

ANNUAL REPORT
2012

The Board of Directors and Managing Director of Skanska Financial Services AB (publ) herewith present the accounts for the 2012 financial year.

ADMINISTRATION REPORT

Operations

The Company is a wholly-owned subsidiary of Skanska AB and has its registered office in Solna Municipality (Corporate ID No. 556000-4615).

Skanska Financial Services AB (publ) (SFS) is responsible for the central financial operations of the Skanska Group. The main tasks of SFS are to:

- Support the core activities of the Group by providing financial expertise, leading to greater competitiveness for the operational units of the Group.
- To be responsible, strategically and ongoing, for the Group's borrowings and relationships with financial institutions. SFS is responsible for the Group's cash flow being managed rationally. The assignments also include managing and investing the Group's financial assets. Operations are conducted within strictly regulated limits which are set by the Group Board of Directors.
- Analyse and manage the central financial risks that follow from the Group's operations.

As regards certain other risk management, for example the risk of damage to or loss of Skanska's property or projects, the SFS Group works with well-adjusted insurance programmes, often comprising risk participation in subsidiary companies operating direct or reinsurance in Sweden and Luxembourg.

In the USA, activities are conducted through five locally employed persons who primarily serve the American operations.

Apart from the Company having provided help in a number of financing solutions for the Group's customers in the construction business, project development area and in infrastructure development, SFS has participated actively in counterparty controls of customers and subcontractors.

During 2012, a bilateral loan was raised from the Nordic Investment Bank (NIB) of MEUR 100 which runs until 2017. The aim of the loan is to finance the Skanska Group's green property development. In order to ensure long-term provision of credit for the Group, a new syndicated credit facility of MEUR 600 was procured. The facility falls due in 2017 and is intended to function as a back-up for the Group's market financing programme. It replaces an earlier credit commitment of MEUR 750. During the year the Group's market financing programme for loans with lifespans in excess of one year, Medium Term Note (MTN), was reactivated. A total of about SEK 3 billion was issued.

Personnel turnover during the year amounted to 15%.

Earnings and position

The Group's net turnover for 2012 amounted to MSEK 116 (MSEK 148). Profit before appropriations and tax was MSEK 123 (MSEK 153). The year's profit includes distributions from subsidiary companies of MSEK 92 (MSEK 83).

Five year summary, see Note 16.

Information on financial risks

The Skanska Group's finance policy sets out guidelines, objectives and limits for the management of financial risks within the Group. SFS is responsible for ensuring that the financial policy is conformed to. The financial risks can be divided into interest rate risk, currency risk, liquidity risk and credit risk.

Interest rate risk is the risk that interest rate changes will affect the Group's future earnings and cash flow. In the Group it is primarily interest-carrying borrowings that expose the Group to interest rate risk. To limit this risk, interest rate setting shall be spread out over time and have a weighted remaining fixed interest term of 2 years with a mandate to deviate in +/-1 years. Interest rate risk is defined as changes in actual value as regards interest-bearing assets and liabilities including derivatives at an increase of one percent of the interest rate level over all lifespans. The change in actual value may not exceed MSEK 100 measured as the relative deviation against a comparison portfolio with a weighted average fixed interest term of 2 years, which is identified as a risk-neutral fixed interest term.

Currency risk is defined as the risk of negative earnings effect caused by changes in exchange rates. Currency risk in the Group's transactions exposure, i.e. the net of operating and financial flows, may amount in total to MSEK 50. The risk is defined as the effect that a five percent change in the exchange rates would bring about.

Liquidity risk is defined as the risk that Skanska cannot meet its payment obligations due to lack of sufficient liquidity or difficulty in raising or renewing external loans. At each point of time the Group shall have the equivalent of at least MSEK 4,000 in available liquidity obtainable within the course of a week, of which at least MSEK 2,000 shall constitute unutilised binding credit commitments with a remaining term of at least 1.5 years.

Financial credit risk is the risk the Group runs in relation to financial counterparties in the investment of surplus funds, balances in bank accounts and investment in financial assets. Credit risk also arises with the use of derivative instruments and consists of the risk that a potential profit may not be realised if the counterparty does not fulfil its part of the contract. Financial credit risk is identified, handled and reported in accordance with frameworks defined in the financial policy and the risk instructions that are drawn up for SFS.

See also Note 15.

Important events after the Balance Sheet Date

No important events have occurred after the Balance Sheet Date.

Expected future developments

Basic operations will continue in their present form. Focus on control and handling of financial risks will continue to be important during the coming year.

Proposal to deal with the profit

The Board of Directors proposes that the profit at its disposal of SEK 322,317,410 shall be appropriated as follows:

Carried forward to new account: SEK 322,317,410

As regards the Company's profit and its position at the end of the financial year, see the following income statements, balance sheets and cash flow analyses.

Income statement (kSEK)	Note	<u>2012</u>	<u>2011</u>
Net turnover	1	116 344	148 260
Administration costs	2,3	<u>-85 520</u>	<u>-79 678</u>
OPERATING PROFIT		30 824	68 582
Profit from participations in Group companies	4	<u>92 067</u>	<u>84 372</u>
PROFIT BEFORE TAX		122 891	152 954
Tax on profit for the year	5	<u>-9 319</u>	<u>-19 378</u>
NET PROFIT FOR THE YEAR		113 571	133 576

Balance sheet as of 31 December (kSEK)	Note	<u>2012-12-31</u>	<u>2011-12-31</u>
ASSETS			
<u>Fixed assets</u>			
Tangible fixed assets			
Equipment	6	<u>316</u>	<u>429</u>
		316	429
Financial fixed assets			
Participations in Group companies	7	98 361	98 361
Other long-term investments	8	<u>624 411</u>	<u>774 973</u>
		722 772	873 333
Total fixed assets		723 088	873 762
<u>Current assets</u>			
Current receivables			
Receivables with Group companies		23 387 914	23 445 663
Prepaid tax		1 973	3 761
Other receivables		1 896	1 931
Prepaid expenses and accrued income	9	<u>135 649</u>	<u>107 288</u>
		23 527 431	23 558 643
Cash and bank		<u>2 282 252</u>	<u>2 805 690</u>
		2 282 252	2 805 690
Total current assets		25 809 684	26 364 332
TOTAL ASSETS		26 532 771	27 238 095

SHAREHOLDERS' EQUITY AND LIABILITIES		<u>2012-12-31</u>	<u>2011-12-31</u>
<u>Shareholders' equity</u>	10		
Restricted equity			
Share capital (500 000 shares)		50 000	50 000
Statutory reserve		10 000	10 000
Total restricted equity		<u>60 000</u>	<u>60 000</u>
Non-restricted equity			
Accumulated profit		208 746	100 402
Net profit for the year		113 571	133 576
Total non-restricted equity		<u>322 317</u>	<u>233 978</u>
Total equity		382 317	293 978
<u>Provisions</u>	11		
Provisions for pensions		47 233	39 781
Other provisions		1 915	166
		<u>49 148</u>	<u>39 946</u>
<u>Long-term liabilities</u>			
Bond loans		2 604 873	-
Liabilities to credit institutions	12	1 717 076	891 676
Liabilities to group companies		1 929	529
Total long-term liabilities		<u>4 323 879</u>	<u>892 205</u>
<u>Current liabilities</u>			
Trade creditors		4 526	2 876
Liabilities to group companies		18 954 719	24 076 849
Bond loans		500 000	0
Commercial paper		2 260 279	1 889 947
Other liabilities		3 389	3 186
Accrued expenses and deferred income	13	54 515	39 107
Total current liabilities		<u>21 777 427</u>	<u>26 011 965</u>
TOTAL EQUITY AND LIABILITIES		26 532 771	27 238 095
Pledged assets		None	None
<u>Contingent liabilities</u>			
Guarantee commitments FPG/PRI		872	809

CASH FLOW STATEMENT	<u>2012</u>	<u>2011</u>
<u>Operating activities</u>		
Profit after net financial income/expense	122 891	152 954
Adjustments for non-cash items, see Supplementary Disclosure 2.	-23 613	4 114
Tax paid	-655	-847
Cash flow from operating activities before changes in working capital	<u>98 622</u>	<u>156 221</u>
Cash flow from changes in working capital		
Changes in interest-bearing receivables Group companies	57 749	-3 494 372
Changes in other interest-bearing receivables	150 901	139 908
Changes in other non-interest-bearing receivables	-26 538	-73 344
Changes in other interest-bearing liabilities Group companies	-5 120 729	1 142 873
Changes in other non-interest-bearing liabilities	17 261	-43 303
Cash flow from operating activities	<u>-4 822 734</u>	<u>-2 172 016</u>
<u>Investing activities</u>		
Shareholders' contribution provided	-	-20 231
Acquisition of other fixed assets	-26	-279
Cash flow from investing activities	<u>-26</u>	<u>-20 510</u>
<u>Financing activities</u>		
Group contribution/shareholders' contribution	-34 236	-71 752
Borrowings	4 333 559	2 788 568
Repayment of debt	-	-630 889
Cash flow from financing activities	<u>4 299 323</u>	<u>2 085 927</u>
Cash flow for the year	-523 437	-106 599
Cash and cash equivalent at the beginning of the year, see Supplementary Disclosure 3.	2 805 690	2 912 288
Cash and cash equivalents at the end of the year, see Supplementary Disclosure 3.	2 282 252	2 805 690
<u>Supplementary disclosures</u>		
1. Interest paid and dividends received		
Dividends received	92 067	84 372
Interest received	412 468	512 534
Interest paid	-293 842	-389 893
2. Adjustments for non-cash items		
Depreciation and write-downs of assets	139	147
Provisions for pensions	7 452	10 747
Other provisions	1 749	166
Unrealised exchange rate differences net	-32 954	-6 945
	<u>-23 613</u>	<u>4 114</u>
3. Cash and cash equivalents at the end of the year cash and bank	<u>2 282 252</u>	<u>2 805 690</u>
	2 282 252	2 805 690

ACCOUNTING PRINCIPLES

General accounting principles

The Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the general advice of the Swedish Accounting Standards Board.

If general advice by the Swedish Accounting Standards Board is lacking in such case guidance has been obtained from the recommendations of the Swedish Financial Accounting Standards Council.

Assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

Fixed assets, long-term liabilities and provisions consist in essence only of amounts that are expected to be recovered or paid after more than twelve months calculated from the balance sheet date. Current assets and current liabilities consist in essence only of amounts that are expected to be recovered or paid within twelve months calculated from the balance sheet date.

Group contributions

Group contributions, tax attributable to them and capital contributions, provided on reception of Group contributions are recorded direct against accumulated profit or loss.

Financial instruments

Financial assets and liabilities are recorded at acquisition value. Financial liabilities where the acquisition value deviates from the nominal value are recorded at amortised cost, where a premium or discount is allocated to a particular period (linearly) during its life.

Recalculation of assets and liabilities in foreign currencies is made at balance sheet date in accordance with the Swedish Financial Accounting Standards Council's Recommendation 8, Reporting of changed exchange rates.

Forward transactions in currencies and currency swaps are used to secure against fluctuations in exchange rates. Contracts entered into are valued at balance sheet date. Any arbitrage premiums are allocated to periods over the life and reported as interest income or interest expense.

Forward interest transactions and interest swaps are used to secure against changes in interest rates. These instruments are not included at market value in the balance sheet. Results which arise are allocated to periods over the life and reported as interest income or interest cost.

Equipment

Equipment and computer equipment are depreciated according to plan by 20% per year.

Group information

The Company, which constitutes the parent company of a group with subsidiaries in accordance with Note 7, does not prepare consolidated accounts with reference to the provisions of Chapter 7, 2§ of the Swedish Annual Accounts Act.

The Company is a wholly-owned subsidiary of Skanska AB,

Corporate ID No. 556000-4615 with registered office in Solna. Skanska AB prepares consolidated accounts for both the largest and the smallest group that the Company is part of as subsidiary.

Of the Company's total purchases and sales expressed in SEK, 37% of the purchases and 93% of the sales referred to other companies within the company group to which the Company belongs.

Tax

Total tax consists of current tax and deferred tax. For items reported in the Income Statement, associated tax effects are also reported in the Income Statement.

Deferred tax is calculated in accordance with the balance sheet method on all temporary differences that arise between reported and tax base values of assets and liabilities.

Skanska Employee Ownership Program (SEOP)

The Skanska Employee Ownership Program (SEOP) is the Skanska Group's share saving programme.

For the initial share saving programme, SEOP 1, with 2008 - 2010 as investment years, the participants have been allotted shares during 2012 for the shares which employees invested in 2009 and retained during the three year locking-in period.

The current ongoing programme, SEOP 2, has 2011 - 2013 as investment years.

The cost of SEOP 1 is reported as an operating cost when Skanska AB charges SFS for the shares which were issued to the participants. The cost is the same as the actual value and conforms to the participants' taxable benefit value. Social security expenses on SEOP 1 are calculated and charged to the benefits obtained for the participants.

The cost of SEOP 2 is allocated to periods and valued in accordance with IFRS 2 Share related compensation. The amount has been reported as an operating cost and non-interest-bearing liability to Skanska AB.

Social security contributions in respect of SEOP 2 have been calculated in accordance with UFR 7 IFRS 2 and social security contributions for listed companies.

This means that social security contributions as regards the year's cost of SEOP 2 are booked as an operating cost and other provisions this year.

NOTES TO THE ANNUAL REPORT 31-12-2012 (kSEK)

<u>Note 1 Net turnover</u>	<u>2012</u>	<u>2011</u>
Interest income from other external assets	28 479	35 883
Interest income from other assets with group companies	385 837	464 160
	<u>414 316</u>	<u>500 043</u>
Interest expenses to external counterparties	-49 909	17 464
Interest expenses to group companies	-263 575	-400 112
Exchange rate differences net	-6 432	-2 790
Other financial expenses	-26 808	-12 724
	<u>-346 724</u>	<u>-398 163</u>
Total profit from trading in securities	67 592	101 880
Fees for financial advice	48 751	46 380
	<u>116 344</u>	<u>148 260</u>

Interest expenses for financial counterparties includes interest differences in currency swaps for borrowing of kSEK 85 956 (kSEK 48 174) and interest rate differences in respect of hedging of foreign net investments of kSEK 20 633 (kSEK 28 458)

<u>Note 2 Employee and personnel costs</u>	<u>2012</u>	<u>2011</u>
The average number of employees was	40	39
The number of women was	23	20
Men and women on the Board of Directors and executive management per balance sheet date		
Board of Directors	7	7
The number of women was	1	1
Other executive management	5	7
The number of women was	2	5
Wages, salaries and compensation were (kSEK)	35 740	32 379
Of which to members of the executive management	12 631	11 864
Social security contributions	11 417	10 528
	<u>47 157</u>	<u>42 907</u>
The above includes earnings-related compensation of which to members of the executive management	2 608	2 907
The cost of pensions amounts to	7 005	9 626
of which to members of the executive management	2 199	2 634
Benefits for the Board of Directors and Managing Director Magnus Paulsson, Managing Director		
Wages, salaries and other compensation	2 871	2 127
Earnings-related compensation	667	919
Pensions	922	860
	<u>4 461</u>	<u>3 906</u>

<u>Note 3 Fees and cost compensation, auditors</u>	<u>2012</u>	<u>2011</u>
KPMG		
Audit assignments	520	491
Tax advice	30	105
Other services	-	-
Total	<u>550</u>	<u>596</u>

<u>Note 4 Profit from participations in group companies</u>	<u>2012</u>	<u>2011</u>
Distribution from SCEM Reinsurance S.A	92 067	83 031
Profit/loss from closure of SCG Rückversicherung AG	-	1 341
	<u>92 067</u>	<u>84 372</u>

<u>Note 5 Tax on profit for the year</u>	<u>2012</u>	<u>2011</u>
Current tax	-316	-412
Reported tax in respect of group contributions received or provided	-9 003	-18 871
Tax in respect of profit/loss of previous years	0	-95
Total tax expense	<u>-9 319</u>	<u>-19 378</u>

<u>Note 6 Equipment</u>	<u>2012-12-31</u>	<u>2011-12-31</u>
Acquisition value opening balance	2 109	1 830
Purchases for the year	26	279
Acquisition value closing balance	<u>2 135</u>	<u>2 109</u>
Accumulated depreciation according to plan, opening balance	-1 680	-1 533
Depreciation according to plan for the year	-139	-147
Accumulated depreciation according to plan closing balance	<u>-1 819</u>	<u>-1 680</u>
Book value	316	429

Note 7 Participations in group companies

<u>Subsidiary</u>	<u>Corporate ID No.</u>	<u>Reg. office</u>	<u>No. shares</u>	<u>Proportion of equity</u>	<u>Book value</u>
Skanska Försäkrings AB	516401-8664	Solna	50 000	100%	50 000
SCEM Reinsurance S.A.	---	Luxembourg	750	100%	43 361
Skanska Renting AB	556579-1489	Solna	50 000	100%	5 000
					<u>98 361</u>
				<u>2012-12-31</u>	<u>2011-12-31</u>
Accumulated acquisition value				98 361	78 130
At beginning of year				-	20 231
Capital contribution SCEM Reinsurance S.A.				<u>98 361</u>	<u>98 361</u>
Book value at end of year					

<u>Note 8 Other long-term investments</u>	<u>2012-12-31</u>	<u>2011-12-31</u>
Accumulated acquisition value		
At beginning of year	774 973	914 540
Additional/ settled receivables	-150 561	-139 568
Book value at end of year	<u>624 411</u>	<u>774 973</u>

Long-term investment refers to seven-year construction financing of Nya Karolinska Solna.

<u>Time of maturity</u>	<u>> 5 years < 5 year; >1 year</u>	<u>< 1 year</u>	<u>Total</u>
	-	497 342	127 069
			<u>624 411</u>

<u>Note 9 Prepaid expenses and accrued income</u>	<u>2012-12-31</u>	<u>2011-12-31</u>
Accrued interest income	11 328	9 480
Accrued exchange rate profit, forward transactions	97 385	95 966
Prepaid administration expenses	2 181	1 841
Prepaid financial expenses	24 754	0
	<u>135 649</u>	<u>107 288</u>

Note 10 Shareholders' equity

	<u>Share capital</u>	<u>statutory reserve</u>	<u>Profit brought forward</u>	<u>Profit for the year</u>
Opening balance 1/1-2012	50 000	10 000	100 402	133 576
Appropriation of profits			133 576	-133 576
Net profit/loss for the year				113 571
Shareholders' contribution provided				
Group contribution received			2 768	
Group contribution provided			-37 004	
Tax effect of group contribution received/provided			9 004	
Closing balance 31/12 2012	50 000	10 000	208 746	113 571

Note 11 Provisions

	<u>2012-12-31</u>	<u>2011-12-31</u>
Provisions for pensions	47 233	39 781
of which to leading executive personnel	12 226	10 442
Provisions for social security contributions	606	166
Other provisions	1 309	0
	49 148	39 946

Note 12 Maturity of liabilities

	<u>> 5 years</u>	<u>5 years; >1 year</u>	<u>Total</u>
Bond loans	-	2 604 933	2 604 933
Liabilities to credit institutions	858 723	858 293	1 717 016
	858 723	3 463 227	4 321 949

Note 13 Accrued expenses and deferred income

	<u>2012-12-31</u>	<u>2011-12-31</u>
Accumulated administration costs	19 757	23 992
Accrued interest expenses	34 757	15 115
	54 515	39 107

Note 14 Financial derivative instruments

SFS uses forward currency transactions and currency swaps to secure the Skanska Group against fluctuations in exchange rates. These transactions refer to transaction exposure and translation exposure in respect of foreign subsidiaries' equity in foreign currency.

Interest rate derivatives, mainly interest swaps, are used to secure against changes in interest rates.

The actual value of derivatives entered into is shown in the table below. The actual value does not include underlying capital amounts.

<u>Actual value</u>	<u>2012-12-31</u>	<u>2011-12-31</u>
Positive values interest rate derivatives	545	0
Positive values currency derivatives	247 234	333 556
Total positive values	247 779	333 556
Negative values interest rate derivatives	-48 680	-2 210
Negative values currency derivatives	-286 355	-300 297
Total negative values	-335 035	-302 507
Total net values	-87 256	31 050

of which booked in SFS kSEK -4 314 (kSEK 32 760). The difference between actual and book value is attributable to changes in value of the derivatives resulting from changes in market rates. This component is only reported in the Skanska Group.

Note 15 Information on financial risks

The Group's finance policy sets guidelines, objectives and limits for handling financial risks in the Group. SFS has responsibility for monitoring to ensure that the finance policy is adhered to. As of 31-12-2012, SFS's respectively amounted to

	<u>SFS</u>	<u>The Skanska Group</u>
Interest rate risk, deviation from comparison portfolio (maximum risk MSEK 100)	-8	-8
Currency risk (maximum risk MSEK 50)	2	18
Liquidity risk (minimum of MSEK 4 000 in available cash liquidity and binding credit commitments)	8 281	11 453

The interest rate risk is MSEK 8 lower in the comparison portfolio which has a risk of MSEK 106 and is explained by the fixed interest term being less than 2 years.

Note 16 Five year summary

	2012	2011	2010	2009	2008
Average number of employees	40	39	38	37	37
Net turnover	116	148	129	139	131
Administration costs	-86	-80	-74	-68	-70
Operating profit/loss	31	69	56	71	61
Result from participations in Group companies	92	84	39	10	16
Profit/loss before tax	123	153	94	81	77
Total assets	26 533	27 238	23 896	30 235	25 120
Total shareholders' equity	382	294	213	176	163
Total provisions and liabilities	26 150	26 944	23 683	30 059	24 957

Solna

Peter Wallin
Chairman

Katarina Bylund

Jari Mäntylä

Peter Lundström

Anders Lilja

Roger Bayliss

Magnus Paulsson
Managing Director

Our Auditors' Report was submitted on

KPMG AB

George Pettersson
Authorized public accountant

