,730	3,808
Peru	1,488	1,427
Other countries	1,691	1,924
Total	**51,645**	**52,931**

Other matters:

Loan 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 the other members of the Senior Executive Team. The Team consisted of a total of nine persons at the end of 2010. One person joined the Senior Executive Team during the year.

The term "Senior executives" refers to the Senior Executive Team, which consists of:

- The President and CEO
- Executive Vice Presidents
- The Senior Vice President, Human Resources

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. During 2010, from the statutory Board meeting in March and onward, the Compensation Committee consisted of Sverker Martin-Löf, Chairman of the Board, and Lars Pettersson and Stuart Graham, Board members. The Compensation Committee met three 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 2010 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 is 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.

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 section entitled "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 2010 cash-based variable remuneration.

Note 37 Continued

Financial targets for variable salary elements

	Measure of earnings	Starting point[1]	Outperform[1]	Outcome	Fulfillment level[2]
Group[3]	Income after financial items, SEK billion[4]	2.6	4.6	5.4	100%
	Corresponding to EUR billion[4]	0.3	0.5	0.6	
	Return on equity, %	13.0	16.0	20.9	100%
Construction[5]	Operating income, SEK billion	2.6	4.3	4.7	84%
	Corresponding to EUR billion	0.3	0.4	0.5	
	Operating margin, %	2.2	3.7	4.1	86%
	Working capital as a percentage of sales	–8.1	–11.7	–18.1	89%
	Skanska Value Added, SEK billion[6]	0.06	0.15	0.13	76%
	Corresponding to EUR billion[6]	0.01	0.02	0.01	
Residential Development	Operating income, SEK billion[7]	0.2	0.4	0.5	100%
	Corresponding to EUR billion[7]	0.02	0.04	0.05	
	Number of homes started as a percentage of the number of homes sold[8]	110	130	140	100%
	Homes sold as a percentage of completed homes on January 1, 2010	50	90	72	55%
Commercial Property Development[10]	Operating income, SEK billion	0.3	0.5	0.8	100%
	Corresponding to EUR billion	0.03	0.06	0.08	
	Return on capital employed, %[11, 12]	2.4	5.4	8.4	100%
	Leases, sq. m[11]	85,000	150,000	100,900	24%
	Projects started, points[11, 13]	14	25	30	100%
Infrastructure Development[3]	Operating income, SEK billion	0.1	0.2	0.3	100%
	Corresponding to EUR billion	0.01	0.02	0.03	
	Number of project points[14]	20	80	93	100%

1 Targets are translated to 2010 exchange rates.
2 Fulfillment level is based on outcomes in business areas.
3 Excluding shares of income in the Autopista Central, Chile.
4 The Outperform target at Group level is 95 percent of the total Outperform targets of the business streams. The results include residential development and commercial property development operations carried out within Construction operations in the Nordic countries (according to IFRSs) but exclude eliminations at the Group level.
5 The results include residential development and commercial property development operations carried out within Construction operations in the Nordic countries (according to IFRSs).
6 Skanska Value Added is equivalent to operating income after subtracting the cost of capital employed. Refers to Latin America.
7 Operating income according to segment reporting excluding residential development operations carried out within Construction operations in the Nordic countries.
8 Refers to the Residential Development Nordic business unit.
9 Refers to residential development in the Czech Republic and Slovakia.
10 Operating income according to segment reporting excluding commercial property development operations carried out within Construction operations in the Nordic countries.
11 Includes only the Commercial Development Nordic and Europe business units.
12 Including unrealized development gains and changes in market value.
13 A point system in which points are received depending on the size of the project that has been started, according to a defined scale.
14 A point system in which points are received for high status in project development and project divestments, according to a defined scale.

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. These non-financial targets mainly concern health and safety, strategic initiatives 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 93 percent. Non-financial targets did not result in any deductions. The Board will decide on the final outcome after a follow-up of operations during the first quarter of 2011.

Targets and performance related to variable remuneration for the President and CEO

For the President and CEO, the financial target has mainly 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 the maximum outcome of 50 percent of fixed salary, since the Group's financial targets were achieved and nothing was subtracted as a consequence of non-financial factors. The Board will decide on the final outcome after a follow-up of operations during the first quarter of 2011.

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 premium-based ITP 1 occupational pension system or the defined-benefit ITP 2 pension system. Employees outside Sweden are covered by local pension plans. The ITP 1 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 EUR 40,100 in 2010) and 30 percent of gross cash salary above that. The defined-benefit ITP 2 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 2010: EUR 107,000) and 32.5 percent for portions of salary up to 30 base amounts (in 2010: EUR 160,500).

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 ITP 1 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 2010: EUR 40,100). 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 2010

Directors' fees

The 2010 Annual Shareholders' Meeting decided that fees would be paid to the Board members elected by the Meeting, except for the President and CEO, totaling EUR 5916000, including a special appropriation for committee work. See the table below.

EUR thousand	Director's fee	Audit Committee	Compensation Committee	Project Review Committee	Total
Chairman of the Board					
Sverker Martin-Löf	141.3	10.5	7.9	15.7	175.4
Other Board members					
Stuart Graham	47.1	13.1	7.9	15.7	83.8
Lars Pettersson	47.1		7.9		55.0
Matti Sundberg	47.1			15.7	62.8
Finn Johnsson	47.1				47.1
Sir Adrian Montague	47.1			15.7	62.8
Josephine Rydberg-Dumont	47.1				47.1
Charlotte Strömberg	47.1	10.5			57.6
Board of Directors	**471.2**	**34.0**	**23.6**	**62.8**	**591.6**

Chairman of the Board

During 2010 the Chairman of the Board, Sverker Martin-Löf, received a director's fee of EUR 141,300 and EUR 34,100 related to committee work, altogether EUR 175,400.

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 EUR 15,700 for serving as a Board member of the Finnish subsidiary Skanska Oy, while Sir Adrian Montague received about EUR 10,500 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

EUR thousand	Annual salary	Variable remuneration[1]	Allocated value of share incentive programs[2]	Other remuneration and benefits	Pension expense	Total
President and CEO						
Johan Karlström	994.7	497.3	458.3	14.4	404.5	2,369.2
Other SET members (9 persons during the year)	2,961.0	2,906.5	1,465.5	238.0	1,022.8	8,593.8
Total	**3,955.7**	**3,403.8**	**1,923.8**	**252.4**	**1,427.3**	**10,963.0**

1 Variable remuneration related to the 2010 financial year is preliminary and will be finally fixed and disbursed after a follow-up of the outcome in the first quarter of 2011. The amounts included under the heading "Variable remuneration" in the above table refer to the 2010 financial year.

2 The value stated refers to a preliminary allotment of matching shares and performance shares for 2010, at the share price on December 30, 2010 (SEK 133.30, corresponding to EUR 14.79). The Senior Executive Team will receive an estimated 8,130 matching shares and 121,948 performance shares. See the section entitled "Long-term share programs." The Board will decide the final outcome after a follow-up of operations during the first quarter of 2011. 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 2006 financial year. See the sections entitled "The President and CEO" and "Other members of the Senior Executive Team."

The President and CEO

During 2010 the President and CEO, Johan Karlström, received a fixed salary of EUR 994,700 plus a variable salary element of EUR 497,300 based on the financial targets that were achieved, which were equivalent to a 100 percent fulfillment level. 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 2011. The preliminary outcome amounted to a maximum possible outcome of 50 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 two Employee Ownership Programs SEOP1 and SEOP2, with an allocation of matching shares and performance shares, defined in the section entitled "Long-term share programs" in this note. Within the framework of SEOP1, Mr. Karlström purchased 7,747 shares during 2010, which resulted in 1,937 matching shares equivalent to EUR 28,600.

An estimated 29,051 performance shares will be allocated, at a value of EUR 429,700, since the "Outperform" targets were 100 percent fulfilled. The stated value refers to the share price on December 30, 2010 (SEK 133.30 corresponding to EUR 14.79). The final outcome of performance shares will be established by the Board after a follow-up of operations during the first quarter of 2011.

During 2010 the President and CEO also received 8,803 shares, equivalent to EUR 109,100, due to his earlier role as a member of the Senior Executive Team and attributable to the earlier share incentive program, the Skanska Share Award Plan, which is related to remuneration for the financial year 2006. See the section entitled "Long-term share programs."

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 2010 totaled EUR 404,500.

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 since then has continued to be employed at Skanska as an advisor and Chairman of the Board of Skanska Inc. in the United States. His employment ends in February 2011. Since 2009 Mr. Graham has been a member of the Skanska Group's Board of Directors.

During his period as President and CEO, Mr. Graham had so-called expert tax status, which ceased in September 2005. Because of this, during 2005 an agreement was reached on special compensation totaling no more than EUR 1,088,900, with disbursement allocated over the three-year period 2008–2010. The 2010 disbursement, which was the last, amounted to EUR 362,000.

In addition to his director's fee from Skanska AB and the above remuneration, Mr. Graham received a salary, fees and other remuneration from Group companies in the amount of EUR 381,800 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 EUR 430,400. The pension entitlement is 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 2010, one new person joined the Senior Executive Team. The other members of the Senior Executive Team thus totaled nine persons during the financial year.

Members of the Senior Executive Team received a fixed salary and variable remuneration mainly 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 Employee Ownership Program, with an allocation of matching shares and performance shares, defined in the section entitled "Long-term share programs" in this note. A total of 24,773 shares were purchased by the other members of the Senior Executive Team during 2010, which resulted in 6,193 matching shares, equivalent to EUR 91,600. An estimated 92 898 performance shares will be allocated, at a value of EUR 1,373,900, since the "Outperform" targets were 100 percent fulfilled. The stated value refers to the share price on December 30, 2010 (SEK 133.30, corresponding to EUR 14.79). Variable remuneration as well as the outcome of performance shares are preliminary and the final outcome will be established by the Board after a follow-up of operations during the first quarter of 2011. Disbursement normally occurs during May of the year after the performance year.

During 2010 the other members of the Senior Executive Team also received 26,360 shares, equivalent to EUR 326,800, attributable to the earlier share incentive program, the Skanska Share Award Plan, which is related to remuneration for the performance year 2006. See the section entitled "Long-term share programs."

All above-mentioned remuneration and benefits were charged to Skanska AB, except EUR 2,628,000 to other members of the Senior Executive Team which was charged to other Group companies.

Pension obligations to current and previous senior executives

In 2010, outstanding pension obligations to Presidents and CEOs including former Presidents and CEOs amounted to EUR 12,825,900. Outstanding obligations to other current and former members of the Senior Executive Team amounted to EUR 11,260,100.

Long-term share programs

Share Incentive Program – Skanska Employee Ownership Program, SEOP1 and SEOP2

Share Incentive Program – Skanska Employee Ownership Program, SEOP1 (2008–2010)

In 2007, an Extraordinary Shareholders' Meeting of Skanska approved the introduction of a long-term share ownership program for employees of the Skanska Group, which replaced the earlier three-year share incentive program that expired during 2007. 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 covered the years 2008–2010 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 EUR 22–70 M, related to fulfillment of the financial "SEOP-specific Outperform targets" at the Group level. 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. In the Skanska Group, a total of 19 percent of permanent employees participated.

The total cost of SEOP1 excluding social insurance contributions is estimated at EUR 70.7 M, of which EUR 14.1 M was recognized as an expense in 2008 and 2009, while the cost in 2010 totaled about EUR 20.0 M. The remaining cost of SEOP1 through 2013 is estimated at about EUR 36.6 M.

The dilution effect through 2010 is estimated at 3,524,779 shares or 0.85 percent of the number of shares outstanding. Maximum dilution for the program at the end of the vesting period in 2013 is projected at 6,818,633 shares or 1.59 percent.

The table below shows target fulfillment in 2010 for each business unit, indicating an allocation of performance shares for participants in those units where the results exceeded the starting point.

Business unit	Measure of earnings	Starting point[1]	Outperform[1]	Outcome
Construction[2]				
Sweden	Operating income, SEK M	700	1,050	1,599
	Corresponding to EUR M	73.3	109.9	167.4
Norway	Operating income, SEK M	216	286	175
	Corresponding to EUR M	22.6	29.9	18.3
Finland and Estonia	Operating income, SEK M	160	210	-96
	Corresponding to EUR M	16.8	22.0	-10.1
Poland	Operating income, SEK M	259	347	592
	Corresponding to EUR M	27.1	36.3	62.0
Czech Republic and Slovakia	Operating income, SEK M	311	415	397
	Corresponding to EUR M	32.6	43.5	41.6
United Kingdom	Operating income, SEK M	288	445	425
	Corresponding to EUR M	30.2	46.6	44.5
USA Building	Operating income, SEK M	300	396	418
	Corresponding to EUR M	31.4	41.5	43.8
USA Civil	Operating income, SEK M	682	879	944
	Corresponding to EUR M	71.4	92.0	98.8
Latin America[3]	Skanska Value Added, EUR M	61	147	127
	Corresponding to EUR M	6.4	15.4	13.3
Construction[2]				
Sweden	Operating margin	3.2%	4.2%	6.5%
Norway	Operating margin	2.2%	3.0%	1.6%
Finland and Estonia	Operating margin	2.4%	3.2%	–1.4%
Poland	Operating margin	3.0%	4.0%	6.6%
Czech Republic and Slovakia	Operating margin	3.4%	4.4%	4.6%
United Kingdom	Operating margin	1.6%	2.6%	3.0%
USA Building	Operating margin	1.2%	1.6%	1.8%
USA Civil	Operating margin	5.0%	6.5%	8.2%
Residential Development[4]				
Nordic	Operating income, SEK M	150	342	405
	Corresponding to EUR M	15.7	35.8	42.4
Czech Republic and Slovakia	Operating income, SEK M	19	47	46
	Corresponding to EUR M	2.0	4.9	4.8
Commercial Property Development[5]				
Nordic	Operating income, SEK M	300	500	736
	Corresponding to EUR M	31.4	52.4	77.1
Europe	Operating income, SEK M	23	90	118
	Corresponding to EUR M	2.4	9.4	12.4
United States	Operating income, SEK M	–66	–47	–48
	Corresponding to EUR M	–6.9	–4.9	–5.0

Note 37 Continued

Business unit	Measure of earnings	Starting point[1]	Outper-form[1]	Outcome
Infrastructure Development	Operating income, SEK M[6]	100	200	250
	Corresponding to EUR M[6]	10.5	20.9	26.2
	Project points, number[7]	20	80	93
Group[6]	Income after financial items, SEK M[8]	3,119	4,619	5,419
	Corresponding to EUR M[8]	326.6	483.6	567.4
	Return on equity	13.0%	16.0%	20.9%

1 Targets are translated to 2010 exchange rates.
2 The results include residential development and commercial property development operations carried out within Construction operations in the Nordic countries (according to IFRSs).
3 Skanska Value Added is equivalent to operating income after subtracting the cost of capital employed.
4 Operating income according to segment reporting excluding residential development operations carried out within Construction operations in the Nordic countries.
5 Operating income according to segment reporting excluding commercial property development operations carried out within Construction operations in the Nordic countries.
6 Excluding shares of income in the Autopista Central, Chile.
7 A point system in which points are received for higher status in project development and project divestments, according to a defined scale.
8 The Outperform target at Group level is 95 percent of the total Outperform targets of the business streams. The results include residential development and commercial property development operations carried out within Construction operations in the Nordic countries (according to IFRSs) but exclude eliminations at the Group level.

Share Incentive Program – Skanska Employee Ownership Program, SEOP 2 (2011–2013)

In 2010, the Annual Shareholders' Meeting approved the introduction of the SEOP2 long-term share ownership program for employees of the Skanska Group, which is essentially an extension of the earlier SEOP1 share ownership program. In the same way as in the earlier program (SEOP1), the program means offering employees the opportunity to receive Series B Skanska shares from Skanska free of charge, provided they have made an investment of their own during a given financial year. The purchase period covered the years 2011–2013 and the vesting period runs for three years from the month the employee invests in shares. The terms and conditions coincide in all essential respects with those of the earlier SEOP1 program.

Like SEOP1, the program has two cost ceilings as well as a limit on how many shares may be repurchased as part of the program, which coincide with those of the earlier program. In SEOP2 the cost ceiling based on the extent to which financial "SEOP-specific Outperform targets" are met, which limits Skanska's total cost per year to EUR 22–70 M, shall be adjusted in accordance with the Consumer Price Index with 2010 as the base year.

Previous share incentive programs

The previous share incentive program, the Skanska Share Award Plan, was applicable during the years 2005–2007. The Plan 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.

The cost of the Plan, excluding social insurance contributions, is estimated at about EUR 12.4 M, allocated over four years. In 2010, the cost of the Plan totaled EUR 0.7 M excluding social insurance contributions. No further costs for the program then remain.

The dilution effect through 2010 is estimated at 1,245,779 shares or 0.3 percent of the number of shares outstanding. The maximum dilution in the Plan is the same, since the Plan ended in 2010.

Early in 2010, share awards related to 2006 were distributed to those individuals in the Plan who have remained employees in the Group, a total of 352,202 Series B shares in Skanska. Early in 2011, share awards related to 2007 will be distributed to those individuals in the Plan who have remained employees in the Group, about 490,000 Series B shares in Skanska.

Note 37 Continued

Local incentive programs

Salaries and other remuneration are adopted 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

	2010	2009
KPMG		
Audit assignments	5.8	5.1
Tax advisory services	1.3	0.9
Other services	1.2	0.5
Total	**8.2**	**6.5**

"Audit assignments" refers to legally mandated auditing of the annual accounts and accounting documents as well as the administration by the Board of Directors and the President and CEO, along with auditing 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." All transactions have occurred on market terms.

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	2010	2009
Sales to joint ventures	841.2	575.6
Purchases from joint ventures	12.0	9.4
Dividends from joint ventures	17.0	23.1
Receivables from joint ventures	187.3	47.9
Liabilities to joint ventures	7.2	2.3
Contingent liabilities for joint ventures	41.2	33.8

Transactions with associated companies	2010	2009
Purchases from associated companies	1.2	1.4

Skanska's pension fund directly owns 650,000 (640,000) 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 EUR 17.8 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.

As a financial lessor, Skanska recognizes the present value of its claim on the lessee as a financial receivable.

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	2010	2009
Property, plant and equipment		
Property	6.5	4.5
Plant and equipment	21.6	23.2
Total	**28.2**	**27.7**
Cost	88.2	81.6
Depreciation for the year	–6.8	–8.2
Accumulated depreciation, January 1	–53.3	–45.7
Carrying amount	**28.2**	**27.7**

Variable fees for finance leases included in 2010 income amounted to EUR 0.0 M (0.0). 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	2010	2009	2010	2009
Within one year	–5.8	–5.3	–5.1	–4.7
Later than one year but within five years	–7.7	–6.9	–6.2	–5.5
Later than five years	–3.4	–4.0	–2.9	–3.3
Total	**–16.9**	**–16.2**	**–14.2**	**–13.5**

Reconciliation, future minimum lease payments and their present value	2010	2009
Future minimum lease payments	–16.9	–16.2
Less interest charges	2.7	2.7
Present value of future minimum lease payments	**–14.2**	**–13.5**

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 2010 totaled EUR –58.5 M (–62.1), of which EUR –50.8 M (–52.1) was related to minimum lease payments and EUR –7.7 M (–10.1) was related to variable payments. The Group had EUR 0.0 M (0.0) in leasing income related to subleasing on operating leases.

The due dates of future minimum lease payments for noncancellable operating leases were distributed as follows:

Expenses, due date	2010	2009
Within one year	–48.7	–45.5
Later than one year but within five years	–79.9	–69.6
Later than five years	–56.6	–41.7
Total	**–185.2**	**–156.8**

Of this amount, EUR 0.0 M (0.0) was related to properties that were subleased.

B. Skanska as lessor

Finance leases

Skanska owned a property in Sweden and a hotel property in the Czech Republic that were leased to customers under finance leases. The Swedish property was sold in 2010, and the hotel property is no longer being leased. The present value of the claim related to future minimum lease payments is recognized in the statement of financial position as a financial non-current asset. On the closing day, it amounted to:

	2010	2009
Gross investment in finance leases	0.0	3.3
Unearned financial income	0.0	–0.9
Net investment in financial leases	0.0	2.4
Non-guaranteed residual value belonging to the lessor	0.0	–0.3
Present value of claim related to future minimum lease payments	**0.0**	**2.1**

The gross investment and the present value of future minimum lease payments were distributed as follows:

	Gross investment in finance leases		Present value of claims related to future minimum lease payments	
Income, due date	2010	2009	2010	2009
Within one year	0.0	0.6	0.0	0.2
Later than one year but within five years	0.0	0.1	0.0	0.1
Later than five years	0.0	2.6	0.0	1.8
Total	**0.0**	**3.3**	**0.0**	**2.1**

Reserves for doubtful receivables related to minimum lease payments amounted to EUR 0.0 M (0.1).The variable portion of lease payments included in 2009 income amounted to EUR 0.0 M (0.0).

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 2010, Commercial Property Development's lease income amounted to EUR 69.0 M (61.3).

The Group's variable lease income related to operating leases amounted to EUR 1.0 M (0.9) during the year.

The due dates of future minimum lease payments for non cancellable operating leases were distributed as follows:

Income, due date	2010	2009
Within one year	62.8	60.2
Later than one year but within five years	198.3	172.3
Later than five years	123.6	93.9
Total	**384.7**	**326.4**

The carrying amount of current-asset properties in Commercial Property Development totaled EUR 1,109.5 M (981.4).

Note 41 Events after the reporting period

The financial statements were signed on February 9, 2011 and will be submitted for adoption by the Annual Shareholders' Meeting of Skanska AB on April 5, 2011.

To ensure delivery of shares pursuant to Skanska's Share Award Plan related to the financial year 2007, 490,000 Series B shares were converted to Series B shares.

Note 42 Consolidated quarterly results

EUR M	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Order bookings	**3,275.3**	**3,091.4**	**4,820.9**	**2,573.6**	**3,295.8**	**3,146.3**	**3,478.4**	**2,202.6**
Income								
Revenue	3,721.0	3,410.7	3,110.1	2,555.1	3,298.3	3,496.6	3,491.4	2,810.3
Cost of sales	–3,322.0	–3,053.9	–2,800.5	–2,317.0	–2,979.0	–3,148.4	–3,103.2	–2,575.6
Gross income	**399.0**	**356.9**	**309.6**	**238.1**	**319.2**	**348.2**	**388.2**	**234.7**
Selling and administrative expenses	–230.9	–190.6	–194.1	–173.1	–209.4	–174.3	–190.5	–186.3
Income from joint ventures and associated companies	9.4	9.0	17.1	21.1	15.9	1.2	13.5	7.4
Operating income	**177.5**	**175.3**	**132.5**	**86.1**	**125.8**	**175.1**	**211.2**	**55.8**
Interest income	7.7	8.0	6.2	7.1	10.2	5.0	3.5	5.0
Interest expenses	–9.6	–6.6	–3.5	–2.8	–10.9	–7.2	–2.8	–4.1
Change in fair value	0.3	–1.4	–1.3	–1.3	–0.9	–1.9	–2.6	–3.1
Other financial items	–0.4	–4.1	–0.5	–1.4	–3.5	–3.7	–0.2	–4.8
Net financial items	**–2.0**	**–4.1**	**0.8**	**1.6**	**–5.0**	**–7.8**	**–2.1**	**–7.0**
Income after financial items	**175.5**	**171.2**	**133.4**	**87.7**	**120.7**	**167.3**	**209.1**	**48.8**
Taxes	–40.2	–44.1	–37.2	–24.6	–37.9	–40.0	–54.4	–16.4
Profit for the period	**135.3**	**127.1**	**96.1**	**63.1**	**82.9**	**127.4**	**154.8**	**32.3**
Profit for the period attributable to								
Equity holders	135.1	126.9	95.9	63.1	83.3	127.1	154.3	32.2
Non-controlling interests	0.2	0.2	0.2	0.0	–0.4	0.3	0.5	0.1
Order backlog	16,318.3	16,167.5	16,844.4	14,174.6	13,257.7	12,900.0	13,303.8	12,911.5
Capital employed	2,854.0	2,851.3	2,663.7	2,782.6	2,704.0	2,710.1	2,649.0	2,614.7
Interest-bearing net receivables	1,100.0	479.2	641.6	908.8	785.7	474.1	186.7	193.5
Debt-equity ratio	–0.5	–0.2	–0.3	–0.4	–0.4	–0.3	–0.1	–0.1
Return on capital employed, %	21.5	20.0	20.1	23.2	22.4	18.5	18.6	14.6
Cash flow								
Cash flow from operating activities	509.2	49.1	54.3	40.5	262.1	362.3	234.6	–145.1
Cash flow from investing activities	–54.9	–189.2	–39.8	–119.2	–136.3	–62.8	19.4	–115.0
Cash flow from financing activities	–211.5	66.8	–276.4	–90.7	77.0	–169.2	–218.4	51.1
Cash flow for the period	**242.9**	**–73.3**	**–261.8**	**–169.4**	**202.8**	**130.3**	**35.7**	**–209.0**

Note 42 Continued

Business streams EUR M	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Order bookings								
Construction	3,275.3	3,091.4	4,820.9	2,573.6	3,295.8	3,146.3	3,478.4	2,202.6
Total	**3,275.3**	**3,091.4**	**4,820.9**	**2,573.6**	**3,295.8**	**3,146.3**	**3,478.4**	**2,202.6**
Revenue								
Construction	3,337.9	3,229.3	2,952.4	2,333.9	3,059.4	3,278.2	3,153.2	2,783.3
Residential Development	192.3	128.1	135.8	121.1	229.9	202.9	271.5	184.3
Commercial Property Development	316.1	129.9	137.5	178.4	94.3	118.3	221.8	32.1
Infrastructure Development	9.1	13.7	7.8	2.8	3.6	1.2	8.3	1.1
Central and eliminations	–134.4	–90.3	–123.4	–81.0	–88.9	–104.1	–163.4	–190.5
Total	**3,721.0**	**3,410.7**	**3,110.1**	**2,555.1**	**3,298.3**	**3,496.6**	**3,491.4**	**2,810.3**
Operating income								
Construction	138.6	148.1	116.7	56.0	115.2	152.1	124.9	66.3
Residential Development	8.6	9.2	8.1	3.4	14.1	12.5	11.3	2.4
Commercial Property Development	51.8	32.3	24.4	27.7	8.3	27.6	76.0	0.9
Infrastructure Development	2.0	2.3	12.6	14.3	8.2	–4.6	14.0	0.0
Central	–27.1	–17.4	–23.4	–15.0	–22.9	–12.5	–15.6	–13.1
Eliminations	3.7	0.8	–5.9	–0.3	2.9	0.1	0.6	–0.7
Total	**177.5**	**175.3**	**132.5**	**86.1**	**125.8**	**175.1**	**211.2**	**55.8**

Note 43 Five-year Group financial summary

Income statements, EUR M	2010	2009	2008	2007	2006
Revenue	12,797.0	13,096.5	14,924.1	15,001.7	13,574.3
Cost of sales	–11,493.5	–11,806.2	–13,662.8	–13,599.3	–12,344.1
Gross income	**1,303.5**	**1,290.3**	**1,261.2**	**1,402.4**	**1,230.2**
Selling and administrative expenses	–788.7	–760.4	–927.8	–861.5	–754.9
Income from joint ventures and associated companies	56.6	38.0	91.0	43.5	39.3
Operating income	**571.5**	**567.9**	**424.4**	**584.4**	**514.6**
Net financial items	–3.7	–21.9	33.7	28.2	24.1
Income after financial items	**567.8**	**546.0**	**458.1**	**612.6**	**538.7**
Taxes	–146.1	–148.6	–130.2	–167.1	–143.7
Profit for the year	**421.7**	**397.3**	**327.9**	**445.5**	**395.0**
Profit for the year attributable to					
Equity holders	421.1	396.9	322.2	442.8	392.8
Non-controlling interests	0.6	0.5	5.7	2.7	2.2
Other comprehensive income					
Translation differences attributable to equity holders	174.0	113.2	–180.7		
Translation differences attributable to non-controlling interests	–1.6	–0.5	2.4		
Hedging of exchange risk in foreign operations	–42.3	–31.8	38.0		
Effects of actuarial gains and losses on pensions	93.1	71.9	–284.9		
Effects of cash flow hedges	13.3	–37.6	–23.0		
Tax attributable to other comprehensive income	–30.7	–21.9	77.8		
Other comprehensive income for the year	**205.8**	**93.3**	**–370.4**		
Total comprehensive income for the year	**627.6**	**490.7**	**–42.4**		
Total comprehensive income for the year attributable to					
Equity holders	628.5	490.7	–50.5		
Non-controlling interests	–0.9	0.0	8.1		
Cash flow					
Cash flow from operating activities	653.1	714.0	57.5	983.6	401.7
Cash flow from investing activities	–403.1	–294.7	–199.2	–264.4	–345.8
Cash flow from financing activities	–511.8	–259.4	–579.2	–399.3	–309.1
Cash flow for the year	**–261.8**	**159.8**	**–720.9**	**319.9**	**–253.2**

Statements of financial position	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
ASSETS						
Non-current assets						
Property, plant and equipment	655.3	612.1	632.2	632.2	632.1	603.5
Goodwill	434.6	423.7	405.9	405.9	485.1	496.6
Intangible assets	39.3	20.2	21.2	73.5	69.6	81.8
Investments in joint ventures and associated companies	196.9	246.7	218.4	138.2	205.8	209.5
Financial non-current assets[1, 3]	235.4	101.2	28.2	28.2	77.0	165.9
Deferred tax assets	163.3	151.0	181.7	180.0	101.2	218.5
Total non-current assets	**1,724.8**	**1,554.9**	**1,487.6**	**1,458.0**	**1,571.0**	**1,775.8**
Current assets						
Current-asset properties[2]	2,264.1	2,230.5	2,186.7	1,696.6	1,396.8	1,308.0
Inventories	102.7	81.1	82.3	82.3	81.4	53.5
Financial current assets[3]	701.3	543.2	512.1	665.7	495.9	348.8
Tax assets	56.1	51.8	74.2	74.2	43.5	36.5
Gross amount due to customer for contract work	548.2	448.3	473.3	556.2	598.6	577.5
Trade and other receivables	2,363.7	2,310.6	2,401.3	2,374.6	2,663.6	2,572.8
Cash equivalents					55.1	235.7
Cash	738.3	913.7	720.1	720.1	1,448.6	977.5
Asstes held for sale	122.9					0.0
Total current assets	**6,897.4**	**6,579.2**	**6,450.0**	**6,169.8**	**6,783.5**	**6,110.4**
TOTAL ASSETS	**8,622.2**	**8,134.1**	**7,937.6**	**7,627.7**	**8,354.4**	**7,886.2**
of which interest-bearing	1,647.1	1,531.4	1,229.3	1,382.9	2,054.7	1,707.7
EQUITY						
Equity attributable to equity holders	2,293.0	1,939.4	1,675.6	1,739.2	2,170.2	2,122.4
Non-controlling interests	13.9	18.9	19.7	19.7	23.0	16.2
Total equity	**2,306.9**	**1,958.3**	**1,695.3**	**1,758.9**	**2,193.2**	**2,138.6**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities[3]	122.8	185.8	98.4	98.4	101.1	225.5
Pensions	134.9	215.4	283.3	283.3	121.6	172.1
Deferred tax liabilities	181.6	149.1	148.8	160.8	219.0	319.8
Non-current provisions	3.1	5.1	7.9	7.9	10.2	13.2
Total non-current liabilities	**442.5**	**555.4**	**538.3**	**550.3**	**451.8**	**730.6**
Current liabilities						
Financial current liabilities[3]	309.1	359.9	468.2	190.1	286.1	154.4
Tax liabilities	111.3	103.3	78.9	78.9	94.3	80.5
Current provisions	558.9	486.7	448.5	448.5	385.9	384.4
Gross amount due to customers for contract work	1,879.2	1,641.0	1,511.8	1,557.9	1,666.6	1,256.0
Trade and other payables	3,014.4	3,029.5	3,196.6	3,043.0	3,276.5	3,141.7
Total current liabilities	**5,872.9**	**5,620.4**	**5,704.0**	**5,318.5**	**5,709.4**	**5,017.0**
TOTAL EQUITY AND LIABILITIES	**8,622.2**	**8,134.1**	**7,937.6**	**7,627.7**	**8,354.4**	**7,886.2**
of which interest-bearing	547.1	745.7	817.6	5.8	9.7	6.5
1 of which shares	4.5	5.3	5.8	0.0	0.0	0.0
2 Current-asset properties						
Commercial Property Development	1,109.5	1,247.0	1,095.8	990.0	741.7	723.2
Residential Development	1,154.6	983.5	1,090.9	706.6	655.1	584.8
	2,264.1	**2,230.5**	**2,186.7**	**1,696.6**	**1,396.8**	**1,308.0**

3 Items related to non-interest-bearing unrealized changes in value of derivatives/securities are included in the following amounts:

Financial non-current assets	1.0				0.2	0.9
Financial current assets	22.4	21.4	25.2	25.2	12.1	12.8
Financial non-current liabilities						0.7
Financial current liabilities	25.2	22.5	41.9	41.9	9.4	6.6

Note 43 Continued

Financial ratios etc.[4, 5]	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
Order bookings[6]	13,761.2	12,123.0		13,142.5	15,498.8	14,090.7
Order backlog[6]	16,318.3	13,257.7		13,011.9	15,448.0	14,719.3
Average number of employees	51,645	52,931		57,815	60,435	56,085
Regular dividend per share, SEK[7]	5.75	5.25		5.25	5.25	4.75
Corresponding to EUR	0.64	0.55		0.49	0.55	0.51
Extra dividend per share, SEK[7]	6.25	1.00		0.00	3.00	3.50
Corresponding to EUR	0.69	0.10		0.00	0.31	0.38
Earnings per share after repurchases and conversion, EUR	1.02	0.96		0.77	1.06	0.94
Earnings per share after repurchases, conversion and dilution, EUR	1.01	0.95		0.77	1.06	0.94
Capital employed	2,854.0	2,704.0	2,512.9	2,298.4	2,704.8	2,698.6
Interest-bearing net receivables (+)/net debt (–)	1,100.0	785.7	411.7	843.4	1,543.1	1,147.6
Equity per share, EUR	5.58	4.70	4.04	4.19	5.19	5.07
Equity/assets ratio, %	26.8	24.1	21.4	23.1	26.3	27.1
Debt/equity ratio	–0.5	–0.4	–0.2	–0.5	–0.7	–0.5
Interest cover	–114.2	597.8		–13.9	–15.9	–21.3
Return on equity, %	20.9	22.6		16.0	21.1	20.6
Return on capital employed, %	21.5	22.4		18.4	25.1	22.6
Operating margin, %	4.5	4.3		2.8	3.9	3.8
Cash flow per share, EUR	0.43	0.75		–0.95	1.17	–0.22
Number of shares at year-end	423,053,072	423,053,072		423,053,072	423,053,072	418,553,072
of which Series A shares	20,032,231	20,100,265		22,463,663	22,464,731	22,502,851
of which Series B shares	399,380,841	399,012,807		396,089,409	396,088,341	396,050,221
of which Series D shares (not entitled to dividend, in Skanska's own custody)	3,640,000	3,940,000		4,500,000	4,500,000	4,500,000
Number of Series D shares converted to Series B shares	860,000	560,000				
Average price, repurchased shares	11.04	9.48		10.07		
Number of repurchased Series B shares	8,324,000	6,214,000		2,795,000		
of which repurchased during the year	2,110,000	3,419,000				
Number of Series B shares in own custody at year-end	8,253,247	6,331,190		2,793,162		
Number of shares outstanding at year-end						
After repurchases and conversion	411,159,825	412,781,882		415,759,910	418,553,072	
Average number of shares outstanding after repurchases and conversion	412,229,351	415,059,131		416,985,073	418,553,072	418,553,072
after repurchases, conversion and dilution	416,448,523	416,743,454		417,851,397	418,992,099	418,827,470
Average dilution, percent	1.01	0.40		0.21	0.10	

4 For definitions, see Note 44.
5 Comparative figures for 2006-2008 have not been adjusted for the effects of IFRIC 12 and IFRIC 15.
6 Refers to Construction.
7 Proposed by the Board of Directors: Regular dividend of SEK 5.75 per share (corresponding to EUR 0.64) and conditional extra dividend of SEK 6.25 per share (corresponding to EUR 0.69), totaling SEK 12.00 per share (corresponding to EUR 1.33).

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 after repurchases and conversion.
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 after repurchases and conversion	Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases and conversion.
Earnings per share after repurchases, conversion and dilution	Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases, conversion and 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 after repurchases and conversion 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. Also includes orders from Residential Development and Commercial Development. 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 for 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.
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.

Note 45 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

Statement by the President and Chief Executive Officer

These financial statements have been prepared in accordance 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 give a true and fair view of the Group's financial position and results.

Solna, February 9, 2011

Johan Karlström

President and Chief Executive Officer

Independent Auditor's Report

To the Board of Directors of Skanska AB (publ)
Corporate identity number 556000–4615

We have audited the consolidated financial statements of Skanska AB (publ) on pages 83–156, which comprise the statement of financial position at December 31, 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

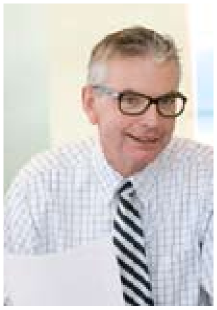
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Skanska AB (publ) as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Stockholm, April 1, 2011
KPMG AB

George Pettersson
Authorized Public Accountant

The new environmentally advanced headquarters of the Swedish insurance company Länsförsäkringar i Kalmar län were designed and built to be green and energy-efficient, thereby achieving LEED Platinum certification – the highest level according to the LEED international environmental standard – as well as qualifying for EU GreenBuilding status. The 6,000 sq. m (65,000 sq. ft.) office building in central Kalmar, Sweden was completed in December 2010.

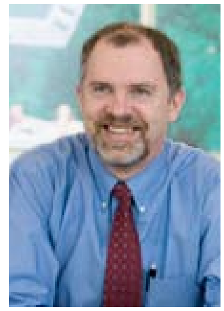
Senior Executive Team

					
	Johan Karlström	**Hans Biörck**[1]	**Tor Krusell**	**Claes Larsson**	**Karin Lepasoon**
Position	President and Chief Executive Officer Responsible for business units: – Responsible for Group staff units/support unit: ▪ Legal Affairs ▪ Risk Management	Executive Vice President , Chief Financial Officer Responsible for business units: – 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 Residential Development Nordic ▪ Skanska Residential Development Poland ▪ Skanska Residential Development UK ▪ BoKlok Housing Responsible for Group staff units/support unit: ▪ Information Technology[2]	Executive Vice President Responsible for business units: ▪ Skanska Sweden ▪ Skanska Norway ▪ Skanska Finland ▪ Skanska Commercial Development Nordic ▪ Skanska Commercial Development Europe ▪ Skanska Industrial Production Nordic Responsible for Group staff units/support unit: –	Executive Vice President Responsible for business units: – Responsible for Group staff units/support unit: ▪ Strategy[3] ▪ Communications ▪ Investor Relations ▪ Information Technology[3] ▪ Sustainable Development and Green Construction[3] ▪ Knowledge Management
Born	1957	1951	1964	1965	1968
Joined Skanska in	1983–95, 2001	2001	1998	1990	2006
Shareholding in Skanska	129,059 B shares of which 26,050 as part of SEOP* plus 11,984 share awards*	97,336 B shares of which 13,296 as part of SEOP* plus 10,207 share awards*	19,967 B shares of which 5,737 as part of SEOP* plus 6,060 share awards*	23,473 B shares of which 10,247 as part of SEOP* plus 6,241 share awards*	6,125 B shares of which 5,746 as part of SEOP* plus 3,841 share awards*
Board assignments	–	▪ Trelleborg AB, Board member ▪ The Dunker Foundation, Board member ▪ The Swedish Financial Reporting Board, Board member	–	▪ Handelsbanken's regional bank board of directors, western Sweden, Board member	–
Education	▪ M.Sc. Engineering, Royal Institute of Technology, Stockholm ▪ Advanced Management Program, Harvard, Boston, MA, U.S.A.	▪ M.Sc. Economics, Stockholm School of Economics	▪ DRMI Berghs - Communications	▪ 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 Law, University of Leiden, The Netherlands
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	▪ CFO, Esselte Business Systems Inc. ▪ CFO, Esselte AB ▪ CFO, Autoliv Inc.	▪ Information Director, TeleGuide ▪ Corporate Communications Director Europe, Intel ▪ Director External Communications, Trygg-Hansa ▪ Director External Communications, SEB ▪ Senior Vice President, Communications, Skanska AB ▪ Executive Vice President, Human Resources, Skanska AB	▪ President, Skanska Fastigheter Göteborg ▪ President, Skanska Commercial Development Nordic	▪ Corporate Communications Manager, UBI AB ▪ Corporate Communications Vice President, Gambro AB ▪ Senior Vice President, Communications, Skanska AB

1 Succeeded effective May 1, 2011 by Peter Wallin

2 Until February 15, 2011

3 Effective February 15, 2011

			
Mike McNally	**Veronica Rörsgård**	**Roman Wieczorek**	**Mats Williamson**
Executive Vice President Responsible for business units: ▪ Skanska USA Building ▪ Skanska USA Civil ▪ Skanska Commercial Development USA ▪ Skanska Latin America Responsible for Group staff units/support unit: –	Senior Vice President, Human Resources Responsible for business units: – Responsible for Group staff units/support unit: ▪ Human Resources	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: ▪ Sustainability and Green Construction [4] ▪ Safety [5]
1955	1974	1957	1958
1998	2009	1998	1984-87, 1989
15,111 B shares of which 14,349 as part of SEOP*	1,133 B shares of which 1,133 as part of SEOP*	16,628 B shares of which 11,528 as part of SEOP* plus 5,646 share awards*	57,041 B shares of which 9,520 as part of SEOP* plus 6,529 share awards*
▪ New York Building Congress, Vice Chairman ▪ ACE Mentoring, National Board of Directors ▪ Construction Industry Roundtable, member	–	–	–
▪ B.S. Civil Engineering, University of Notre Dame ▪ M.B.A., University of Rhode Island	▪ Master of Science in Business and Economics, Mälardalen University ▪ Université Jean Moulin Lyon III	▪ 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.
▪ 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	▪ International Account Manager, IBM ▪ Managing Director, Propell ▪ Country Manager Sweden, Alumni	▪ Division Manager, Skanska Poland ▪ President, Skanska Poland	▪ Project Director, Skanska – Öresund Bridge ▪ President, Skanska International Projects ▪ President, Skanska Sweden ▪ President, Skanska UK

4 Until February 15, 2011
5 Effective February 15, 2011
* See Note 37 "Remuneration to senior executives and Board members"

Presidents of Business Units

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
Anders Göransson	Skanska Industrial Production Nordic
Juha Hetemäki	Skanska Finland
Richard Hultin	Skanska Commercial Development Europe
Hernán Morano	Skanska Latin America
Jan Odelstam	Skanska Commercial Development Nordic
Mike Putnam	Skanska UK
Dan Ťok	Skanska Czech Republic
Anders Årling [1]	Skanska Infrastructure Development
Magnus Andersson	Skanska Residential Development UK
Mats Johansson	Skanska Commercial Development USA
Jonas Spangenberg	BoKlok Housing

President of Support Unit

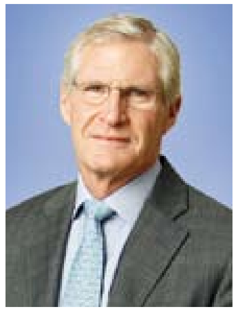
Magnus Paulsson	Skanska Financial Services

Senior Vice Presidents, Group staff units

Thomas Alm	Risk Management
Katarina Bylund	Reporting
Karin Lepasoon [2]	Communications
Anders Lilja [3]	Controlling
Einar Lundgren	Legal Affairs
Neil Moore [4]	Safety
Noel Morrin	Sustainability and Green Construction
Magnus Norrström	Information Technology (IT)
Veronica Rörsgård	Human Resources
Staffan Schéle	Corporate Finance
Erik Skoglund	Internal Audit & Compliance
Pontus Winqvist	Investor Relations

Information is as of December 31, 2010.
1 Succeeded effective April 1, 2011 by Steve Sams
2 Succeeded effective February 15, 2011 by Katarina Grönvall
3 Succeeded effective March 1, 2011 by Louise Hallqvist
4 Effective February 15, 2011

Board of Directors

	Sverker Martin-Löf	Stuart E. Graham	Finn Johnsson	Johan Karlström	Sir Adrian Montague
					
Position	Chairman of the Board	Board member	Board member	Board member	Board member
Born	Sweden, 1943	United States, 1946	Sweden, 1946	Sweden, 1957	United Kingdom, 1948
Elected	2001	2009	1998	2008	2007
Shareholding in Skanska	8,000 B shares	81,875 B shares of which 6,246 as part of SEOP[1] plus 19,767share awards[1]	7,850 B shares (own and via related parties)	129,059 B shares of which 26,050 as part of SEOP[1] plus 11,984 share awards[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	▪ Securitas AB, Board member ▪ PPL Corporation, Board member ▪ Harsco Corporation, Board member	▪ Thomas Concrete Group AB, Chairman ▪ KappAhl AB, Chairman ▪ Luvata Oy, Chairman ▪ City Airline, Chairman ▪ EFG (European Furniture Group AB), Chairman ▪ AB Geveko, Chairman ▪ Ovako Steel, Chairman ▪ Poseidon, Chairman ▪ AB Industrivärden, Board member	–	▪ 3i Group plc, Chairman ▪ Anglian Water Group Limited, Chairman ▪ Michael Page International, Chairman ▪ CellMark Holdings AB, Chairman ▪ London First, Chairman
Education	▪ M.Sc. Engineering, Royal Institute of Technology, Stockholm ▪ Doctor of Technology, Royal Institute of Technology, Stockholm ▪ Honorary Ph.D., Mid-Sweden University, Sundsvall	▪ Bachelor of Science in Economics, USA	▪ MBA, Stockholm School of Economics	▪ M.Sc. Engineering, Royal Institute of Technology, Stockholm ▪ Advanced Management Program, Harvard, Boston, MA, U.S.A.	▪ 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 ▪ Confederation of Swedish Enterprise, Vice Chairman	▪ President, Sordoni Construction Company, U.S.A ▪ President, Sordoni Skanska, U.S.A. ▪ President, Skanska USA Civil ▪ President, Skanska (USA) Inc., U.S.A ▪ Executive Vice President, Skanska AB ▪ President and CEO, Skanska AB (2002–2008)	▪ Chairman, AB Volvo ▪ President, Tarkett AB ▪ Vice President, Stora AB ▪ President, Euroc AB ▪ President, United Distillers Ltd and Vice President, Guinness ▪ President, Mölnlycke Health Care AB	▪ 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 ▪ Independent 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	Finland, 1942
2006	2010	2010	2007
2,000 B shares	3,900 B shares (own and via related parties)	3,300 B shares	10,000 B shares
▪ Sandvik AB, Board member ▪ Association of Swedish Engineering Industries, Board member	–	▪ Fourth Swedish National Pension Fund ▪ Gant Company AB ▪ Intrum Justitia AB	▪ Boliden AB, Board member ▪ SSAB Svenskt Stål AB, Board member ▪ Chempolis Oy, Chairman ▪ Finnish Fair Foundation, Vice Chairman ▪ Finnish Ski Association, Chairman ▪ FIS, Board member
▪ M.Sc. Engineering Physics, Uppsala University ▪ Ph.D. h.c., Uppsala University	▪ MBA, Gothenburg School of Economics ▪ MBA, University of San Fransisco	▪ MBA, Stockholm School of Economics	▪ Mining Counselor ▪ M.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 and CEO, Sandvik AB	▪ Sales Manager, IKEA US West ▪ CEO, IKEA Catalogue Services ▪ CEO, IKEA of Sweden AB	▪ Senior Project and Account Manager, Alfred Berg, ABN AMRO, Stockholm ▪ Head of Investment Banking, Carnegie Investment Bank ▪ President and CEO of 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

1 See Note 37 "Remuneration to senior executives and Board members"

Richard Hörstedt
Helsingborg, born 1963
Swedish Building Workers' Union, appointed 2007,
Deputy Board member.

Shareholding in Skanska
0 shares

Inge Johansson
Concrete worker
Huddinge, born 1951
Swedish Building Workers' Union, appointed 1999.

Shareholding in Skanska
542 B shares of which
506 as part of SEOP[1].

Jessica Karlsson
Gothenburg, 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
Union for Service and Communication (SEKO),
appointed 2008.

Shareholding in Skanska
492 B shares of which
459 as part of SEOP[1].

Ann-Christin Kutzner
Regional personnel manager
Malmö, born 1947
Unionen, appointed 2004,
Deputy Board member.

Shareholding in Skanska
854 B shares of which
491 as part of SEOP[1].

Alf Svensson
Production manager
Sölvesborg, born 1960
Swedish Association of Supervisors (LEDARNA), appointed 2007.

Shareholding in Skanska
460 B shares of which
416 as part of SEOP[1].

Auditor
KPMG AB
Auditor in charge since 2009: George Pettersson,
Stockholm, born 1964, Authorized Public Accountant.

Major events during 2010

All new contracts worth more than SEK 300 M are announced in the form of press releases from Skanska AB. The following is a selection of new contracts and other major events that were announced in 2010.

February – May 2010

2/2/2010

Skanska preferred bidder for the Essex Building Schools for the Future (BSF) in the UK, within the Private Finance Initiative (PFI) program

Skanska, through a preferred bidder contract, has been selected for developing, constructing and maintaining three schools for Essex County Council, in the UK. The project will be conducted within the U.K. program for public private partnerships, PFI (Private Finance Initiative).

2/11/2010

Skanska divests ongoing "Flat Iron Building" office project in Stockholm to Norrporten

Skanska sells its ongoing office project, the Flat Iron Building, at Norra Bantorget in central Stockholm. The sales price is SEK 850 M. The buyer is Norrporten and the transfer will take place in March 2010.

2/18/2010

Skanska sells office property in Stockholm to Deka Immobilien

Skanska sells its ongoing office project Bylingen on Ringvägen in the Södermalm district of Stockholm. The sales price is SEK 576 M. The buyer is Deka Immobilien GmbH on behalf of its property fund WestInvest ImmoValue and the transfer is scheduled for March 2010.

2/22/2010

Skanska to construct office in Norway for NOK 290 M, approximately SEK 360 M

Skanska has secured the assignment to construct an office building in Asker, outside Oslo. The construction contract totals NOK 290 M, approximately SEK 360 M. The customer is the Norwegian industrial and finance company Ferd.

2/25/2010

Skanska sells PPP road in Norway at profit of SEK 100 M

Skanska has sold its 50-percent share ownership of the Orkdalsvegen E39 road in Norway, which is operated as a public-private partnership (PPP). The sales price amounts to NOK 140 M, approximately SEK 170 M.

3/11/2010

Skanska to construct oil refinery unit in Rio de Janeiro, Brazil, for about USD 250 M

Skanska has been awarded a contract to construct the first phase of a new refinery for crude oil in Brazil. The total contract value is USD 623 M, of which Skanska's share is 40 percent, corresponding to about USD 250 M, or about SEK 1.8 billion. The customer is Petrobras, one of the world's leading energy companies and one of Skanska's repeat customers.

3/11/2010

Skanska starts second phase of office project Bassängkajen in Malmö, investing SEK 215 M

Skanska invests around SEK 215 M in the second phase of the office project Bassängkajen on Universitetsholmen in Malmö, Sweden.

3/17/2010

Skanska to construct World Trade Center project in New York for USD 434 M

Skanska, in a joint venture with Granite Construction, has been awarded a contract to construct the new PATH station at the site of the World Trade Center in New York City.

3/24/2010

Skanska to invest SEK 600 M in new residences in Stockholm

Skanska is to develop and construct 168 apartments in central Stockholm. The investment will total SEK 600 M. The planned Iskristallen block in the Kungsholmen district of Stockholm is expected to be completed in 2011. The sales process for the apartments will commence in May.

4/7/2010

Skanska secures two construction contracts in the U.S. for a total of USD 160 M

Skanska has secured two construction management assignments in the U.S. for a total of USD 160 M, corresponding to SEK 1.2 billion, which will be included in order bookings for the first quarter.

4/16/2010

Skanska to develop new offices for Visma at Lindhagensterrassen – Skanska to invest approximately SEK 345 M

Skanska is continuing to develop new premises for major corporations at Lindhagensterrassen in Stockholm. The new office property comprises slightly more than 11,000 square meters and Skanska's investment totals about SEK 345 M.

4/19/2010

Skanska launches first LEED office project in Poland – invests about SEK 210 M in new project

Skanska is developing a new office property with a strong environmental profile in the city of Wrocław in western Poland. Skanska's investment will amount to approximately EUR 22 M, approximately SEK 210 M, during the first stage of the project, which comprises 12,000 square meters of leasable space and is scheduled for completion at the end of 2012.

5/3/2010

Skanska awarded concession agreement for PPP highway in Chile – construction contract amounts to USD 250 M

Skanska has been awarded a concession contract by the Chilean Ministry of Public Works to design, construct, operate and maintain a toll road in Antofagasta, Chile. The design and construction contract is expected to total USD 250 M, approximately SEK 1.8 billion.

May – August 2010

5/7/2010

Skanska starts office project in Helsinki – investing EUR 27.8 M

Skanska Commercial Development Nordic is starting its second office project in Helsinki. The investment amounts to EUR 27.8 M, approximately SEK 270 M. The construction contract for Skanska Finland amounts to EUR 23.3 M, SEK 225 M.

5/10/2010

Skanska to construct environmental plant in U.S. for USD 50 M, about SEK 360 M, using government stimulus support

Skanska is to lead the construction of a groundwater treatment plant in Hanford, in Washington State in the U.S. The contract amounts to USD 50 M, approximately SEK 360 M.

5/17/2010

Skanska awarded first road assignment in northwestern U.S. – viaduct construction in Seattle for USD 115 M

Skanska is expanding its infrastructure construction and civil engineering operations to the northwestern U.S. The first road assignment in the state of Washington is for the Alaskan Way Viaduct in Seattle. The contract amounts to USD 115 M, approximately SEK 840 M.

6/2/2010

Skanska to develop and construct Uppsala Entré – investing about SEK 300 M

Skanska is starting the construction of Uppsala Entré, which will be a new meeting place featuring offices and stores in the center of the city. Skanska's investment amounts to approximately SEK 300 M.

6/14/2010

Skanska to expand airport terminal in Boston, U.S.A., for USD 48 M

Skanska has secured the assignment to expand and renovate Logan International Airport, in Boston, in the U.S. The contract amount totals USD 48 M, approximately SEK 375 M.

6/18/2010

Skanska to build Statoil's new office in Oslo – assignment for IT Fornebu totals NOK 1.3 billion

Skanska has been commissioned to build an office in Oslo. The contract amount is NOK 1.3 billion, approximately SEK 1.6 billion.

7/1/2010

Skanska sells office project in Wroclaw in Poland for SEK 735 M, with a capital gain of SEK 120 M

Skanska has sold its Grunwaldzki Center office property in Wroclaw in southern Poland. The sales price amounted to EUR 76.5 M, approximately SEK 735 M, and the capital gain to EUR 12.5 M, about SEK 120 M. The buyer is the German investment fund RREEF with immediate transfer.

7/1/2010

Skanska to develop and build Swedish Security Service's headquarters in Solna – sells ongoing project, which generates construction assignment for approximately SEK 1 billion

Skanska is to sell the land and development project for the Swedish Security Service's new head office in Solna to the state-owned Specialfastigheter Sverige AB.

7/5/2010

Skanska to construct a new prison in London for GBP 100 M

Skanska has been awarded the contract to design and construct a new prison in London. The contract amount is GBP 100 M, or about SEK 1.2 billion.

7/5/2010

Skanska to construct railway in Norway for NOK 392 M

Skanska has been contracted to expand the railway network in Norway. The contract amount is NOK 392 M, about SEK 470 M.

7/8/2010

Skanska sells office building in Malmö for SEK 400 M, generating a capital gain of SEK 120 M

Skanska has sold the Hjälmarekajen office building in Malmö for SEK 400 M and the capital gain amounts to SEK 120 M.

8/5/2010

Skanska sells office project in Finland for EUR 38.4 M

Skanska has reached an agreement to sell an office project in Helsinki to the German property company Commerz Real. The sales price amounts to approximately EUR 38.4 M, about SEK 375 M, and the capital gain to about EUR 6.7 M, about SEK 66 M.

8/10/2010

Skanska to build motorway in Slovakia for SEK 735 M

Skanska has been contracted to construct the R4 motorway between Košice and Milhost in Slovakia. The contract is valued at EUR 78 M, about SEK 735 M.

8/18/2010

Skanska awarded two contracts totaling USD 390 M in Ontario, Canada

Skanska has been awarded two construction management contracts totaling USD 390 M, about SEK 2.8 billion, in Ontario, Canada.

8/30/2010

Skanska to build shopping center in Trondheim, Norway, for NOK 477 M

Skanska has secured a contract to build a shopping center in Trondheim in Norway. The contract amount is NOK 477 M, approximately SEK 570 M. The customer is KBS Kjøpesenter AS, a part of Realinvest AS.

September – October 2010

9/9/2010

World's largest workplace safety initiative – Skanska Safety Week

Monday, September 13 marks the start of Skanska Safety Week 2010. This is the sixth consecutive year for the world's largest workplace safety initiative, organized by a company. At more than 10,000 worksites worldwide, Skanska's 49,000 employees and thousands of customers, subcontractors, suppliers and business partners will be involved in activities focused on safety.

9/13/2010

Skanska to start green office project in Prague – investing some SEK 360 M

Skanska is developing the office property City Green Court with a strong environmental profile in Prague in the Czech Republic. Skanska's investment totals EUR 38 M, approximately SEK 360 M.

9/17/2010

Skanska starts new green office project in Washington, D.C. – investing USD 63.5 M

Skanska is to develop and construct its second commercial offfice project in Washington, D.C., in the U.S. The investment amounts to USD 63.5 M, approximately SEK 460 M.

9/27/2010

Skanska to construct veterinary and domestic animal center in Uppsala for approximately SEK 1.1 billion

Skanska has secured an assignment to construct the new veterinary and domestic animal center, VHC, in Uppsala. The contract amounts to SEK 1,090 M.

10/7/2010

Skanska awarded naval construction contract in Virginia for USD 164 M

Skanska has been commissioned to replace a pier at the U.S. Navy facility in Norfolk, Portsmouth, Virginia. The contract amount totals approximately USD 164 M, about SEK 1.2 billion.

10/13/2010

Skanska initiates residential project in Oslo, invests NOK 220 M, construction contract totals NOK 312 M

Skanska, in cooperation with the property company Ferd Eiendom, is starting a new residential area in Oslo, Norway. Skanska's share of the investment is amounting to approximately NOK 220 M, about SEK 250 M.

10/14/2010

Skanska launches green office project in Poland – invests EUR 36 M, construction contract amounts to EUR 23 M

Skanska is to develop and construct a new office property with a strong environmental profile in Warsaw, Poland. Skanska's investment amounts to approximately EUR 36 M, about SEK 330 M.

10/20/2010

Skanska among Nordic top ten companies that are best at reporting carbon emissions

Skanska has been named as one of the ten best companies in the Nordic region at reporting its direct and indirect carbon emissions. In this year's edition of the annual ranking from Carbon Disclosure Project, CDP, Skanska is ranked number nine and is the only construction company among the 20 highest-ranked companies.

November – December 2010

11/2/2010
Skanska starts work on Budapest's greenest office project – invests EUR 32.5 M

Skanska is developing a new office property with a strong environmental profile in Budapest, Hungary. Skanska's investment amounts to EUR 32.5 M, about SEK 300 M.

11/11/2010
Skanska receives U.S. Green Building Council's 2010 Leadership Award

Skanska has been awarded the U.S. Green Building Council's 2010 Leadership Award for the company's vision, leadership and commitment in promoting the development of the design and construction of green projects. The U.S. Green Building Council (USGBC), an independent environmental organization, annually recognizes individuals or organizations that work actively for green design and construction.

11/18/2010
Skanska to construct school facility in New York for USD 61 M

Skanska has secured an assignment to construct an intermediate and high school facility in Long Island City, New York. The contract amount totals USD 61 M, approximately SEK 425 M.

12/2/2010
Skanska to construct Brent Council's green Civic Centre in London for GBP 85 M

Skanska has been assigned to construct Brent Civic Centre in the Greater London Area. The contract amount is around GBP 85 M, about SEK 930 M, which will be included in fourth quarter order bookings. The customer is Brent Council.

12/7/2010
Skanska acquires leading construction company in Slovakia in the field of cast-in-place concrete structures

Skanska is to acquire all shares in the Slovakian company SkyBau, which builds cast-in-place concrete structures. The acquisition strengthens Skanska's position in the building construction sector in the Czech Republic and Slovakia.

12/8/2010
Skanska to commence new phase of office project in Helsinki – invests EUR 23 M

Skanska Commercial Development Nordic is to initiate the second phase of its Ruskeasuo office project in Helsinki. The investment amounts to EUR 23 M, approximately SEK 210 M and Skanska Finland's construction contract amounts to EUR 16.4 M, about SEK 150 M.

12/9/2010
Skanska to launch Stockholm's largest green office project, Lustgården, invests SEK 1.4 billion

Skanska is starting the first phase of the Lustgården office project on Kungsholmen in Stockholm. The property will be the largest green office project in the Nordics and the most environmentally compatible project developed by Skanska to date.
The investment amounts to approximately SEK 1.4 billion.

12/9/2010
Skanska to expand in residential development – launches operations in the UK and Poland

Skanska's new business plan up to 2015 will focus on profitable growth. One of the areas with the best growth potential and in which Skanska plans to invest the most in coming years is residential development. The goal is to sharply increase the number of residential development projects in Skanska's existing markets and to assume the position as the leading residential developer in the Nordic region. At the same time, the operations in the Czech Republic and Slovakia will return to former volume levels. As a phase in the expansion, Skanska is now starting an entirely new unit for residential development in the U.K., and will also start a residential operation in Poland.

12/29/2010
Skanska sells its 50 percent share in PPP highway Autopista Central with a gain after tax of approximately SEK 5 billion

Skanska is selling its 50 percent share in the company that owns the PPP highway concession Autopista Central in Santiago, the capital of Chile. The buyer is Alberta Investment Management Corporation (AIMCo), one of Canada's largest institutional management firms managing funds on behalf of the Province of Alberta, certain public pension and endowments.

Definitions and abbreviations

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 after repurchases and conversion.

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 after repurchases and conversion – Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases and conversion.

Earnings per share after repurchases, conversion and dilution – Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases, conversion and 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 after repurchases and conversion 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. Also includes orders from Residential Development and Commercial Property Development. Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. No order bookings are reported for 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.

More information about Skanska

Worldwide

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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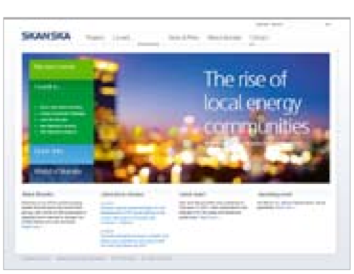

The Öresund Bridge 10 years

In 2010 the Öresund Bridge celebrated its tenth anniversary. By that year, 50 million cars had driven across the bridge between Malmö, Sweden and Copenhagen, Denmark – or Limhamn and Kastrup, to be exact.

A Skanska-led construction consortium completed the project ahead of schedule and on budget. Project execution was characterized by a high level of safety and controlled environmental impact.

For many people, the Öresund Bridge is the natural route between home and workplace. Traffic over the Öresund waterway has increased sharply since the bridge opened in July 2000. The number of vehicles that drove across the bridge was 9.3 million in 2009, and a total of 35.6 million passengers crossed the Öresund by car, bus, train or ferry.

With its unique natural setting, the artificial island of Peberholm (Pepper Isle) south of Saltholm (Salt Isle) – where the bridge meets the tunnel portion of the Öresund Link – has become a very important refuge for threatened species. In the latest inventory, for example, six species of seagulls were observed. The black-headed gull, which has become increasingly rare in Denmark and Sweden, has established a viable colony with 400 pairs.

MILJÖMÄRKT
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Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB (publ) will be held at 4:00 p.m. on Tuesday, April 5, 2011 at the Cirkus auditorium, Djurgårdsslätten 43–45, 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 Wednesday, March 30, 2011 and must notify Skanska by March 30, 2011, 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 reregistration 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 March 30, 2011 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);
by fax to +46 8 753 37 52;
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 dividend of SEK 5.75 per share and an extra dividend of SEK 6.25 per share. The extra dividend is conditional upon Skanska's sale of the concession for the Autopista Central highway having been completed and the full sale price having been paid. The Board proposes April 8 as the record date for the regular dividend and proposes that the Board be granted authorization by the Annual Shareholders' Meeting to set the record date for the conditional extra dividend. Provided that the Meeting approves this proposal, the regular dividend is expected to be distributed by Euroclear AB on April 13, 2011.

Investors

Calendar

The Skanska Group's interim reports will be published on the following dates:

Three Month Report
May 5, 2011

Six Month Report
July 21, 2011

Nine Month Report
November 3, 2011

Year-end Report
February 9, 2012

Distribution and other information

The quarterly 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/Investors.

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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