

ANNUAL REPORT
2010

The Board of Directors and the President and CEO of Skanska Financial Services AB hereby present the accounts for the 2010 financial year.

DIRECTORS' REPORT

Operations

The company is a wholly owned subsidiary of Skanska AB, whose registered offices are in the municipality of Solna (corporate ID no. 556000-4615).

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

- support the Group's core business by providing financial know-how, resulting in greater competitiveness for the Group's operating units,
- assume strategic and ongoing responsibility for the Group's borrowing and the relationships with financial institutions. SFS is responsible for the efficient handling of the Group's cash flows. Its duties also include managing and investing the Group's financial assets. The operations are conducted within strictly regulated frameworks established by the Group's Board,
- analyse and manage the central financial risks that arise from the Group's operations.

SFS employs carefully balanced insurance programmes, often entailing risk participation in those of its own subsidiaries engaged in direct insurance or reinsurance in Sweden and Luxembourg, with regard to some other risk management, e.g. in relation to the risk of damage to or loss of Skanska's property or projects.

Operations in the USA are conducted by four locally employed members of staff who service the US operations.

SFS has also not only assisted with numerous financing solutions on behalf of the Group's customers in the construction industry, the project development sector and within infrastructure development, but has also been actively involved in conducting counterparty checks on customers and subcontractors .

A seven-year bridging loan solution has been provided for Swedish Hospital Partners AB in respect of the Nya Karolinska Solna project.

The staff turnover rate during the year was 11%.

Results and position

The company's net sales for 2010 totalled SEK 129 million (SEK 139 m). The profit before appropriations and tax was SEK 94 million (SEK 81 m). The net profit for the year includes SEK 39 million (SEK 10 m) in dividends from subsidiary companies.

See Note 17 for a five-year summary.

Financial risk information

The Skanska Group's financial policy lays down guidelines, objectives and limits for the management of financial risks within the Group. SFS is responsible for ensuring compliance with the financial policy. The financial risks can be divided into interest risk, currency risk, liquidity risk and credit risk.

Interest risk comprises the risk that changes in interest rates will impact the Group's future profits and cash flow. The interest risk is defined as the possible negative income effect on net financial items of a one per cent increase in the interest rate over all terms. The risk must never exceed SEK 100 million.

Currency risk is defined as the risk of a negative income effect of exchange rate fluctuations. The total currency risk in the Group's transaction exposure, i.e. the net of operating and financial flows, may not exceed SEK 50 million. The risk is defined as the income effect entailed by a five percentage points change in exchange rates.

Liquidity risk is defined as the risk that Skanska will be unable to meet its payment undertakings as a result of deficient liquidity or difficulties in raising or converting external loans.

The Group shall, at all times, have access to the equivalent of a minimum of SEK 4,000 million in cash liquidity or confirmed bank funding within a period of one week, at least SEK 2,000 million of which shall comprise unutilised binding overdraft facilities with a remaining term of at least 3 years.

Financial credit risk is the risk borne by the Group in relation to financial counterparties in connection with the investment of surplus funds, bank account balances and investment in financial assets. Credit risk also arise in conjunction with the use of derivative instruments and comprises the risk that a potential profit will not be realised if the counterparty fails to fulfil their part of the contract. Financial credit risks are identified, managed and reported in accordance with the frameworks defined in the financial policy and the risk instruction drawn up for SFS.

See Note 16 for further details.

Anticipated future performance

The core operations will continue as they are. A continued focus on the control and management of financial risks will continue to be important in the year ahead.

Proposed allocation of profits

The Board of Directors proposes that the available profits, totalling SEK 153,283,742, be allocated as follows:

Carried forward: SEK 153,283,742

Please see the following Income Statements, Balance Sheets and Cash Flow Statements for details of the company's results and position at the end of the financial year.

Income Statements (SEK k)	Note	<u>2010</u>	<u>2009</u>
Net sales	1	129 211	139 239
Administrative expenses	2,3,4	<u>-73 638</u>	<u>-67 791</u>
OPERATING PROFIT/LOSS		55 573	71 448
Profit/loss from participations in Group companies	5	<u>38 600</u>	<u>9 576</u>
PROFIT/LOSS BEFORE TAX		94 173	81 024
Tax on the profit/loss for the year	6	<u>-15 664</u>	<u>-19 454</u>
NET PROFIT/LOSS FOR THE YEAR		78 509	61 570

Balance Sheets, as of 31st December (SEK k)	Note	<u>2010-12-31</u>	<u>2009-12-31</u>
ASSETS			
<u>Fixed assets</u>			
Tangible fixed assets			
Equipment	7	297	392
		<u>297</u>	<u>392</u>
Financial fixed assets			
Participations in Group companies	8	78 130	78 130
Other long-term investments	9	914 540	0
		<u>992 670</u>	<u>78 130</u>
Total fixed assets		992 967	78 522
<u>Current assets</u>			
Current receivables			
Receivables from Group companies		19 951 292	24 128 730
Tax receivables		3 239	3 437
Other receivables		1 697	236
Prepaid costs and accrued income	10	34 701	139 807
		<u>19 990 928</u>	<u>24 272 210</u>
Cash and bank balances		<u>2 912 288</u>	<u>5 884 774</u>
		2 912 288	5 884 774
Total current assets		22 903 216	30 156 984
TOTAL ASSETS		23 896 183	30 235 507

SHAREHOLDERS' EQUITY & LIABILITIES		<u>2010-12-31</u>	<u>2009-12-31</u>
<u>Shareholders' equity</u>	11		
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			
Profit brought forward		74 775	54 808
Net profit/loss for the year		78 509	61 570
Total non-restricted equity		<u>153 284</u>	<u>116 377</u>
Total shareholders' equity		213 284	176 377
<u>Provisions</u>	12		
Pension provisions		<u>29 034</u>	<u>22 576</u>
		29 034	22 576
<u>Long-term liabilities</u>	13		
Liabilities to credit institutions		630 889	720 862
Liabilities to Group companies		0	897 397
Total long-term liabilities		<u>630 889</u>	<u>1 618 259</u>
<u>Current liabilities</u>			
Accounts payable		3 318	2 541
Liabilities to Group companies		22 934 505	28 246 311
Other liabilities		2 530	3 404
Accrued costs and prepaid income	14	<u>82 624</u>	<u>166 039</u>
Total current liabilities		<u>23 022 977</u>	<u>28 418 295</u>
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		23 896 183	30 235 507
Pledged assets		None	None
<u>Contingent liabilities</u>			
FPG/PRI guarantee undertakings		682	612
Skanska Renting AB guarantee undertaking		-	20 000

CASH FLOW STATEMENT	<u>2010</u>	<u>2009</u>
<u>Operating activities</u>		
Profit/loss after net financial items	94 173	81 024
Adjustments for items not included in cash flow, see supplementary information # 2.	-83 388	-41 108
Tax paid	-925	-3 034
Cash flow from operating activities before change in working capital	<u>9 860</u>	<u>36 882</u>
Cash flow from change in working capital		
Change in interest-bearing receivables, Group companies	4 177 438	-2 866 378
Change in other interest-bearing receivables	-914 739	364
Change in other non-interest-bearing receivables	103 844	-24 113
Change in interest-bearing liabilities, Group companies	-6 209 202	5 293 352
Change in other non-interest-bearing liabilities	-83 512	-150 015
Cash flow from operating activities	<u>-2 916 311</u>	<u>2 290 093</u>
<u>Investment activities</u>		
Shareholders' contributions made	-	-
Acquisition of other fixed assets	-32	-359
Cash flow from investment activities	<u>-32</u>	<u>-359</u>
<u>Financing activities</u>		
Group contributions/shareholders' contributions	-56 143	-65 167
Cash flow from financing activities	<u>-56 143</u>	<u>-65 167</u>
Cash flow for the year	-2 972 486	2 224 567
Opening liquid assets, see supplementary information #3	5 884 774	3 660 207
Closing liquid assets, see supplementary information # 3	2 912 288	5 884 774
Supplementary information		
1. Interest paid and dividends received		
Dividend received	38 600	9 576
Interest received	343 878	380 008
Interest paid	-221 873	-237 296
2. Adjustments for items not included in the cash flow		
Depreciation and write-downs of assets	127	249
Pension provisions	6 458	3 830
Unrealised exchange rate differences, net	-89 973	-45 187
	<u>-83 388</u>	<u>-41 108</u>
3. Closing liquid assets		
Cash and bank balances	<u>2 912 288</u>	<u>5 884 774</u>
	2 912 288	5 884 774

ACCOUNTING PRINCIPLES

General accounting principles

The Annual Accounts have been prepared in accordance with the provisions of the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board. In the absence of any general guideline on the part of the Swedish Accounting Standards Board, guidance has, where appropriate, been taken from the Swedish Financial Reporting Board's recommendations.

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

Fixed assets, long-term liabilities and provisions comprise, in every significant respect, only those amounts that the company anticipates will be recovered or paid later than twelve months after the closing day.

Current assets and current liabilities comprise, in every significant respect, only those amounts that the company anticipates will be recovered or paid within twelve months of the closing day.

Group contributions

Group contributions, tax attributable to the same, and capital contributions made in conjunction with the receipt of Group contributions, are booked directly to the profit carried forward.

Financial instruments

Financial assets and liabilities are booked at the acquisition value. Financial liabilities, where the acquisition value differs from the nominal value, are reported at the accrued acquisition value, and the surplus or deficit value is periodised (linearly) over the term.

Assets and liabilities in foreign currencies are recalculated at the closing day rate in accordance with the Swedish Financial Reporting Board's recommendation no. 8, Reporting of changed exchange rates.

Currency forwards and currency swaps are used to hedge fluctuations in exchange rates. Contracts entered into are valued at the closing day rate. Any futures premiums are periodised over their term and reported as interest income or interest expenses.

Interest swaps and interest futures are used to hedge fluctuations in interest rates. These instruments are not booked at market value in the Balance Sheet. Profits/losses arising are periodised over their term and reported as interest income or interest expenses.

Equipment

Equipment and computer equipment are depreciated according to plan at 20% per annum.

Group information

The company, which constitutes the Parent Company of a Group with subsidiaries, as specified in Note 7, does not, with reference to the provisions of chapt. 7, §2. of the Swedish Annual Accounts Act, prepare Consolidated Accounts. The company is a wholly owned subsidiary of Skanska AB, corporate ID no. 556000-4615, whose registered offices are in Solna. Skanska AB prepares Consolidated Accounts for both the largest and smallest corporate Groups of which the company is a subsidiary.

37% of the company's total purchases and 94% of its total sales, measured in Swedish kronor, refer to other companies throughout the corporate Group to which the company belongs.

Taxes

Total tax comprises current tax and deferred tax. Associated tax effects are, therefore, also reported in the Income Statement for Income Statement items.

Deferred tax is calculated on all temporary differences arising between reported and fiscal values of assets and liabilities, using the Balance Sheet method.

NOTES TO THE ANNUAL ACCOUNTS, 31ST DECEMBER 2010 (SEK k)

<u>Note 1</u> <u>Net sales</u>	<u>2010</u>	<u>2009</u>
Interest income from other external assets	22 598	16 353
Interest income from Group companies' other assets	292 782	386 271
	<u>315 380</u>	<u>402 624</u>
Interest expenses payable to external counterparties	53 124	-10 265
Interest expenses payable to Group companies	-244 922	-267 261
Exchange rate differences, net	-3 897	-559
Other financial expenses	-30 647	-19 934
	<u>-226 342</u>	<u>-298 019</u>
Total profit/loss on securities trading	89 037	104 605
Fees for financial consultancy	40 174	34 634
Net sales	129 211	139 239

The Interest expenses payable to external counterparties item includes positive interest differences in currency swaps for borrowing totalling SEK 107,102 k (SEK 76,109 k)

<u>Note 2</u> <u>Employees and staff overheads</u>	<u>2010</u>	<u>2009</u>
The average number of employees	38	37
Of whom women numbered	18	18
<i>Male and female Board Members and senior executives on the closing day</i>		
Board of Directors	7	6
Of whom women numbered	1	0
Other senior executives	8	8
Of whom women numbered	5	5
Amounts paid in salaries and remuneration (SEK k)	32 738	28 971
of which, to senior executives	12 059	9 558
Social security contributions	10 567	9 299
	<u>43 306</u>	<u>38 270</u>
The above includes bonuses paid		
of which, to senior executives	3 085	2 256
Pension costs total	8 922	5 363
of which, to senior executives	3 035	2 359
<i>Benefits for the Board and the President & CEO</i>		
<i>Magnus Paulsson, President & CEO</i>		
Salaries and remuneration	1 940	980
Bonuses	920	788
Pensions	835	278
	<u>3 695</u>	<u>2 046</u>

Magnus Paulsson received remuneration from another Skanska company during the period from January-June 2009.

<u>Note 3</u> <u>Absence due to sickness</u>	<u>2010</u>	<u>2009</u>
Total absence from work due to sickness as a percentage of normal working hours	1,3%	1,1%
Percentage of total absence due to sickness that refers to consecutive absences of 60 days or more	0,0%	44,9%
Absence from work due to sickness as a percentage of each category's normal working hours		
Men	1,1%	0,8%
Women	1,5%	1,4%
<u>Absence due to sickness by age group</u>		
Aged 29 or less	0,9%	1,1%
Aged 30-49	1,3%	1,1%
Aged 50 or more	1,3%	0,8%

<u>Note 4</u>	<u>Fees and reimbursement of auditors' expenses</u>	<u>2010</u>	<u>2009</u>
	KPMG		
	Audit engagement	501	522
	Tax consultancy	38	124
	Other services	-	-
	Total	<u>539</u>	<u>646</u>

<u>Note 5</u>	<u>Profit/loss from participations in Group companies</u>	<u>2010</u>	<u>2009</u>
	Dividend from SCEM Reinsurance S.A	38 600	9 576

<u>Note 6</u>	<u>Tax on the profit/loss for the year</u>	<u>2010</u>	<u>2009</u>
	Current tax	-1 123	-1 593
	Reported tax in respect of Group contributions made/received	-14 541	-16 785
	Foreign tax on interest paid	0	-1 076
	Total tax expense	<u>-15 664</u>	<u>-19 454</u>

<u>Note 7</u>	<u>Equipment</u>	<u>2010-12-31</u>	<u>2009-12-31</u>
	Acquisition value, opening balance	1 798	1 439
	Year's purchases	32	359
	Acquisition value, closing balance	<u>1 830</u>	<u>1 798</u>
	Accumulated depreciation according to plan, opening balance	-1 406	-1 157
	Year's depreciation according to plan	-127	-249
	Accumulated depreciation according to plan, closing balance	<u>-1 533</u>	<u>-1 406</u>
	Book value	297	392

<u>Note 8</u>	<u>Participations in Group companies</u>					
	<u>Subsidiary company</u>	<u>Corporate ID no.</u>	<u>Reg. office</u>	<u>No. participations</u>	<u>Capital share</u>	<u>Book value</u>
	Skanska Försäkrings AB	516401-8664	Stockholm	50 000	100%	50 000
	SCEM Reinsurance S.A.	---	Luxembourg	750	100%	23 130
	Skanska Renting AB	556579-1489	Stockholm	50 000	100%	<u>5 000</u>
						78 130
					<u>2010-12-31</u>	<u>2009-12-31</u>
	<i>Accumulated acquisition values</i>					
	At beginning of year				78 130	78 130
	Book value at year end				<u>78 130</u>	<u>78 130</u>

<u>Note 9</u>	<u>Other long-term investments</u>	<u>2010-12-31</u>	<u>2009-12-31</u>
	<i>Accumulated acquisition values</i>		
	At beginning of year	-	-
	Additional receivables/receivables paid	914 540	-
	Book value at year end	<u>914 540</u>	<u>-</u>

Additional long-term receivables arising in 2010 refer to a seven-year bridging loan solution for Nya Karolinska Solna.

Maturity date	<u>> 5 yrs.</u>	<u>< 5 yrs.; >1 yr.</u>	<u>< 1 yr.</u>	<u>Total</u>
	213 456	528 017	173 067	914 540

<u>Note 10</u> <u>Prepaid costs & accrued income</u>	<u>2010-12-31</u>	<u>2009-12-31</u>
Accrued interest income	21 971	50 470
Accrued exchange rate profits, forwards	5 088	79 164
Prepaid administrative expenses	6 611	7 084
Prepaid financial costs	1 030	3 090
	<u>34 701</u>	<u>139 807</u>

<u>Note 11</u> <u>Shareholders' equity</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Profit brought forward</u>	<u>Net profit/loss for the year</u>
Opening balance, 1/1-2010	50 000	10 000	54 807	61 570
Allocation of profits			61 570	-61 570
Net profit/loss for the year				78 509
Shareholders' contribution made			-855	
Group contribution received			1 379	
Group contribution made			-56 667	
Fiscal effect of Group contribution received/made			14 541	
Closing balance, 31/12 2010	<u>50 000</u>	<u>10 000</u>	<u>74 775</u>	<u>78 509</u>

A shareholders' contribution of SEK 855 k is made upon receipt of Group contributions

<u>Note 12</u> <u>Provisions</u>	<u>2010-12-31</u>	<u>2009-12-31</u>
Pension provisions	29 034	22 576
of which, for senior executives	4 764	4 388
	<u>29 034</u>	<u>22 576</u>

<u>Note 13</u> <u>Liabilities' due dates</u>	<u>> 5 yrs.</u>	<u>< 5 yrs.; >1 yr.</u>	<u>< 1 yr.</u>	<u>Total</u>
Liabilities to credit institutions	-	630 889	-	630 889

<u>Note 14</u> <u>Accrued costs & prepaid income</u>	<u>2010-12-31</u>	<u>2009-12-31</u>
Accrued administrative expenses	19 791	19 094
Accrued interest expenses	22 360	52 435
Accrued exchange rate losses, forwards	40 473	94 510
	<u>82 624</u>	<u>166 039</u>

Note 15 Financial derivative instruments

Skanska Financial Services AB uses currency forwards and currency swaps to hedge the Skanska Group against exchange rate fluctuations. The hedging transactions refer to transaction exposure and conversion exposure in respect of foreign subsidiaries' shareholders' equity in foreign currencies.

Interest derivatives (mainly interest swaps, FRAs and futures) are used to hedge against changes in interest rates.

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

<u>Fair value</u>	<u>2010-12-31</u>	<u>2009-12-31</u>
Positive values, interest derivatives	9 068	11 892
Positive values, currency derivatives	351 988	483 772
Total positive values	<u>361 056</u>	<u>495 664</u>
Negative values, interest derivatives	-621	-11 892
Negative values, currency derivatives	-386 563	-456 500
Total negative values	<u>-387 185</u>	<u>-468 392</u>
Total net values	-26 129	27 272

of which booked in Skanska Financial Services AB, SEK -31,854 k (SEK 27,788 k). The difference between fair value and book value is attributable to changes in the value of the derivatives arising from changes in market interest rates. This component is only reported in the Skanska corporate group.

Note 16 Financial risk information

The Group's financial policy lays down guidelines, goals and limits for the management of financial risks within the Group. SFS is responsible for monitoring compliance with the financial policy. As of 31st December 2010, SFS' and the Group's financial risks totalled:

	<u>SFS</u>	<u>The Skanska Group</u>
Interest risk (max. risk SEK 100,000 k)	26 836	62 152
Currency risk (max. risk SEK 50,000 k)	1 301	45 425
Liquidity risk (a minimum of SEK 4,000,000 k in available cash liquidity and binding credit guarantees)	10 072 000	14 004 000

Note 17 Five-year summary

	2010	2009	2008	2007	2006
Average number of employees	38	37	37	36	35
Net sales	129	139	131	85	100
Administrative expenses	-74	-68	-70	-67	-61
Operating profit/loss	56	71	61	18	39
Profit/loss from participations in Group comp.	39	10	16	-	-
Profit/loss before tax	94	81	77	18	39
Total assets	23 896	30 235	25 120	21 387	28 283
Total shareholders' equity	213	176	163	139	134
Total provisions and liabilities	23 683	30 059	24 957	21 248	28 149

Solna, May 6, 2011

Hans Biörck
Chairman of the Board

Katarina Bylund

Stein-Ivar Hellestad

Peter Lundström

Peter Wallin

Pontus Winqvist

Magnus Paulsson
President & CEO

Our Audit Report was submitted on: May 6, 2011

KPMG AB

Anders Tagde
Authorised Public Accountant