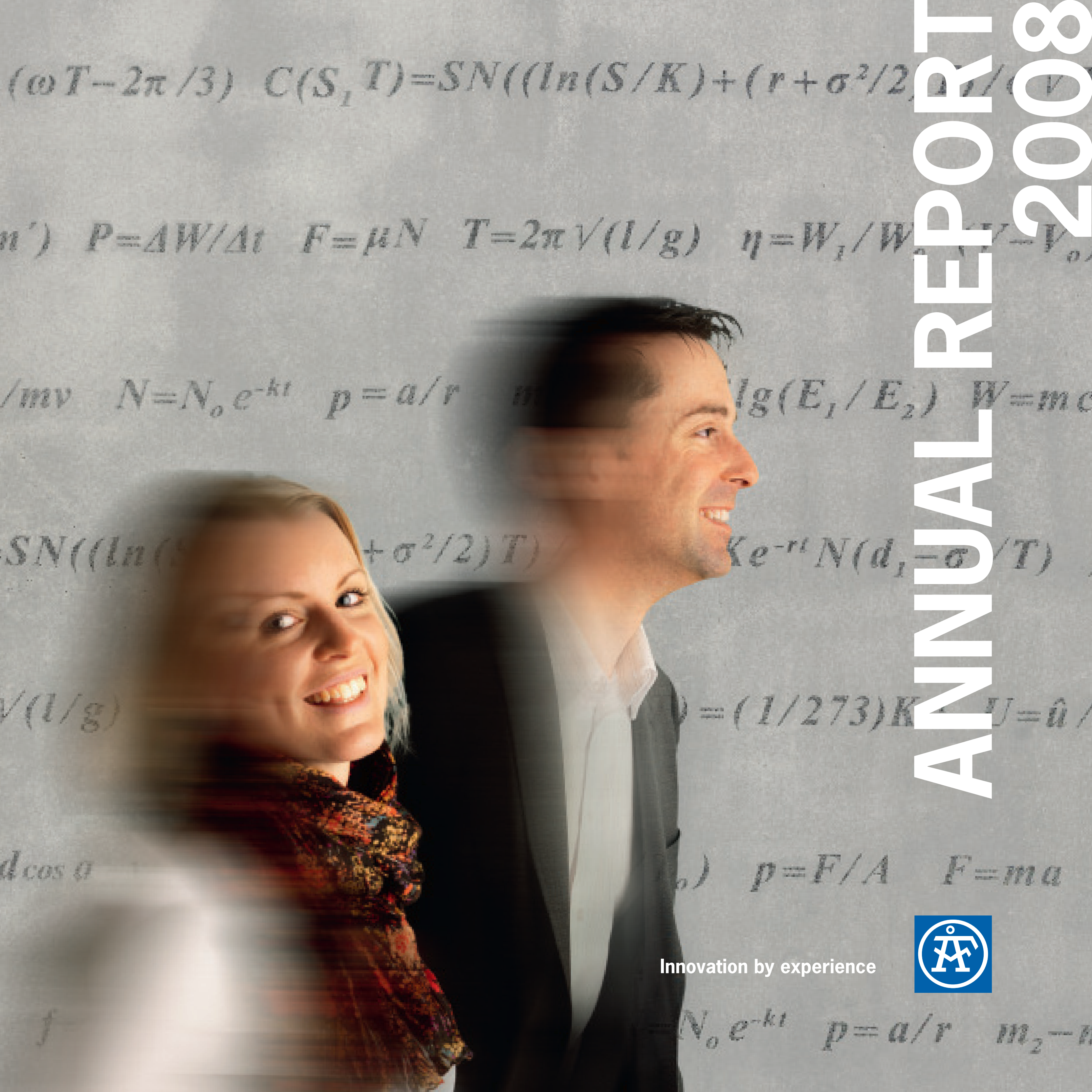


ANNUAL REPORT 2008

Innovation by experience

Contents

ÅF – leading the way in technical consulting

ÅF is a leader in technical consulting, with expertise founded on more than a century of experience.

We offer highly qualified services and solutions for industrial processes, infrastructure projects and the development of products and IT systems. We are also one of the leading names in testing and inspection.

Today ÅF has approximately 4,400 employees. Our base is in the Nordic region, but our business and our clients are found all over the world.

THE YEAR AT A GLANCE

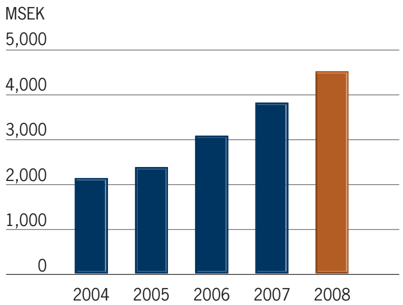
Net sales totalled SEK **4,569** million (2007: SEK 3,862 million).

Operating profit totalled SEK **479** million (SEK 332 million).

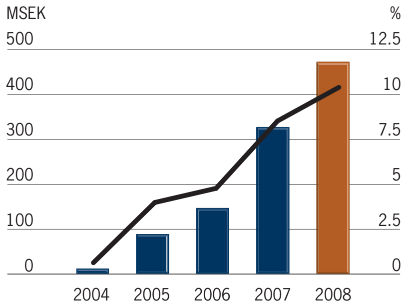
Profit after tax amounted to SEK **328** million (SEK 220 million).

Earnings per share before dilution: SEK **19.08** (SEK 13.15).

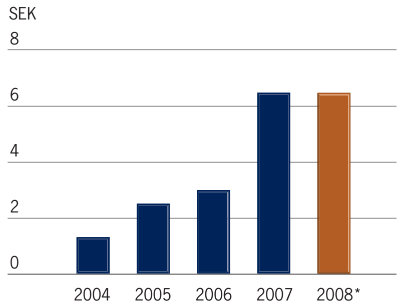
Group net sales (in millions of SEK)



Group operating profit and operating margin



Dividend per share



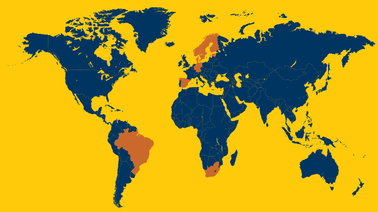
* Proposed dividend

ÅF AT A GLANCE

Division | **ÅF offices**

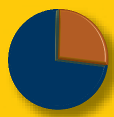
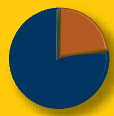
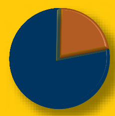
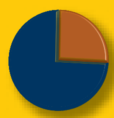
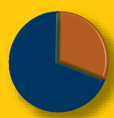
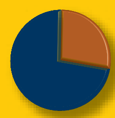
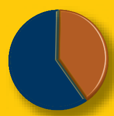
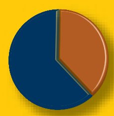
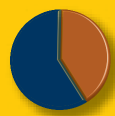
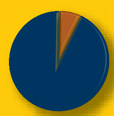
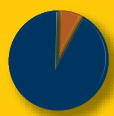
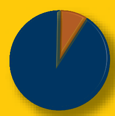
Energy
The Energy Division offers technical and financial consulting services for the energy sector and possesses world-class expertise in the field of nuclear power.

Engineering
The Engineering Division is northern Europe's leading industrial consultant, offering services in process technology, automation, industrial IT, electrical power systems and mechanical engineering.



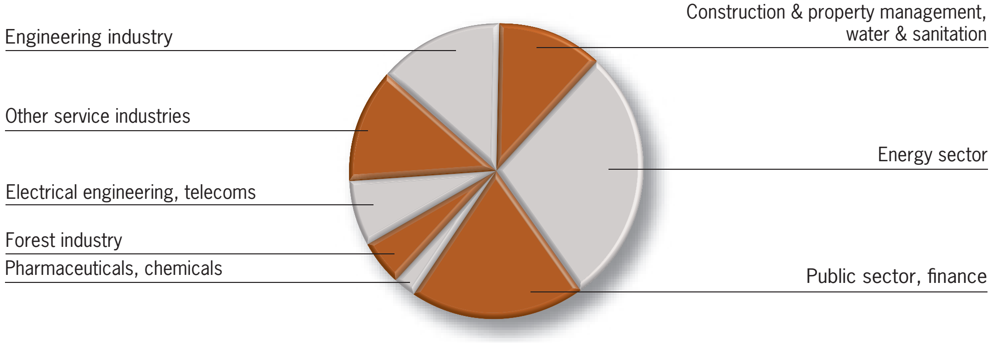
Infrastructure
The Infrastructure Division holds a leading position in consulting services for infrastructure development in Scandinavia.

Inspection
The Inspection Division is an independent third-party inspection body that inspects, tests and certifies plant and systems for clients in both industry and infrastructure.

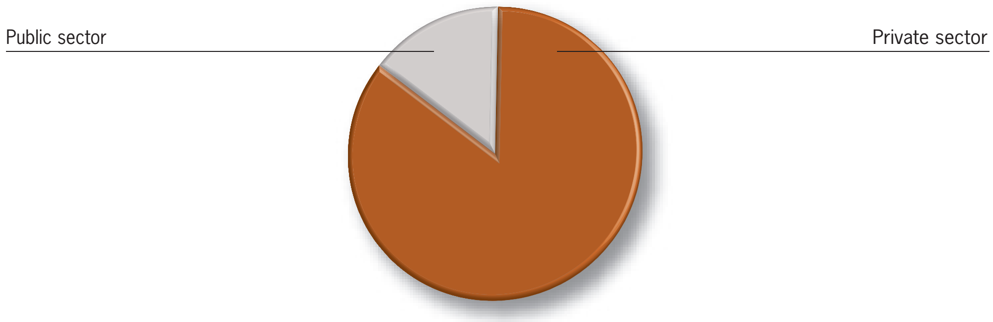
Clients	Net sales	Operating profit	Employees (FTEs)	Operating profit per FTE
• Power industry and energy companies • Government bodies • Financial institutions	 27% MSEK 1,268	 23% MSEK 124.3	 22% 841	SEK 148,000
• All sectors of industry, primarily manufacturing	 26% MSEK 1,210	 31% MSEK 162.1	 28% 1,103	SEK 147,000
• Road and rail • Property sector • Defence sector • Industry	 40% MSEK 1,894	 38% MSEK 199.2	 41% 1,602	SEK 124,000
• All industries and sectors	 7% MSEK 350	 8% MSEK 43.9	 9% 341	SEK 129,000
Total, all divisions	**MSEK 4,722**	**MSEK 529.5**	**3,887**	**SEK 136,000**
Other/Eliminations	**MSEK –153**	**MSEK –50.8**	**61**	**—**
Total including eliminations	**MSEK 4,569**	**MSEK 478.7**	**3,948**	**SEK 121,000**

Divisional shares of Group totals for 2008 are shown as a percentage.

Business areas – share of Group sales 2008



Client base – sales by customer segment 2008



Financial summary	2008	2007
Net sales, in millions of SEK (MSEK)	4,568.8	3,861.6
Operating profit, MSEK	478.7	331.9
Operating margin, percent	10.5	8.6
Capacity utilisation, percent	74.1	75.1
Profit after net financial items, MSEK	460.9	322.1
Profit margin, percent	10.1	8.3
Employees (FTEs)	3,948	3,623
Equity per share, SEK	99.5	78.8
Equity/assets ratio, percent	47.1	47.9
Return on equity, percent	21.6	18.1
Earnings per share after tax, SEK	19.08	13.15
Dividend per share, SEK	6.50*	6.50

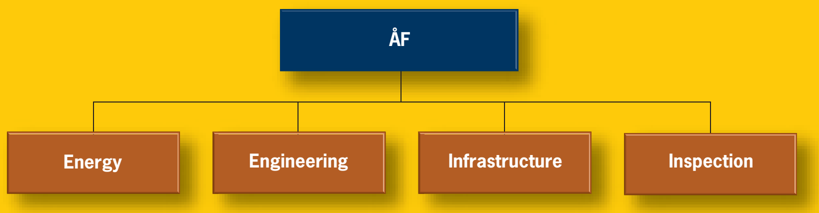
*Proposed dividend

Organisation

The ÅF Group is an international technical consulting company with the Nordic countries, the Baltic countries and Switzerland as its domestic market. Because a local presence among clients and in the labour market is essential for success, ÅF has around 100 of its own offices in a total of more than 20 countries.

ÅF's organisation and management is characterised by a decentralised structure which contributes to quick decision-making processes.

ÅF consists of four divisions: Energy, Engineering, Infrastructure and Inspection. The divisions are based on the requirements of our clients as reflected in our own spectrum of skills.



A brief historical summary

On 23 February 1895 Södra Sveriges Ångpanneförening was created when a number of steam generator owners in the south of Sweden joined forces to prevent accidents and make more efficient use of steam power.

In the 114 years that have elapsed since then, ÅF has played a major role in the industrial developments that have revolutionised society. The company has guided its clients through four huge technology changes – steam, electricity, nuclear power and computerisation – and remained at the forefront of technology both in the industrial era and in today's information society.

Since AB Ångpanneföreningen was first listed on the Stockholm Stock Exchange in January 1986 the company has grown to become one of Europe's largest technical consulting companies.

On 5 May 2008 AB Ångpanneföreningen changed its name to ÅF AB.

2008 – A RECORD YEAR FOR ÅF

Meet Jonas Wiström, President and CEO of ÅF, as he sums up a good year and outlines an exciting future for ÅF.

Jonas Wiström, what's your view of the progress ÅF made in 2008?

"2008 was ÅF's best ever year with plenty of reasons to be positive. Thanks to our development programmes, new orders and a total of ten acquisitions we advanced our positions significantly, particularly in the fields of energy efficiency, hydropower and nuclear power.

"In the autumn we restructured our operations, realigning the Process Division more closely with the energy sector and changing the division's name to Energy. For the Swiss arm of this business, ÅF-Colenco, earnings and the inflow of orders exceeded expectations, and our purchase of the Russian technical consultant Lonas in the fourth quarter created a strong position for the division in Russia, a market in which we see long-term potential.

"Progress has also been very good in the Engineering Division, which maintained good earnings across the board. As a result of the autumn reorganisation, Engineering was bolstered by the addition of 250 experts in the fields of electrical power systems, pulp and paper, food processing and pharmaceuticals.

"When the Infrastructure and Systems Divisions were merged under the Infrastructure banner, one important motive for this was to spread Systems' culture of growth to the expansive area of infrastructure planning. The merger also creates opportunities for cross-fertilisation between different areas of expertise and paves the way for cost synergies.

"Developments in the Inspection Division have been positive for several years, and 2008 saw two more important steps with the acquisition of a company in Sweden and one in the Czech Republic, which is a key market for ÅF."

You frequently use the concept "One ÅF". What does that mean to you?

"One ÅF is the ethos of our corporate culture of internal cooperation, pooling the resources of all of ÅF's engineers regardless of organisational or geographical boundaries. It's the interweaving of structures, systems and cultures. Every ÅF consultant who visits a client should be able to use the entire spectrum of ÅF's resources to carry out the assignment. The chances are that we have already worked on something similar, and the experience we have gained from this should quickly be used to the client's advantage. One ÅF also signals that the whole of ÅF is a potential workplace for co-workers, as we work in a similar way throughout the entire Group.

"In 2008 we launched a brand new system for sharing experience and knowledge that gives ÅF employees worldwide access to our collective know-how in a variety of areas. Not surprisingly, perhaps, we have called this system 'ONE', since it enables every ÅF unit to serve as a local partner to its clients while tapping into the potential of ÅF's global activities."

Tell us a little about ÅF's environmental work.

"The most important thing is to regard environmental work as a profitable undertaking. Our own greatest contribution to a better environment is to systematically reduce our consumption of energy and resources by working towards a number of quantifiable environmental goals. But it is what we can do for our clients that makes the biggest impact of all. By supplying them with environmentally adapted and socially responsible solutions we can do the world a big favour while improving the profitability of our clients' operations. ÅF is well to the fore in this respect."

The ÅF motto "Innovation by experience" aptly describes the recent process of change at ÅF. What do you believe the future holds for ÅF.

"My vision is for ÅF to be Europe's number one technical consulting company. By that I mean that we will be the most profitable among our 10 or 20 biggest competitors. Continued good profitability will enable us to recruit the most capable co-workers and give us the freedom to make strategic acquisitions. We will have more specialists and project leaders while undertaking more projects as fixed-price agreements rather than at hourly rates, sometimes with some kind of built-in incentive."

ÅF has survived many economic ups and downs in its 114-year history. What's your view of the situation ÅF faces in 2009 and 2010?

"In the short term we face tough times with some stiff challenges. But the long-term outlook remains very promising. Never before has the need for new breakthroughs in technology – particularly as regards infrastructure and energy – been so great. In this respect, ÅF is ideally placed to offer clients both peace of mind and cutting-edge expertise."

Awareness of the ÅF brand has been given a real boost following the part-time employment of Susanna Kallur and sponsorship of the ÅF Golden League. What does this mean in Sweden and abroad?

"Strategically one of our most important tasks is to win the battle for the most capable co-workers. We can only do this if the ÅF brand attracts the best talents in the marketplace. And, with operations in around 20 countries, we need to think internationally. Being title sponsor of the ÅF Golden League, the world's biggest annual series of athletics meetings watched by hundreds of millions of TV viewers in 100 countries, has been a big success.

"We often receive proof that awareness of our brand has increased. In ISI Wissing's annual survey of decision-makers in Sweden ÅF was ranked best technical consultant, and in the 2008 Universum survey of the best employers for Swedish engineers ÅF claimed eighth place overall and the number one spot among technical consulting companies.

"Also on this subject I'd like to mention how well last year's official name change from Ångpanneföreningen to ÅF has been received. We now have a name that is better suited to the modern consulting company that we are today."

ÅF House, the company's new head office, has rapidly become a Stockholm landmark. What does this mean for ÅF?

"ÅF House is a symbol for ÅF in many ways. The physical layout, for instance – so suited to both scheduled meetings and spontaneous debate – demonstrates our open-minded approach to problem-solving. The building itself is a good example of how environmental thinking can be profitable. It is the first office in Sweden to win 'Green Building' certification, an eco-labelling system for properties with at least 25 percent lower energy use than what is prescribed in national standards for new properties. We estimate saving SEK 6 million a year compared with our previous energy costs. And, as many aspects of the construction work were project-led by ÅF, the building is also an example of our engineering skills. It embodies both our brand and our soul."

Any final comments?

"First of all I would like to thank all our clients for the confidence they show in us. And thanks, too, to our co-workers for a job well done. ÅF is now stronger than it has ever been, with an extensive database of experience readily available to help all of us to provide an even better service to our clients. We stand well equipped in sectors that have great potential and this will enable us to build enduring values for our shareholders in line with the culture and spirit that characterises all that we do – innovation by experience."

Stockholm, March 2009

Jonas Wiström
President and CEO

"In the short term we face tough times with some stiff challenges. But the long-term outlook remains very promising."

Jonas Wiström
President and CEO

MISSION

ÅF's joint pool of expertise creates solutions that are profitable, safe and sustainable.

ÅF contributes to the sustainable development of industry and society as a whole. More than 100 years' experience in the business has taught us to raise our sights.

Our collective experience places ÅF firmly in the front rank of technological progress. Even so, the solution ÅF delivers is not necessarily the most technically sophisticated – but it's always the best! ÅF never experiments with its clients or their businesses, especially when their interests are best served by tried and tested technology.

Our indisputable independence from suppliers and other partners is our clients' guarantee of an optimum solution.

That's why ÅF creates solutions that are profitable, safe and sustainable for its clients.

ÅF's core values:

- Great people
- Teamwork
- Indisputable independence

OUR MOTTO

Innovation by experience.

The best partner for the best clients

- ÅF meets every technical challenge
- ÅF's business model outperforms all competitors
- ÅF sales will total 1 billion euros by 2015

VISION

ÅF meets every technical challenge

ÅF has access to more than 100 million hours of engineering experience – know-how and solutions that are documented in "ONE", our unique knowledge bank that is available to every ÅF employee. This means that:

- every ÅF employee can make use of the full, combined strength of ÅF
- ÅF is ready to tackle every technical challenge, now and in the future

ÅF's business model outperforms all competitors

ÅF does not charge for its time, but for the value it creates. That increases the productivity of our projects and reduces costs for the clients. Partnership plays a central role in our assignments, because it is as a partner that ÅF can deliver real value – the right quality at the lowest overall cost.

Our outstanding co-workers are one step ahead in terms of technical expertise, business acumen and indisputable independence.

For our clients and competitors it is clear that here at ÅF we demand more of ourselves. We have the will to win.

ÅF sales will total 1 billion euros by 2015

ÅF will become Europe's leading technical consultant. For us, that means becoming the most profitable company among our biggest competitors in the business.

Our rate of growth will be high. We will grow both organically and through corporate acquisitions, but we will also be careful to ensure that the companies we acquire contribute positively to our profitability and to the ÅF culture.

Strategies

Operations will be decentralised

- under one and the same brand
- with common processes and systems
- with shared values and a common corporate culture in order to concert efforts and fully exploit the potential of all the experience that is represented within the ÅF Group.

ONE ÅF is a huge, shared bank of knowledge available to all ÅF co-workers that enables ÅF to improve profitability for its clients by proposing safe, sustainable solutions to a wide variety of challenges.

ONE ÅF is a common workplace where co-workers are encouraged to pursue their career within ÅF, for example in a different country or with new, technical challenges.

ONE ÅF is a joint sales organisation through which clients are offered the entire range of ÅF's services.

ONE ÅF is the firm base for the corporate culture and shared values of ÅF.

Acquisitions strategy

ÅF's acquisitions policy is based on the above. Every effort will be made to develop the business when the right opportunities arise, but expansion will not take place at the expense of profitability.

Business support and shared processes

ÅF is constantly developing its consulting business and its capacity to carry out assignments in the best possible way. The ambition is to assure successful, sustainable, long-term development for both clients and ÅF.

One example of this is ONE, ÅF's recently developed IT platform. At the same time as it acts as a driving force for collaboration within ÅF and with our clients, ONE is also the guarantor of a modern approach to working with processes, projects and knowledge retrieval at ÅF. This web-based, predominantly English-language tool is accessible to employees throughout the ÅF Group.

ONE also serves as ÅF's business support system, a central operational control system that makes ÅF's business operations considerably more cost-effective while assuring the quality and consistency of the company's approach. The system includes tools for shared processes, project documentation and a searchable database of engineering and business experience that pinpoints the similarities between many of the assignments undertaken by ÅF. When a client commissions ÅF to perform an assignment, the chances are great that ÅF has already successfully completed a similar assignment elsewhere.

The ONE system enables ÅF management to control and support operations and meet the criteria for certification for environmental and quality management in accordance with ISO 14001:2004 and ISO 9001: 2000.

Long-term objectives

Financial objectives

ÅF shall be the most profitable company among its closest comparable competitors in the industry and achieve an operating margin (EBIT) of at least 10 percent over a business cycle.

ÅF shall have net debt, but net indebtedness shall not exceed 40 percent of equity.

Growth objective

Sales of 1 billion euros by 2015.

Market objective

Client surveys to show that at least 90 percent of clients perceive that the service provided by ÅF exceeds their expectations.

Human resources objectives

Better balance in the gender ratio. An initial target is for at least 25 percent of the company's consultants and managers to be women.

Staff turnover to be 7–13 percent.

All employees (with at least one year's service) to take part in a personal development interview each year.

Environmental objectives

In 2008 ÅF resolved to adopt entirely new environmental objectives for its operational activities. 2008 is the base year for the new objectives and for the new key values. After the results have been analysed, three new environmental objectives will be adopted: two for the company's direct environmental impact (through its own internal operations) and one for the company's indirect impact (through the assignments ÅF carries out for its clients). Please refer to pages 23–26 for further details.

THE MARKET AND THE WORLD AROUND US

ÅF's services – a summary

ÅF's operational activities comprise four divisions offering technical consulting services for industry (approximately 70 percent of revenue) and infrastructure projects (approximately 30 percent).

The Energy Division focuses on technical and financial consulting for the energy sector, from advice in connection with business models to implementing investments in power plants and all manner of environmental considerations associated with this. The division possesses world-class expertise in nuclear power.

The Engineering Division is northern Europe's leading industrial consultant offering services in process technology, automation, industrial IT, electrical power systems and mechanical engineering.

The Infrastructure Division holds a leading position in consulting services for infrastructure development in Scandinavia with clients in industry, the public sector, defence and the property sector.

The Inspection Division is an independent third-party inspection body that inspects, tests and certifies plant and systems for clients in both industry and infrastructure.

Major clients 2008

ÅF's ten largest clients in 2008 were Atel, Banverket (the Swedish National Rail Administration), Ericsson, Fortum, FMV (the Swedish Defence Materiel Administration), Peab, Stockholm's regional transport authority (SL), Vattenfall, Volvo Cars and Westinghouse. Together these clients accounted for 21 percent of total invoiced sales.

Market

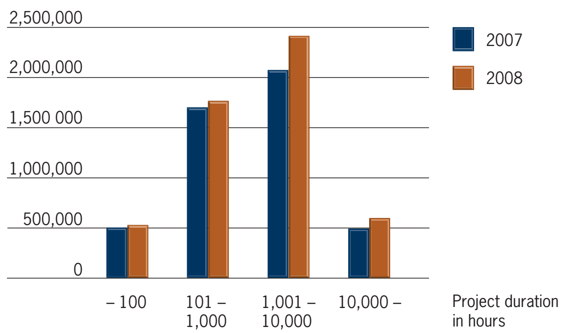
The market for ÅF's services was very good in 2008, although there was a slight dip in demand towards the end of the year.

The market for the Energy Division started the year strong in all segments, with the rise in global energy consumption leading to widespread capacity shortages. Demand eased as the year drew to a close, however, as many investment decisions were shelved as a result of the financial crisis.

The market for the Engineering Division was very strong during the year but here, too, demand began to flag towards the end of the year, particularly from manufacturing industries. Orders came chiefly in the form of efficiency improvements in manufacturing plants, environmental engineering projects, the development of alternative fuels and conversion to efficient energy management.

The market for infrastructure consulting services was also strong with the exception of consulting services in product development, where demand tailed off at the year-end. Environmental adaptations and energy-efficiency projects are the clear engines for growth in this market and are acquiring ever greater significance.

Size of ÅF projects, in number of hours



In order to better secure activity levels and thus improve profitability, ÅF works actively to increase the proportion of long-term assignments.

Demand for the services of the Inspection Division remained stable and the trend pointed upwards in 2008. The market as a whole has grown slightly, but Inspection has expanded more quickly, capturing new shares of the market. Demand was particularly brisk within testing, which led to some shortage of capacity. The ongoing harmonisation processes in the EU and the fact that increasing numbers of sectors are now regulated by technical inspections are fuelling an increase in demand in this field.

Outlook – Nordic countries

Demand for technical consulting services of the kind offered by ÅF is expected to remain good despite the downturn in the economy. We are well prepared to meet rapid changes, and capacity shortages in certain areas enable us to transfer resources to meet shifts in patterns of demand.

The prevailing trend of globalisation is unaffected by the economic downturn and will continue to intensify the competitive situation for industry in Sweden and among its Nordic neighbours. Many industrial plants still need modernising to improve efficiency so that they can compete successfully in a global market.

Over the next few years the Nordic energy market will begin to see the implementation of investment decisions, chiefly in the form of an increased focus on nuclear power in Finland and on biofuels in the other Nordic countries. There is often an energy or environmental perspective to industry's demands for improved efficiency, and this will fuel demand for technical consulting services throughout the Nordic region for a long time to come.

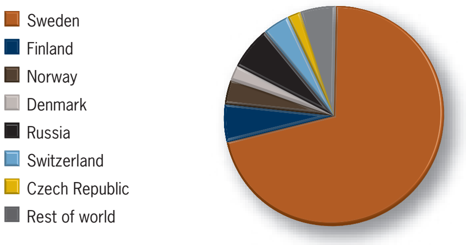
Within the Nordic process industries, demand is expected to remain high for projects aimed at making production facilities more efficient and at reducing costs by saving energy. Demand is expected to remain high in industries such as mining, petrochemicals, energy, food processing and pharmaceuticals whereas on the manufacturing side, for example the automotive industry, demand is expected to fall even further in 2009. Projects dependent on venture capital will no doubt continue to be under pressure.

Several environmentally-oriented pilot projects in Swedish industry are expected to be turned into export products and should thus contribute to maintaining the demand for technical consulting services.

Sweden stands at the threshold of huge investments in road and rail infrastructure at the same time as interest in environmental initiatives and energy-efficiency projects remains keen. As a result, ÅF believes the market for technical consulting services in infrastructure will continue to remain favourable. It is a similar picture in certain other Nordic regions. As far as the Installations business area is concerned, however, there is growing uncertainty throughout the Nordic market about the immediate future of major projects in the property sector, such as shopping malls and office blocks.

Geographical spread of ÅF business

Number of employees per country, December 2008



ÅF's domestic markets are the Nordic countries, the Baltic countries and Switzerland, but the company is becoming increasingly international. It has offices in more than 20 countries, but conducts business activities and attracts clients all over the world. Of a total of some 4,400 employees, approximately 1,200 are based outside Sweden.

In the field of technical inspections, a gradual deregulation of the Nordic markets is taking place. The Inspection Division is following this development carefully and intends to take an active role in the changes that this may lead to.

Outlook – other markets

Despite economic unrest in the wake of the financial crisis there is still great potential in Russia and other Eastern European markets. Many industries are in dire need of modernisation and all the signs are that future demand for energy will be great.

It is expected that Western Europe will expand its nuclear power generation capacity and make coal-fired power plants more efficient and better adapted to the environment. Russia is badly affected by the financial crisis but will nonetheless carry out new projects primarily within coal and gas. The economic situation is much the same in India and South-East Asia, where current investments in hydropower and thermal power plants will be carried out, but fewer new ones will be initiated.

European industry's appetite for energy remains insatiable and this will lead to strong demand for services in power generation and transmission while demand for environmentally-related industrial projects is also expected to be high.

As far as pulp and paper are concerned, ÅF sees interesting markets in Africa and South America, while demand in Europe is expected to be weak, except for the paper recycling sector, where ÅF also possesses special expertise.

There is plenty of potential, too, in the market for inspection services in Europe. Not only is there a clear need for qualified inspection services in the wake of deregulation, but the process of EU harmonisation is also fuelling growth in this sector. ÅF has chosen the Czech Republic as its platform for expansion in this field in Central Europe.

Increased internationalisation

With each passing year ÅF becomes increasingly international. A great deal of effort has been made to standardise the structure of our international competence centres, internal information banks, intranet and graphic profile, and to communicate shared corporate values and aims. Each part of ÅF enjoys considerable autonomy which helps secure strong local roots at the same time as there is always access to the company's global structure and capacity.

Of a total of approximately 4,400 ÅF co-workers, some 1,200 now work outside Sweden.

A WORKPLACE WITH INTERNATIONAL COLLEAGUES AND STATE-OF-THE-ART TOOLS

The process of change at ÅF continues. Working methods are updated and developed. The number of international assignments increases. ÅF has a presence in more than 20 countries and is involved in projects across the globe. More than 25 percent of the company's 4,400 employees are now based outside Sweden.

Pathways to development

ÅF aims to have 10,000 employees by 2015. But growth and rapid change place great demands on ÅF as an employer. The company must offer an attractive working environment and good opportunities for development.

ÅF has identified three distinct career paths within the company: as project manager, specialist/expert and manager. Within each of these pathways to development there are various levels and stages. Career paths provide support for creating individual targets and action plans, not least as part of the annual personal development interviews between a manager and his or her co-workers. In practice, there may be far more development routes than these: co-workers can, for example, switch between roles within the company, acting either as project leader or specialist depending on the circumstances. These different career paths are described in an ÅF publication entitled "Five of Five Thousand".

There are also various opportunities for development within the traditional role of consultant that the majority of ÅF employees hold. In 2008 there was considerable focus on continuous professional development for consultants, with courses in sales, entrepreneurial skills and service aimed at better equipping co-workers to communicate and develop a variety of client needs within ÅF.

ÅF Academy

The ÅF Academy is ÅF's own training facility which provides support for the ÅF career paths and the development of the consultant's role. The offer includes comprehensive basic courses for new consultants as well as highly specialised advanced courses and training tailored to individual requirements. Facilitators and lecturers come both from within and outside ÅF, but it is ÅF's views on business acumen and entrepreneurial skills that provide the foundation for all the courses on offer. In 2008, some 40 training exercises were conducted.

ÅF Nuclear Academy

In 2009 ÅF's commitment to increase its competence in nuclear power to meet the more stringent requirements of the industry and the regulatory authorities will be underpinned by the ÅF Nuclear Academy. Set up in the autumn of 2008 the ÅF Nuclear Academy offers courses that will lead to certification at four levels for experienced ÅF engineers and for new co-workers assigned to work within the nuclear power sector. The initiative has met with considerable interest from the industry and it also gives ÅF employees exciting opportunities for professional development. The aim is to certify all ÅF employees working on nuclear power assignments and also to offer certification to clients and other stakeholders.

Certification

At the ÅF Academy, ÅF project managers undergo training to obtain certification in accordance with the European accreditation standard, IPMA. There are four levels of certification: A, B, C and D. For project managers involved in international projects, the certification process is conducted in English. 29 consultants were accredited in 2008.

Competence centres

A number of competence centres were established in 2008. These cut across divisional structures within the ÅF Group in order to strengthen levels of expertise within a particular area and encourage the exchange of experiences between countries.

"ÅF Recruits"

Also in 2008 the new "ÅF Recruits" tool was launched. This is a searchable, net-based database that makes it easier for ÅF managers to identify new co-workers with the right profile. In addition to taking care of all recruitment-related administration from advertising to drawing up the contract of employment, the system also contributes to better internal mobility within the Group.

By using flexible interfaces, "ÅF Recruits" can be used both for our own homepage and for external recruiting services. In 2008 alone more than 1,000 people declared an interest in working for ÅF, and the new system has led to substantial savings in time and raised the quality of recruitment work.

"ÅF Recruits" will be rolled out internationally during 2009.

Recruitment, employer branding and talent manager

ÅF is actively involved in keeping potential new employees informed about its business activities. One way of doing this is by regularly participating in both physical and virtual careers conventions and the contact days that are held at Sweden's technical universities.

A special Talent Manager is tasked with promoting ÅF's image in an appropriate way in the labour market, and great emphasis is placed on creating contacts with young jobseekers in ways that they will find appealing. For example, we ran two well-received internet recruitment campaigns – "The Wall" and "The List" – in 2008 that subsequently spread to internet forums worldwide. The campaigns took the form of a competition where candidates were required to solve various tasks as part of an initial selection screening process.

Variable salaries

The ÅF divisions have adopted a number of systems for variable remuneration packages, based either on the results of the division or linked directly to the performance of the individual.

Group bonus

ÅF sees great value in the degree of commitment shown by employees in both the short and the long term. To underline the link between the efforts made by every co-worker and the profitability of the ÅF Group, a new bonus model was introduced in 2008. In broad terms the new model means that the portion of profit that is generated at Group level is shared out in the form of bonus payments that are the same for co-workers in all parts of the company's operations.

A workplace where individuals can thrive and develop

ÅF wants employees to take pride in their work and the company, to feel confidence in their managers and to enjoy the company of their colleagues. This requires focused, long-term efforts at all levels within the company. Employees are given feedback about how they are performing in their work via regular personal development interviews – dialogues between manager and co-worker that also form the basis for individual development plans. When a member of staff leaves ÅF, an exit interview is held to summarise the person's impressions of the time spent at ÅF and create a positive platform for any future relations.

Preventive healthcare takes the form of both occupational healthcare and support for employees' personal choices of health-promoting leisure activities.

Club ÅF is the collective name for the local staff clubs engaged in activities aimed at promoting social interaction and meaningful leisure activities, including a wide variety of cultural activities, for all ÅF employees who are interested.

Cottages for rent

All ÅF Group employees are entitled to rent one of the cottages or apartments that are owned, managed or leased by the Staff Foundation. A couple of hundred families take advantage of this opportunity every year.

Other benefits

Other benefits open to ÅF employees vary from country to country, depending, for example, on the local tax regime. In Sweden, benefits include occupational pensions, attractive insurance offers, the option of a company car and various discounts.

Policies

To make clear its position in a number of employee-related issues, the ÅF Group has formulated policies in key areas such as human resources, salaries, equal opportunities and the work environment.

Sick leave, holidays and parental leave

Sick leave among ÅF employees was 2.4 percent in 2008 (2007: 2.6 percent).

Total absenteeism, including holidays, was 15.7 (16.3) percent of normal working hours. Holidays accounted for 10.3 (9.7) percent and leave of absence for 3.6 (4.0) percent.

Employees are encouraged to take parental leave and ÅF adds an extra 10 percent to state benefits paid to both male and female employees on parental leave who earn salaries up to a total of 7.5 times the so-called “basic statistical amount” used in Sweden for calculating national social security benefits, etc. Employees whose salaries exceed 7.5 times this basic amount receive 90 percent of their monthly salary for between 60 and 90 days, up to a maximum of 15 basic amounts.

A workplace for both men and women

ÅF strives to be a workplace where both men and women can feel comfortable and enjoy the opportunity to develop. Traditionally, the technical industry has been male-dominated, but ÅF works hard to create a better gender balance, an ambition that is also reflected in the company’s recruitment activities. The first step towards a more even male-female ratio is to raise the proportion of female consultants and managers to 25 percent of the total. The proportion of female consultants was 17 percent at the end of 2008 (2007: 14 percent). The proportion of female senior consultants was 12 (13) percent, while female employees made up 21 (18) percent of the total workforce.

Female representation on the board

Three of the eight ÅF directors elected by the Annual General Meeting are women: this corresponds to a 37 percent representation on the board. One of the four employee representatives on the board is a woman.

Capacity utilisation

The ÅF Group’s invoiced-time ratio – the proportion of time charged to clients relative to the total number of hours spent at work by all employees – was 74.1 percent (2007: 75.1 percent). Non-invoiced time includes marketing, training, technical development, management and administration activities.

Universum’s Career Barometer 2008	Pos.
Volvo Group	1
Ericsson	2
IKEA	3
Sony Ericsson	4
Saab	5
ABB	6
Scania	7
ÅF	**8**
Vattenfall	9
Sweco	10

ÅF voted Sweden’s best consulting company in Universum’s Career Barometer survey of young professionals

In a survey of 6,000 professional engineers, ÅF was ranked in eighth place overall among Sweden’s most attractive employers, successfully defending its position as the nation’s most attractive consulting company.

The Career Barometer is an annual attitude survey conducted by Universum Communications. All respondents are “young professionals”, which means that they have a degree in engineering from a university or college of similar standing and between two and eight years of working experience in their specialist area.

Age distribution

Age group, yrs	Percentage 2006	2007	2008
–29	10	12	14
30–39	33	30	30
40–49	26	28	27
50–59	21	20	19
60–	10	10	10

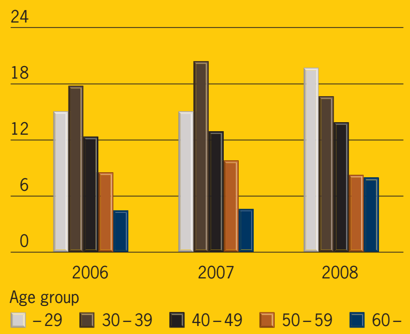
The average age was 43.1 (2007: 43.5) years.

Length of employment

Length of employment, yrs	Percentage 2006	2007	2008
–2	75	57	43
3–5	10	15	32
6–10	9	15	12
11–20	4	9	9
21–	2	4	4

Average length of employment was 7.8 (7.2) years.

Staff turnover, %

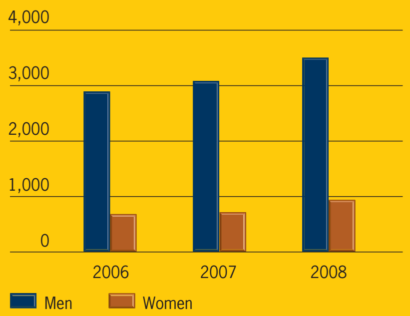


Staff turnover based on resignations
Total 2008: 13.1 percent.

Education

Number of employees (FTEs)

December 2008



Financial data

	SEK '000/year/FTE 2006	2007	2008
Net sales*	983	1,066	1,157
Profit**	46	90	120
Personnel costs	605	611	616
Value added***	650	701	736

*) Revenue excluding other operating income.

**) Operating profit before net financial items, excluding participation in profit/loss of associated companies and other operating income.

***) Salaries and social security contributions including profit/loss before net financial items excluding other operating income.

Training and R&D

	SEK '000/year/FTE 2006	2007	2008
Training	14	17	23
Research & development	9	7	9
Total per FTE	23	24	32

Each employee received an average of 39 hours of training in 2008 (2007: 49 hrs).

Linda markets a world of possibilities

Linda Andersson is ÅF's Talent Manager. This new position, created in Sweden in 2008, will become progressively more international in its focus.

What does a Talent Manager do?

"I'm responsible for ÅF's marketing strategy to students and young professionals. The aim is to present ÅF as an attractive employer. I work on activities and events that strengthen our employer brand: that means explaining what we do and what we stand for in a way that arouses interest in ÅF among the kind of talented people that we one day hope to recruit. It's also my job to manage contacts with representatives for student unions, participate in careers conventions and answer questions about student tutoring assignments at ÅF and about ÅF as an employer."

So, what is ÅF's strategy for attracting the very best engineers?

"It's essential that a company with the kind of breadth that ÅF has adopts a multifaceted approach to communication. We have selected a few key universities where we maintain a strong presence. Students can meet our consultants and ask questions, for example as part of the special evening activities we host. We also give lectures and let students try their hand at consulting by solving fictitious problems. The important thing is to convey a sense of what our corporate culture means, the kind of jobs people can do at ÅF, and what a consultant's role involves. The students who can identify with these three cornerstones of our business are the ones most likely to be offered a job at ÅF – and to enjoy working with us. But I hope that all budding engineers form a good impression of ÅF that lasts throughout their working life, wherever they choose to work."

What are you doing to make ÅF a more appealing employer for women?

"ÅF is working on several levels with this. In my field, for instance, we have become partners and sponsors for female networks at Chalmers University of Technology and Sweden's Royal Institute of Technology, where we conduct career-related activities. Female students can meet female ÅF consultants to talk about work and development opportunities. We've also planned an ÅF Talent Tour for 2009 with visits to various education establishments to talk about careers and health.

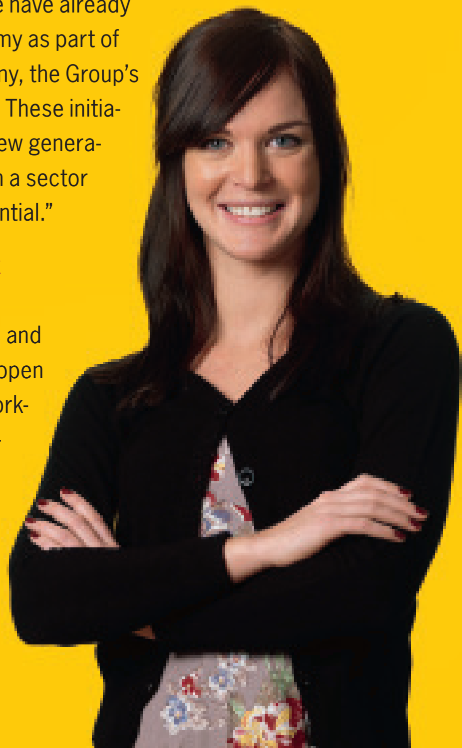
"We want to show that ÅF is a modern company with an innovative approach. Women are still in a minority among our consultants, but we know that greater diversity among co-workers leads to improvements in quality and skills in our business operations. That means that we need to increase the number of women on our staff in order to make sure we can attract the very best male and female engineers."

How is ÅF responding to increasing demand for services from the nuclear power industry?

"Autumn 2009 sees the start of our new ÅF Nuclear Trainee programme. This is the first ÅF trainee programme and will be aimed at new engineering graduates or engineers with up to eight years' working experience. We have already started the ÅF Nuclear Academy as part of the activities of the ÅF Academy, the Group's own educational organisation. These initiatives will secure access to a new generation of skilled, top engineers in a sector that we believe has great potential."

What does the future look like for new ÅF recruits?

"If you're intelligent, ambitious and have the right attitude, it's an open door to a consulting career working on highly qualified, international projects in a company with a special corporate culture that is a unique blend of modesty and self-belief."



WORKING TOWARDS SUSTAINABLE DEVELOPMENT

Sustainable development is founded on financial, social and environmental change, and ÅF recognises its responsibility for the impact the company has in all three of these areas.

This impact can take the form of ÅF's influences on local trade and industry, the natural environment, its employees, owners, clients, suppliers and other stakeholders. ÅF has considerable opportunity to influence the development of its clients' businesses, and in this respect ÅF shoulders a great responsibility for making sure that development is undertaken in a sustainable manner. The ambition is always to endeavour to safeguard long-term success and sustainable development for both its clients and for ÅF itself. That ambition also forms the basis for the ÅF mission statement: "ÅF's collective technical expertise and experience create solutions that are profitable, safe and sustainable."

ÅF works to achieve this ambition in many ways, some of which are described below.

Work environment at ÅF

ÅF does all it can to ensure co-workers of an unbeatable environment in which to work. In 2008 Universum conducted a survey among young engineers who ranked ÅF as the most attractive employer among Swedish technical consulting companies.

Sustainable ownership

Ångpanneföreningen's Foundation for Research and Development is one of the company's largest shareholders and uses some of its earnings as an owner to offer support in the form of research grants and scholarships to projects at Sweden's universities, colleges and research institutes in fields that include energy, environmental engineering, security and industrial processes.

Environmental work

ÅF AB and its subsidiaries are certified in accordance with ISO 9001: 2000 (quality) and ISO 14001: 2004 (environment). The most significant aspect of ÅF's environmental work is indirect via the effect that its consulting services have on its clients' environmental performance. Other aspects are the company's own, direct environmental impact in the form of business travel and electricity consumption in its offices. As a technical consultant ÅF can make a big difference to its clients' environmental impact. This is often a question of improving energy efficiency in buildings or processes, but it also includes the choice of materials and management of chemicals, reducing the risk of accidents that can affect people and the environment, or improving client skills through training. In addition there are opportunities to investigate and analyse alternative purification techniques, calculate or mitigate environmental impact in the form of emissions to air, noise or odours, or simply to help clients with their strategic sustainability work.

Even if the indirect effect ÅF can exert via its clients is far in excess of the impact the company itself exerts on the environment, it is nevertheless very important to work with these internal factors and, as a leading technical consultant, to set a good example.

Environmental targets

In 2008 ÅF resolved to adopt entirely new environmental objectives for its operational activities. 2008 is the base year for the new objectives and for the new key values. After the results have been analysed, three new environmental objectives will be adopted: two for the company's direct environmental impact (through its own internal operations) and one for the company's indirect impact (through the assignments ÅF carries out for its clients).

Electricity consumption in office premises

ÅF does not own its office premises but the company does have an opportunity to influence its landlords and its own consumption of resources. Figures from ÅF offices are logged and analysed to find a reasonable target level, where the ambition is to be in the best quartile among comparable organisations. In 2008 ÅF's head office moved to new premises, a so-called "Green Building" in Solna, north of Stockholm.

Travel

Modes of travel, distances and carbon dioxide emissions were measured and analysed in 2008. Targets for reducing the environmental impact of travel will be set with effect from 2009 onwards. Here, too, the ambition is to be among the best in the industry. ÅF is working to develop IT applications that will reduce the need for physical meetings, for example, by increasing the number of web meetings.

Indirect impact through client assignments

ÅF's indirect impact is the greatest and perhaps the most important. As the nature of assignments differs widely between divisions, each division will set its own targets for how to reduce environmental impact through the assignments it carries out. Each division established target areas in 2008, but the detailed work of formulating the targets is still ongoing.

Code of conduct

During the year ÅF has adopted a new Code of Conduct that extends to include the board and all the company's employees. This Code of Conduct follows below:

The Code of Conduct summarizes the principles by which ÅF conducts its operations and relations with clients, business partners, employees and other stakeholders. It applies to all members of the board of directors and to all employees. The code is based on OECD's guidelines for multinational corporations, UN's declaration of human and children's rights, and ILO's central conventions.

General Principles

ÅF is to comply with the laws and regulations and to respect the culture and traditions in the countries where ÅF operates.

ÅF shall not offer clients or business partners any benefits in violation of laws or accepted business practices.

ÅF employees shall observe good business practice and an ethical conduct in all operations and relations with stakeholders.

Employees shall not accept payments or other kinds of reimbursement from a third party that could affect their objectivity in their business decisions.

All financial transactions must be reported in accordance with generally accepted accounting practices, and accounting records must show the nature of all transactions in a correct and non-misleading manner.

Employees and members of the board of directors shall conduct their private and external financial interests in a manner that is not in conflict or appears to be in conflict with the interests of the group.

ÅF observes neutrality with regard to political parties and candidates.

ÅF encourages an ongoing dialogue with its stakeholders.

Human Rights and Labour

ÅF supports and respects the protection of internationally proclaimed human rights.

ÅF hires and treats its employees in a manner that does not discriminate with regard to gender, race, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, and social or ethnic origin. Workplace diversity is encouraged.

No form of compulsory or child labour is tolerated.

Freedom of association shall be respected in all operations.

A safe and healthy work environment shall be provided for all employees.

Environment

ÅF assignments and operations are designed to contribute to sustainable development and to enhance efficient use of energy and raw materials.

Energy Division

Target areas: Environmental services and energy services

The majority of assignments have a positive effect on the environment since most of the division's consulting work comprises environmental, energy and climate services in conjunction with investigating or improving clients' environmental performance.

To use its consulting services to make further inroads into reducing the environmental impact of its clients' activities, the division is committed in 2009 to working to increase the degree of environmental benefit in its assignments as well as to increase the overall number of environment-related assignments. This work includes working on target areas such as energy efficiency, conversion to new fuels and further improvements with regard to the environmental benefit in other services.

Engineering Division

Target area: Biofuels

The Engineering Division has seen a clear increase in the number of industrial projects involving biofuels and is therefore amassing competence in this highly interesting growth area. The division plans to start a Biofuels business area in 2009 in order to capitalise on its extensive technical expertise in the chemical, petrochemical and other process industries with regard to process design and the project engineering of biofuel production facilities.

Current projects include, for example, biogas generation from food waste and black liquor, and the project engineering of ethanol and biogas production plants.

Infrastructure Division

Target areas: Energy efficiency and eco-design

Today ÅF has almost 100 experts who work on energy efficiency measures in clients' plants. Experience shows clearly that it is in the actual operation of the plant that the greatest savings can be made. For this reason, work usually focuses on ensuring that all fixed installations, equipment and apparatus is used as effectively as possible. The services that ÅF offers in this field extend from qualified energy-mapping and proposals for action plans to full-service undertakings that include responsibility for the implementation and realisation of the savings.

Eco-design is the name given to the process of developing products that are better adapted to the environment by ensuring that they are designed from the start to minimise impact on the environment throughout their entire life cycle. Examples include products that are energy-efficient and recyclable. Eco-design also paves the way towards the evolution of products and services for a sustainable society through the intelligent use of resources and raw materials, and the optimisation of functionality, quality and cost through a fully integrated approach to environmental work. ÅF's services in this area are offered through the ÅF EcoDesign Center.

Inspection Division

Target area: Risks

The main emphasis of the Inspection Division's services lies in assessing whether clients' plant and equipment meets current safety and environmental criteria. Clients can then use ÅF's assessment to prevent any negative environmental impact.

To use its consulting services to make further inroads into reducing the environmental impact of its clients' activities, the division will endeavour in 2009 to increase the number of assignments where a breakdown would lead to a severe negative impact. This initiative includes educating clients about current regulations so that, by preventive maintenance, they can carry out operations and run their plants safely and in an optimal way from an environmental perspective.

TOP CONSULTANT IN A SECTOR WITH GREAT POTENTIAL

ENERGY

The Energy Division offers technical consulting services for the energy sector. It is active worldwide with a position as a market leader in the Nordic countries, Switzerland and the Baltic countries, and a very strong standing in many areas of expertise, particularly nuclear power, where it is a world leader. The Energy Division accounts for 27 percent of ÅF Group sales.

Energy – significant international operations

The realignment of operations continued in 2008, and the division changed its name from Process to Energy in October in conjunction with the transfer of 177 pulp and paper specialists to the Engineering Division.

Key figures	2008	2007	Adjusted* 2008	Adjusted* 2007
Net sales (in millions of SEK)	**1,268**	975	**1,051**	700
Operating profit (in millions of SEK)	**124.3**	67.5	**130.0**	57.2
Operating margin, percent	**9.8**	6.9	**12.4**	8.2
Share of Group sales, percent	**27**	24	**23**	18
Number of co-workers (FTEs)	**841**	752	**697**	552
Operating profit/FTE (in thousands of SEK)	**148**	90	**186**	104

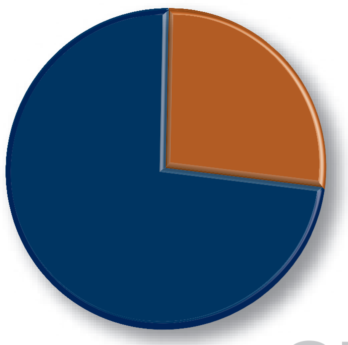
*On 1 October 2008 the following organisational changes were made that affected the Energy Division: 177 employees working primarily in the Pulp & Paper business area were transferred from the Energy Division to the Engineering Division. At the same time 13 employees moved from Energy to the Inspection Division. The adjusted columns show what the key figures would have been if these internal transfers had been made on 1 January 2007 and 2008 respectively.

The Energy Division offers technical and financial consulting services for the energy sector with the main emphasis on power generation.

Services include everything from advice in connection with business models to implementing investments in power plants and all manner of environmental considerations associated with this.

The division is one of the largest independent international consulting companies in the field of energy. It enjoys a reputation as a world leader in nuclear power, and is one of the leading names in Europe in conventional power generation. In Russia ÅF has established a position as a leading energy consultant, and in South-East Asia and India, where business is expanding rapidly, ÅF has already achieved widespread recognition in certain segments.

One clear factor behind the Energy Division's success is its track record of implementation processes – the ability to take



Share of sales 27%

complex projects all the way from the planning stage through to commissioning and operation.

The Energy Division has approximately 950 employees and is represented in Sweden, Switzerland, Finland, Russia, Estonia, Lithuania, India, Thailand and Vietnam. In addition there are sales and project offices in more than 10 countries. Approximately 90 percent of the division's assignments are undertaken outside Sweden.

Offer – consulting services for the entire investment cycle

The Energy Division offers a broad spectrum of energy-sector consulting services that includes aspects relating to technology, financing, management and energy consulting. A large portion of assignments are connected to major investment projects. The division offers services throughout the entire life cycle of an investment: analyses and feasibility studies in the initial stages, pre-engineering and engineering once the investment decision has been made, and overall project management during the implementation phase, which can include services such as project management/project control, the basic design of process solutions, procurement negotiations, manufacturing, design and installations inspections, and functionality testing. During the operation of the plant the division offers assistance with various other services, from troubleshooting to maintenance planning.

The division also offers consulting services that are not directly linked to investment projects, such as investigations, environmental reviews, safety studies and capacity-expansion programmes.

Clients – big projects, long-term relationships

Clients are private and publicly owned energy companies, other energy-intensive industries, public institutions and financial institutions. These clients' investments are often large-scale and extend over many years. The division seeks long-term relationships with a stable circle of clients who generate a large portion of repeat business. The division enjoys a good reputation among its clients, and cooperation is characterised by a sense of partnership, largely thanks to ÅF's geographical presence and its proximity to its clients.

The division has several hundred clients, of whom the biggest are energy companies and industrial companies with operations in countries where the division has an office. Examples include ATEL, Fortum, GdF-Suez, Eesti Energia, Latvenergo, Lietuvos Elektrinai, Vattenfall and many large Russian energy producers.

2008 – full order books and new assignments

At the start of 2008 the division's order books were already fuller than they had ever been, and many new assignments were won during the year. Below is a review of just some of the major contracts and other important events.

In January ÅF won a contract to supply technical consulting services in connection with the construction of a new, gas-fired power station in Cikarang, Indonesia. The client is the private power generator PT Cikarang Listrindo, which produces electricity and steam for the Cikarang industrial estate, 30 km east of Jakarta.

In February ÅF won a contract linked to the construction of a new, coal-fired power plant in Vietnam. The plant is being built by the Vietnamese state utility EVN with financing provided by the Japanese Bank of International Cooperation, J-BIC. The assignment will be carried out jointly with the Japanese company J-Power.

In April ÅF was appointed principal technical consultant by the Swiss energy company ATEL for the construction of two 400 MW gas-fuelled power plants in San Severo, Italy, and in Bayet, France. ÅF is responsible for project control and supplier monitoring at both sites.

"The division is one of the largest independent international consulting companies in the field of energy, with a reputation as a world leader in nuclear power."

ENERGY

In August ÅF won an assignment in Estonia to assume responsibility for project control, project engineering and contractor monitoring services for Fortum in connection with the construction of a new biofuel-powered district-heating power plant in the city of Pärnu.

The well-established Lithuanian energy and environmental consulting company TSP Termosistemy Projektai was acquired in 2008. TSP is active mainly in the Lithuanian market but also has assignments in Belarus.

In the fourth quarter ÅF made a major acquisition via a 75 per-cent stake in the Russian technical consulting company ZAO Lonas Technologija (Lonas) with 250 employees. The Lonas head office is located in St Petersburg and the company also has offices in Yekaterinburg and Kiev. The lion's share of Lonas's business comes from within Russia, but in recent years the company has also won contracts in the CIS countries, Kazakhstan and Ukraine. Lonas specialises in the construction of and full-service undertakings in connection with power plants, district-heating plants and turbine plants.

Market and trends

As 2008 began, the market was very strong, with spiralling global energy consumption and the urgent need for an expansion of capacity highlighting the severe shortage of consultants in this area. Towards the end of the year, however, the international financial crisis had already begun to impact on new investment projects, and a number of decisions were shelved or postponed.

In addition to the obvious correlation between growth rates in the world's economies and the demand for electricity and heating, the energy sector is also affected by demands for energy efficiency, the need for capacity expansion, tougher targets for CO_2 emissions and requirements to switch to renewable sources of energy. All of this means that the division remains confident that energy sector consulting will, in the long run, be a growth area with very good potential.

GOALS AND STRATEGIES FOR THE ENERGY DIVISION

Eero Auranne, Divisional President, tells us what he believes the future holds.

What are the most important goals for the Energy Division?

"We have set our sights on becoming the market leader in the sectors in which we are active and will give priority to markets that show potential for growth. In the short term, because the financial crisis has deferred the start of a few new projects, we need to maintain our levels of profitability and make sure our workforce is kept busy. We will be aggressive in certain areas: we want to expand operations even more in the nuclear power and hydropower sectors, and we will, of course, sharpen our focus on renewables, with special emphasis on biofuels, waste recycling and new, eco-friendly technology. This may also involve new corporate acquisitions within these areas."

What's your view of the division's environmental impact?

"Through our work we can make a strong contribution to a world better adapted to the natural environment in which we live. Smart applications of new technology can pave the way for eco-friendly solutions. We need to be at the forefront of developments in renewable energy, to help our clients to use energy more efficiently and to manage traditional energy assets in a way that minimises their environmental impact. As we have so many clients across the entire globe, we have enormous potential to help improve the environment."

"Smart applications of new technology can pave the way for eco-friendly solutions."

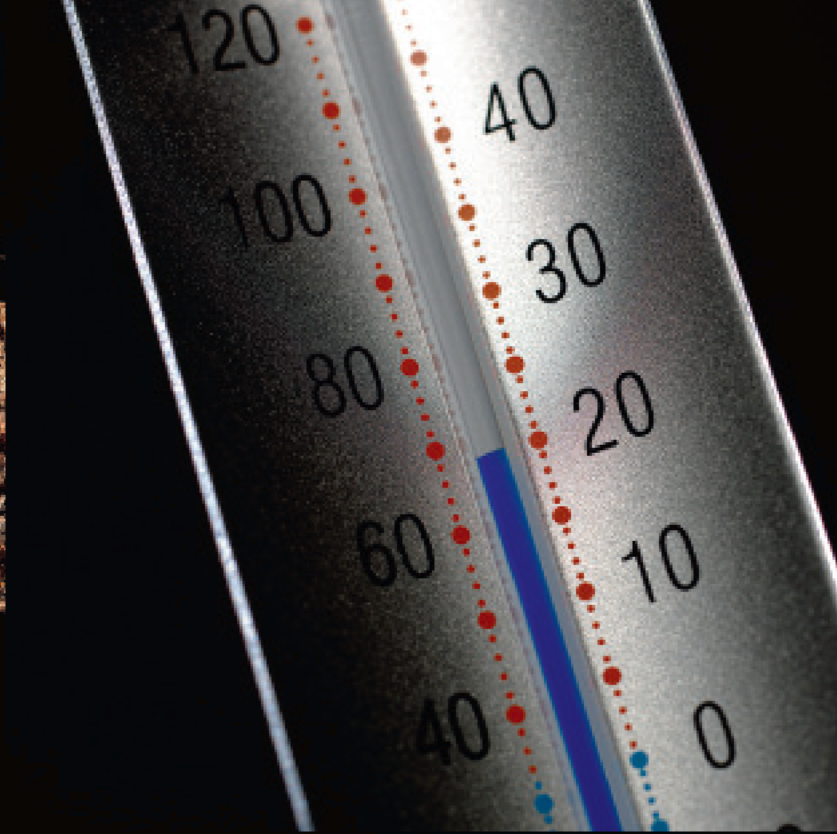
Eero Auranne
President, Energy Division

ENERGY

Jyväskylä builds the DISTRICT-HEATING PLANT of the future

"Jyväskylä is an expansive university city in Finland, 280 kilometres north of Helsinki, famous as the birthplace of the world-renowned architect, Alvar Aalto. When the municipal energy company Jyväskylän Energia Oy was considering connecting new areas of the city to the district-heating grid, it needed a long-term solution for energy production that would meet tomorrow's increasingly stringent requirements for low CO_2 emissions. At the same time the company also needed a financial solution that did not put too great a strain on the budget and the balance sheet. It is very unusual, even for a large city, to make an investment of this magnitude that involves numerous stakeholders and financial backers. For ÅF's part the assignment was extensive. It began with a needs analysis, investment strategy and a proposal for funding, but later expanded to include design, construction and project engineering for a brand new CHP plant in Keljonlahti. When it is commissioned early in 2010 this will offer great flexibility in terms of the energy source, from either peat or forestry waste."

Risto Marttinen
Project leader, Energy Division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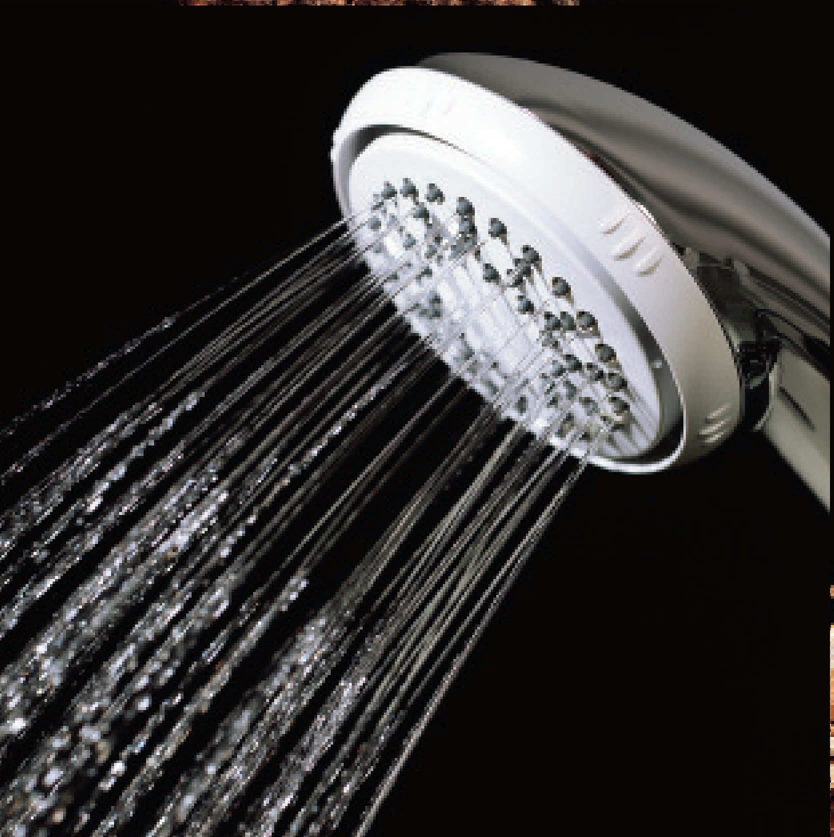


AUTOMATION IMPROVES PROFITABILITY FOR INDUSTRY WHEN TIMES ARE TOUGH

ENGINEERING

The Engineering Division is northern Europe's leading industrial consultant. The division is represented in ten countries and offers services to all sectors of industry. The Engineering Division accounts for 26 percent of ÅF Group sales.

Engineering – for more profitable industrial processes

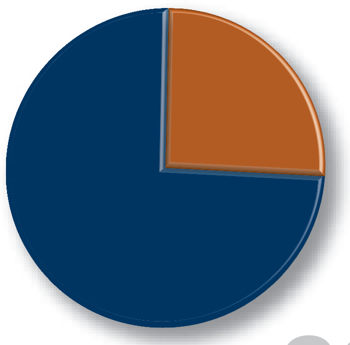
In October the Engineering Division was reinforced by the transfer from the Infrastructure and Energy Divisions of more than 250 consultants with expertise in electrical power, and process engineers from the pulp and paper, food processing and pharmaceutical sectors. This substantially bolstered the division's expertise in industrial processes, greatly improving its opportunities to become involved at an early stage in these processes.

The division focuses firmly on improving profitability for its clients. Experience from previous projects provides security and stability and enables the division to use its know-how to benefit clients quickly and efficiently – a process further facilitated not only by geographical proximity to clients, but also by a shared mindset.

Engineering has approximately 1,300 employees in some 50 offices in Sweden, Norway, Finland, Denmark, Estonia, Germany, the Czech Republic, Spain, South Africa and Brazil. The ambition is for 80 percent of the division's business to focus on local projects, while the remaining 20 percent of earnings derive from joint projects between other units in the Engineering Division or together with other ÅF divisions. This creates a flexible working environment and an opportunity to accompany clients who are committed to international expansion. By the end of 2008 international assignments corresponded to approximately 35 percent of the division's total undertakings.

			Adjusted*	
Key figures	**2008**	2007	**2008**	2007
Net sales (in millions of SEK)	**1,210**	1,110	**1,452**	1,407
Operating profit (in millions of SEK)	**162.1**	105.6	**160.1**	117.2
Operating margin, percent	**13.4**	9.5	**11.0**	8.3
Share of Group sales, percent	**26**	28	**32**	36
Number of co-workers (FTEs)	**1,103**	1,068	**1,273**	1,297
Operating profit/FTE (in thousands of SEK)	**147**	99	**126**	90

*On 1 October 2008 the following organisational changes were made that affected the Engineering Division: 177 employees working primarily in the Pulp & Paper business area were transferred from the Energy Division to the Engineering Division. At the same time 73 employees working with Electrical Power Systems moved from Infrastructure to the Engineering Division, and 25 employees were transferred from Engineering to Infrastructure. The adjusted columns show what the key figures would have been if these internal transfers had been made on 1 January 2007 and 2008 respectively.



Share of sales 26%

Offer – from initial idea to commissioning and inspection

In northern Europe the Engineering Division is the largest independent consultant in its field. The division offers a portfolio of services for all types of industrial production companies that covers the entire chain from initial idea through feasibility studies, process analyses, calculation and project engineering to the construction, programming and commissioning of plant. The division also runs extensive electrical inspection operations. Consultants can work as an integral part of the client's own organisation, or the division can assume total overall responsibility for the delivery of an entire project or a specific function.

Areas of technology that form the core of the division's business include process technology, industrial IT, automation, electrical power systems and mechanical engineering. Much of the emphasis is on rationalising or modernising existing production processes and plant through assignments that typically include new control technology for production lines in manufacturing facilities, the integration of production systems and business management systems, investigations into plugging wind-farm power into the national grid, and design engineering for biofuel furnaces or nuclear power plants.

Clients – a broad cross-section of industry

Engineering is active in all sectors of industry, but enjoys a particularly strong standing in nuclear power, energy, pulp and paper, food processing, pharmaceuticals, mining and other process industries. Not only does this breadth leave the division relatively insensitive to ups and downs in the business cycle, but by their nature the projects themselves – productivity improvements, environmental adaptations and measures to raise safety and save energy – tend to be worthwhile regardless of the state of the economy.

For many of the division's 2,600-plus active clients it is essential to have guaranteed access to reliable resources and skills, and for this reason relations increasingly take the form of partnerships. Another trend in demand, albeit one that is more dependent on the state of the economy, is that an increasing number of clients expect their partners to assume a greater degree of responsibility in projects, a requirement that is entirely in line with the Engineering Division's strategy.

The division has enjoyed an uninterrupted business relationship with each of its ten largest clients over the past ten years and more. Together this constellation accounts for 37 percent of the division's earnings, while the largest individual client accounts for 7 percent.

Clients include ABB, Alstom, Billerud, Fortum, LKAB, Metso, Siemens, the Swedish Nuclear Fuel and Waste Management Company (SKB), Stora Enso, Westinghouse and Sweden's nuclear power plants at Forsmark, Oskarshamn and Ringhals.

2008 – strong inflow of orders

Some of the many new orders and other highlights of the year are reviewed below:

In February ÅF won an order from ABB for the plant design of facilities at the kraft unit at Stora Enso's plant at Hyltebruk, Sweden.

In May ÅF acquired the technical consulting company OrbiTec with 30 employees in Jönköping, Sweden.

Also in May ÅF signed a strategic alliance with AMEC that paved the way for the two companies to combine their global consulting capacity in pulp and paper in order to collaborate in generating business in the South American market. This new agreement is a natural consequence of 20 years of close cooperation.

In July the division won a large order from the Swedish water utility Stockholm Vatten to replace the existing control systems at water purification plants at Henriksdal and Bromma.

"In northern Europe the Engineering Division is the largest independent consultant in its field."

ENGINEERING

In September ÅF signed a major cooperation agreement with Ringhals regarding services relating to reactor safety and plant development.

In October the division won a commission with Korsnäs that involves project engineering and planning work in conjunction with Korsnäs's investment in a new evaporation line and rebuilt kraft recovery units at its plant in Gävle, Sweden.

In December the division was commissioned by Iggesund Paperboard (Holmen) to supply a customised PaperLine system for roll, sheet and warehouse management at Holmen's production facilities at Iggesund and Strömsbruk.

Market and trends – potential for growth

The market remained strong for most of 2008 and capacity utilisation throughout the division was very high. There were signs of a slowdown as the year came to a close, particularly in the automotive and other manufacturing industries, but the division was able to rapidly redeploy its resources to respond to capacity shortages in other segments of the market and thus maintain a satisfactory level of profitability.

Demand came chiefly in the form of efficiency improvements in manufacturing plants, environmental engineering projects, the development of alternative fuels and conversion to efficient energy management.

The Engineering Division enjoys a leading position on the Nordic market with a market share of approximately 10 percent.

"The market remained strong for most of 2008 and capacity utilisation throughout the division was very high."

GOALS AND STRATEGIES FOR THE ENGINEERING DIVISION

Per Magnusson, Divisional President, tells us about his goals and strategies.

What are the most important goals for the Energy Division?

"Our most important goal is to help our clients to improve profitability in a market that is becoming tougher all the time. To succeed in this we need to retain and develop the skills and talents we have, for example through a strategic recruitment policy for key sectors such as nuclear power. We must also offer clients an enhanced sense of security through attractive partnership agreements. For example, in 2008 we initiated a five-year project with Ringhals to build up shared specialist expertise in nuclear power that will confirm our capacity to jointly undertake major rebuilds and new construction work. The environment is also high on our agenda. We are already engaged on a large number of environmental projects and will increase our focus in this area by building further on our expertise in alternative fuels."

What are your focus projects for 2009?

"If you convert the division's workforce to a measure of our experience, our offer to clients is based on 25,000 years of engineering experience or 50 million consulting hours. Every year we add another 2.5 million hours of knowledge about the very latest technology to this fund of expertise. In other words, the chances are great that we already know the solutions to at least some of our clients' problems. For the client, using ÅF should be a way to earn money! Every hour we work must improve profits for our clients. To remain at the top of our game we are investing in competence centres, where experience and skills from different fields come together to provide the best possible solutions for new developments. Each centre – for nuclear power, pulp and paper, food processing and pharmaceuticals, electrical power systems and industrial IT – incorporates co-workers from all ten of the division's countries."

"For the client, using ÅF should be a way to earn money! Every hour we work must improve profits for our clients."

Per Magnusson
President, Engineering Division

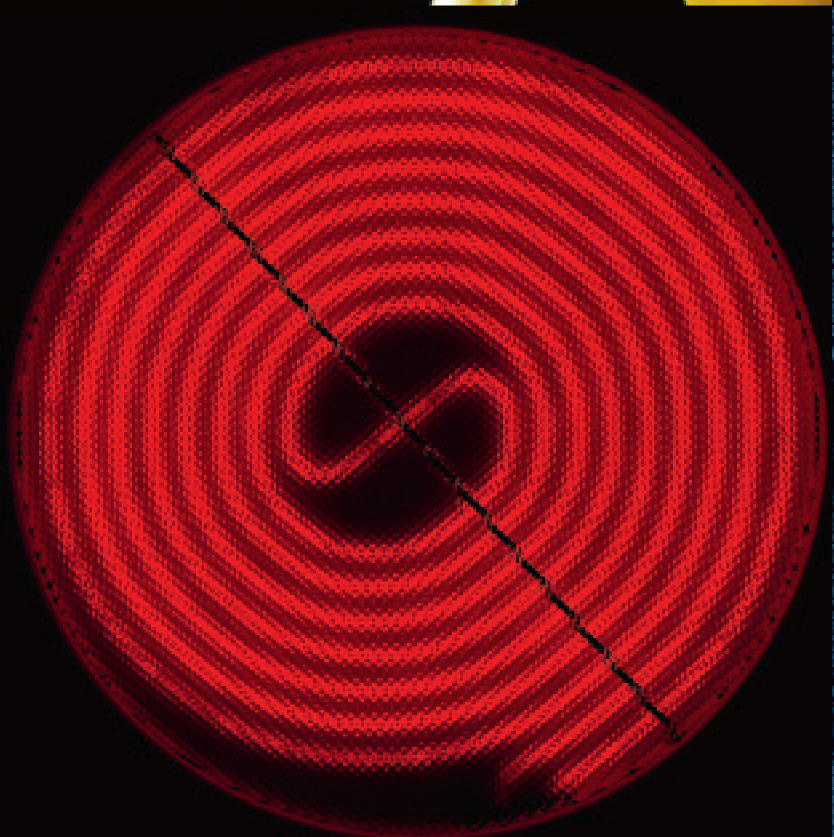
ENGINEERING

Cars fuelled by FOOD WASTE

"SYSAV (Sydvästra Skånes Avfallsaktiebolag) is responsible for regional waste management and recycling in the far south of Sweden. The company's CHP in Malmö converts 550,000 tonnes of combustible waste a year into electricity that it delivers to the grid and hot water for the district-heating network. When a new incineration line was to be built, ÅF won the contract to supply all the automation functions for the project. The fixed-price assignment includes everything from project management and construction to tried-and-tested, turnkey control and monitoring systems.

"A SYSAV subsidiary that manages the region's food waste has engaged ÅF to work on another interesting automation assignment, also a fixed-price contract. To meet Sweden's national environmental objective of recovering at least 35 percent of all food waste by 2010, SYSAV Biotec is building a facility for receiving and processing food waste to produce biogas and biofertilisers. Each year 10,000 tonnes of food waste from the region's households, restaurants and food processing companies will be pulverised to produce fuel for cars and buses – and move society one step closer towards a sustainable eco-cycle."

Magnus Grenthe
Section leader, Engineering Division



INFRASTRUCTURE

A MARKET LEADER – READY TO INCREASE ITS MARKET SHARE

The Infrastructure Division has a leading position in the market for infrastructure consulting services in Scandinavia, with clients in industry, telecommunications, road and rail, defence and property management. The division accounts for 40 percent of ÅF Group sales.

Infrastructure – a very strong position

Early in the fourth quarter of 2008 the Infrastructure and Systems Divisions were amalgamated under the Infrastructure name at the same time as the Electrical Power Systems business area was transferred to the Engineering Division. In addition to creating competence synergies, the reorganisation also enables ÅF to respond to an economic downturn by steering capacity to sectors with potential.

The majority of Infrastructure's clients are found among Swedish industrial companies, in the public sector, defence and the Nordic property and infrastructure market.

The division enjoys a leading position in all these areas. Factors key to success include a strong sales organisation and high levels of business skills among all co-workers. The division attaches great importance to delivering ideas that stimulate its clients' ability to grow and, by doing so, increase the potential for ÅF as well.

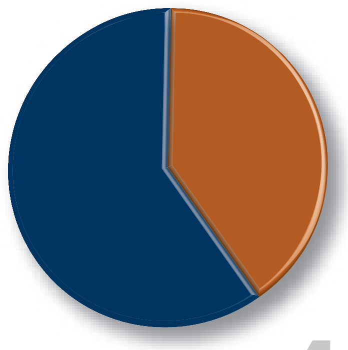
Approximately 1,600 people are employed in some 60 offices in Sweden, Norway and Denmark and the division also undertakes individual assignments all over the world.

Offer – breadth and a clear environmental perspective

Infrastructure is organised into seven business areas: Communications & Defence, Installations, Sound & Vibrations, Infrastructure Planning, and three regional units for Product Development & IT

			Adjusted*	
Key figures	**2008**	2007	**2008**	2007
Net sales (in millions of SEK)	**1,894**	1,641	**1,859**	1,602
Operating profit (in millions of SEK)	**199.2**	155.9	**195.7**	153.6
Operating margin, percent	**10.5**	9.5	**10.5**	9.6
Share of Group sales, percent	**40**	41	**41**	41
Number of co-workers (FTEs)	**1,602**	1,486	**1,566**	1,444
Operating profit/FTE (in thousands of SEK)	**124**	105	**125**	106

*On 1 October 2008 the following organisational changes were made that affected the Infrastructure Division. The Systems Division with 450 FTEs was integrated into the Infrastructure Division as a separate business area. At the same time 73 employees working with Electrical Power Systems moved from Infrastructure to the Engineering Division, and 25 employees were transferred from Engineering to Infrastructure. The adjusted columns show what the key figures would have been if these internal transfers had been made on 1 January 2007 and 2008 respectively.



Share of sales 40%

(East, West and South). The division offers a broad spectrum of services from the development of an initial idea through to implementation in the form of both full-service undertakings and specific assignments within the chain.

For assignments in Communications & Defence the division offers consulting services in fixed and mobile telephony, maintenance technology and integrated logistic support (ILS). Clients come from both the private and defence sectors.

The division is Sweden's largest installations consultant, offering qualified services related to the construction and modernisation of commercial, industrial and public-sector premises. Clients frequently demand not only functionality and environmental adaptation, but also low operating costs throughout the entire life cycle of an investment. Installations is the largest of the division's business areas.

In Sound & Vibrations (ÅF-Ingemansson) the division possesses unique cutting-edge expertise in acoustics and vibrations to meet the needs of industry, infrastructure planners, architects, property management companies and product developers.

Through Infrastructure Planning the division offers services relating to urban and rural planning, road and rail traffic, and public transport. These include everything from surveys and investigations to installations-oriented assignments for major road and rail infrastructure projects in Sweden.

The regional East, South and West business areas that work with Product Development offer services related to product development and high-tech IT applications that include embedded systems, mechanical engineering and programming. One much-appreciated feature of operations is the ÅF EcoDesign Center, where clients can improve profitability with the help of eco-friendly product development.

Clients – broad client base and limited sensitivity to the economic cycle

Many of the division's clients are leading names in their field. Relations are long-term and there is a high proportion of repeat business. All in all, almost 65 percent of business derives from the public sector and 35 percent from private companies.

A broad client base, coupled with the fact that the investment horizon for many infrastructure projects extends beyond a single economic cycle, limits the division's sensitivity to the ups and downs of the economy. Many projects are driven by the need for environmental adaptation and other demands to improve efficiency.

Among the division's biggest clients are Avinor, BAE Systems, the National Swedish Rail Administration (Banverket), the Danish Road Directorate, Diligentia, Danish State Railways (DSB), Ericsson, the Swedish Defence Materiel Administration (FMV), Fortum, Hägglunds, Skanska, Stockholm's regional transport authority (SL), Statsbygg, Statsnett, Vasakronan, Vattenfall, the Swedish Road Administration (Vägverket), Västfastigheter and local and regional authorities.

> **"A broad client base, and the fact that many infrastructure projects extend beyond a single economic cycle, limits the division's sensitivity to ups and downs in the economy."**

2008 – acquisitions and new assignments

An eventful year saw several acquisitions and many new assignments for the division. Some of the more important events of the year are reviewed below:

In February ÅF acquired the consulting company Proplate IT, with 22 employees in Karlskoga, Örebro and Karlstad. Proplate offers qualified IT consulting services to industrial clients in Sweden.

In April a contract was signed to serve the Hertz car rental company as principal supplier of administration services and development support for Hertz business systems in the Nordic countries.

INFRASTRUCTURE

Spring 2008 also saw the signing of a framework agreement with Saab AB relating to support with systems work, software development, electronic design and project management.

In June a framework agreement was signed with BAE Systems Bofors AB, covering 14 areas of technology for which BAE Systems Bofors AB requires support and assistance from technical engineering consultants and project managers.

Another deal signed in the summer was the takeover of the technical consulting company BergByggKonsult (BBK), a specialist in rock mechanics and rock engineering, geotechnical instrumentation and 3D laser scanning.

In the autumn a major contract was signed with Ericsson relating to test systems for radio base stations.

Additionally, thanks to its involvement in the ÅF EcoDesign Center, the division won a software development order from Morphic Systems.

Market and trends – strong market and shortage of capacity

Strong demand from clients in 2008 led to a shortage of capacity in the market, unleashing competition for some key skills. However, the fourth quarter did show signs of a slowdown, primarily among industrial clients.

Notwithstanding this, ÅF believes that interest for environmental adaptation and increased efficiency will remain keen.

Demand is also expected to remain good from the Swedish road and rail network. Fluctuations in the economy have only a marginal impact on really large, long-term infrastructure projects, and labour market policy is also expected to give a boost to other infrastructure investments that are currently in the pipeline. These may well be relatively short-term projects and the division is well prepared to meet this need.

GOALS AND STRATEGIES FOR THE INFRASTRUCTURE DIVISION

Johan Olsson, Divisional President, tells us where his focus lies.

What are your goals and development projects?

"To offer our clients an even more attractive portfolio of services, we will improve collaboration both between our business areas and with the rest of ÅF. In order to achieve our long-term vision of becoming Europe's number one infrastructure consulting company, we are continually investigating the possibility of establishing a foothold on other major ÅF markets. Finland, the Baltic countries, Russia, the Czech Republic and Switzerland are all under consideration."

Tell us about the division's environmental work.

"We work with environmental issues in virtually all our projects. In 2009 we will reinforce the ÅF EcoDesign concept even more in order to offer clients product development services with a dual focus on environmental adaptation and profitability. We will also reinforce our position in Infrastructure Planning to better meet market demands for environmental impact analyses and the like. And thirdly, we will develop our offer with regard to energy-efficient buildings. Our own new headquarters, for example, are the first office premises in Sweden to be awarded 'Green Building' certification. And we can link our expertise in this area to our 'green IT' skills. Finally, we also need to take a long, hard look at the way we ourselves use resources. Can we make more efficient use of our office premises, for example? Or can we meet without having to travel?"

“Our long-term vision is to become Europe’s number one infrastructure consulting company.”

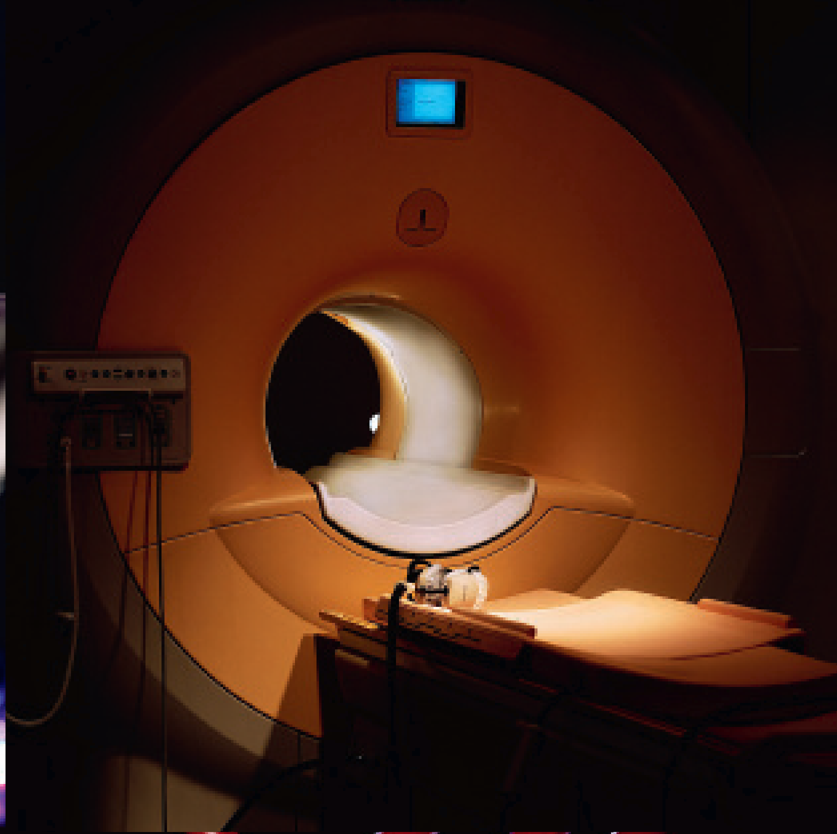
Johan Olsson
President, Infrastructure Division.

INFRASTRUCTURE

Europe's MOST MODERN hospital?

"The new Karolinska University Hospital is the largest project ever undertaken by Stockholm County Council – a brand new, state-of-the-art hospital scheduled to open in 2015 or 2016. The new hospital is designed to meet tomorrow's demands for highly specialised medical care. Safety for patients and staff alike will improve and the status of patients will be enhanced at the same time as the links between institutional care, research and education are strengthened. The venture has a far-reaching impact on the local area and is spawning many other infrastructure projects. The county council's property management company, Locum, arranged a design competition that ÅF won in partnership with White Architects (architectural design) and Ramböll (construction). ÅF is responsible for installations and energy solutions and for ensuring that the project balances demands for function, ethics, aesthetics, technology and overall economy with a holistic approach that is based on a strong underlying idea that can be developed to meet future needs. Thanks to the magnitude of the undertaking, the innovative design and the technical solutions, the project has attracted a great deal of international interest. Now it moves into the next exciting phase – tendering for the construction work and operational management as a public-private partnership venture."

Björn Qvist
Business Area Manager, Infrastructure Division

INSPECTION

PROFITABLE GROWTH WITH SERVICES THAT MEET DEMANDS FOR INCREASED TECHNICAL COMPLEXITY

The Inspection Division offers third-party technical inspections, testing and certification. Operations extend over many sectors of industry and include many different clients, from nuclear power stations to fairgrounds. The Inspection Division currently has offices in Sweden, the Czech Republic and Lithuania. Earnings account for 7 percent of ÅF Group sales.

Inspection – safety for workers, operations and the environment

The services offered by Inspection – inspection, testing, certification, environmental monitoring and training – help to improve profitability for the division's clients, by assuring the operational reliability of clients' plant in the best interests of workers, production and the environment.

The division is a "notified body" for inspections required by EU directives for pressure vessels, lifts and machinery, and is accredited by the Swedish Board for Accreditation and Conformity Assessment (SWEDAC) to carry out impartial inspections of clients' facilities and operations in order to verify compliance with ordinances and regulations issued by the relevant authorities.

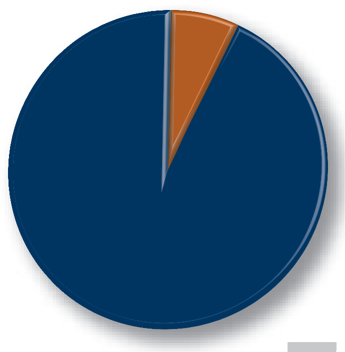
Over the past five years the Inspection Division has improved its profitability and increased sales by an average of 15–20 percent a year.

Sweden is the division's largest market, where Inspection enjoys a very strong standing and is represented locally throughout the country.

Thanks to an acquisition towards the end of 2008, the Czech Republic is also now one of the division's markets, where it enjoys a leading position in non-destructive testing. An office was also established in Lithuania during the year to work the market in the

Key figures	2008	2007	Adjusted* 2008	Adjusted* 2007
Net sales (in millions of SEK)	**350**	270	**361**	287
Operating profit (in millions of SEK)	**43.9**	41.4	**43.9**	42.3
Operating margin, percent	**12.5**	15.3	**12.1**	14.8
Share of Group sales, percent	**7**	7	**8**	7
Number of co-workers (FTEs)	**341**	257	**351**	270
Operating profit/FTE (in thousands of SEK)	**129**	161	**125**	157

*On 1 October 2008 the following organisational change was made that affected the Inspection Division: 13 employees were transferred from the Energy Division to the Inspection Division. The adjusted columns show what the key figures would have been if this internal transfer had been made on 1 January 2007 and 2008 respectively.



Share of sales 7%

Baltic countries and to the east, with the focus on nuclear power and other test-intensive industries. In addition, each year the division performs a number of specialist assignments in other countries. In 2008 business outside Sweden accounted for approximately 6 percent of the division's sales.

Offer – expertise and clarity

The Inspection Division is an independent third-party inspection body, which also maintains its independence with regard to other parts of the ÅF Group. The division seeks to establish openness in its working relations with clients, offering short turnaround times and providing clear, straightforward information as early as possible in the process in order to give clients an opportunity to identify problems and propose improvements. Other key factors behind the division's success are a firmly established commercial approach and a corporate culture that encourages a positive team spirit and high service levels.

The business focuses on three main areas: Inspection, Testing and Certification. Inspection involves periodic independent checks of lifts, lifting devices, boilers, escalators, ski-lifts, fairground attractions, tanks, pressure vessels, etc. Testing involves examining components and devices using non-destructive techniques, such as radiography, ultrasound and visual checks. The division also offers advanced testing services, condition monitoring, calibration services and certification services for its clients' quality and environmental management systems. Certification is carried out by ÅF-TÜV Nord, a 50/50 joint venture with Germany's TÜV Nord Group. Certifications include ISO 9000, ISO 14000 and ISO/TS 16949 (Automotive). ÅF-TÜV Nord also acts as an accredited inspection body for Swedish nuclear power stations.

The services offered are becoming progressively more advanced. Today the division offers complete systems for automated testing and quality control. ÅF consultants have also developed sophisticated testing systems for periodic inspections of reactor pressure vessels for the nuclear power industry.

In addition, the division offers environmental monitoring, advisory services, training, and consulting services in CE-marking and the interpretation and implementation of various EU directives.

Clients – diversity reduces sensitivity to economic cycles

In 2008 the division performed 32,000 assignments for clients from virtually all sectors of trade and industry. As repeat orders are common, approximately 12,000 of the division's 20,000 clients use Inspection's services on an annual basis. Around 40 percent of the division's business comes from the 20 largest clients who include Cramo, EuroMaint, Fortum Värme, LKAB, Metso, Peab, Shell, Södra Cell, Tågia, Uddcomb, VEÅ, Volvo, Westinghouse Electric, YIT and Sweden's nuclear power plants at Forsmark, Oskarshamn and Ringhals.

One clear trend is the desire among clients for long-term partnerships. Preventive measures with regard to the working environment, operational safety and environmental issues facilitate the planning of maintenance, minimising unplanned interruptions and improving profitability. The Inspection Division is well equipped to meet these needs and can offer clients the kind of long-term collaboration they are seeking.

"Sweden is the division's largest market, where Inspection enjoys a very strong standing and is represented locally throughout the country."

2008 – growth and a broader offer

Business continued to grow in 2008.

In April the acquisition of Kvalitetsteknik NDT AB, Sweden's fourth largest technical inspections company with offices in Trollhättan, Stenungsund, Lysekil and Mönsterås, lifted ÅF to a leading position in the field of non-destructive testing in Sweden.

Another corporate acquisition was made in September. The Czech company Qualitest s.r.o. has around 150 clients in the engineering, petrochemicals and energy sectors and is the market leader for non-destructive testing in the Czech Republic, one of

INSPECTION

ÅF's high-priority markets. This is the Inspection Division's first acquisition outside Sweden and will be used as a springboard for further expansion in Europe.

Major orders during the year include an extensive and prestigious testing assignment for the Ringhals nuclear power plant that was secured in July. This involves developing equipment and technology for non-destructive testing of reactor pressure vessels up to and including 2012. This is a complex order that includes both project engineering and implementation services, and the Inspection Division made substantial reinforcements to its resources in these fields during the year in order to meet its commitments.

For Peab the Inspection Division undertook an extensive educational programme focusing on safety in the workplace, attended by between 7,000 and 8,000 of the client's employees.

Market and trends – increasing market share

The Inspection Division, already the biggest Swedish-owned company in the business, continued to grow at a faster rate than its competitors in 2008 by capturing new shares of the market. At current estimates it has just over a 30 percent share of the total market in Sweden. Demand during the year was strongest from the nuclear power and petrochemical industries and from clients working on rail transport.

The process of technical harmonisation within the EU is expected to continue to fuel strong growth, and the division also expects that deregulation in more countries will create a more international market, leading to changes in the competitive situation and greater consolidation. The Inspection Division is monitoring developments here closely and has initiated strategic alliances with other accredited inspection companies throughout Europe.

GOALS AND STRATEGIES FOR THE INSPECTION DIVISION

Jörgen Backersgård, Divisional President, tells us about the future.

What are the most important goals for the Inspection Division?

"To grow while still maintaining good levels of profitability! That means organic growth of 10–15 percent a year in Sweden while we also grow on the new markets where we are represented. It's also important to consolidate our operations to exploit the full potential of the acquisitions we have made and to capitalise on all we have done to increase the breadth of our offer by equipping ourselves to tackle projects of ever greater complexity. We must offer an even better service and make sure we have committed, motivated co-workers so that we can cement relations with our clients in the form of long-term collaboration that benefits all concerned."

Explain a little about the division's environmental work.

"Much of our work to improve the safety of our clients' plant and work environments focuses on minimising the impact on the natural environment. We're working to make this kind of environmental thinking a natural part of our overall assessments of plant and components. Another example is to develop our existing Power Boiler course so that clients can subsequently run their power boilers in a way that shows the greatest possible consideration to the environment. The skills we possess in environmental issues are exactly what the market is demanding right now. This will enable us to grow our business at the same time as we make the world a cleaner, safer place."

“We must offer even better service and make sure we have committed, motivated co-workers so that we can cement relations with our clients in the form of long-term collaboration that benefits all concerned.”

Jörgen Backersgård
President, Inspection Division

INSPECTION

SAFER ski-lifts in Sweden

"Skistar is a ski-lift operator in the Swedish winter sports centre of Sälen and many other places in Sweden. The Inspection Division is accredited to inspect ski-lift installations and does so regularly for many of Skistar's chair-lifts and cable-cars. We scrutinise everything – even the cables, each one of which is run through magnetic induction equipment to reveal any wear or defects. We also conduct the initial inspection when new equipment is installed. Last year, for example, Skistar wanted to move a cableway from Lindvallen to Tandådalen Östra to increase capacity and improve comfort. On occasions like these there is a great deal of testing to be done as the equipment must be adapted to the new topography of the slope. It was an unusual assignment, but everything went very well.

Maintenance planning has become increasingly important for Skistar. The ski slopes are filled with people and any interruptions in operations are costly. To this end the Inspection Division has developed a totally new system for preventive maintenance that facilitates continuous monitoring of the equipment."

Stig Westman
Inspection engineer, Inspection Division




ÅF SHARES – BETTER THAN INDEX

ÅF's class B shares have been quoted on the Stockholm Stock Exchange since January 1986. Prior to this, ÅF traded as a cooperative association from 1895 until 1980, and as a joint-stock company from 1981. ÅF's B shares are traded in Stockholm on the OMX Nordic Exchange's Mid Cap list under the 'AF B' ticker symbol. At the end of 2008 the combined market value of the company's shares, including class A shares, was SEK 2,022 million (2007: SEK 2,862 million).

Share movements and turnover

The quota value of the share is SEK 10. A trading lot comprises 100 shares. ÅF's class B shares traded at SEK 119 at the end of 2008, compared with SEK 169 at the beginning of the year, a fall in value of 29.6 percent. During the same period the Stockholm (OMXSPI) all-share index fell by 42 percent. During the year a total of 12,184,948 shares were traded (2007: 9,230,962) for an aggregate value of SEK 1,885 million (SEK 1,585 million). Turnover per trading day averaged SEK 7.32 million (SEK 6.34 million). The share was traded on 100 percent (100 percent) of trading days.

Dividend policy and dividend

The board has adopted a dividend policy according to which the dividend should correspond to approximately 50 percent of the consolidated profit after tax excluding capital gains. For the company's operations during 2008 the board proposes a dividend of SEK 6.50 per share (2007: SEK 6.50 per share).

Investor relations

ÅF's positive development is reflected by interest in the ÅF share. The company adopts a long-term approach to its communications with the capital market.

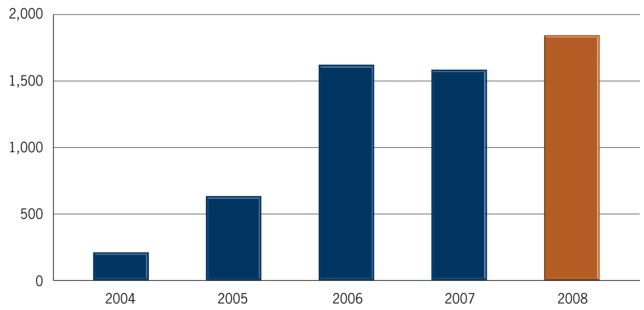
In 2008 this included a Capital Market Day in Stockholm on 24 September, which focused on the Engineering Division. ÅF President/CEO Jonas Wiström outlined the Group's current situation and sketched future scenarios. The guest speaker for the day was former ice-hockey professional Anders Kallur, four-time Stanley Cup winner and the father of ÅF's Susanna Kallur. The audience comprised around 40 analysts, institutional shareholders, asset managers and representatives of the media.

To meet the interest in ÅF shown by the international capital market, ÅF's CEO and the Executive Vice President for Corporate Information undertook "road shows" to London and Zürich.

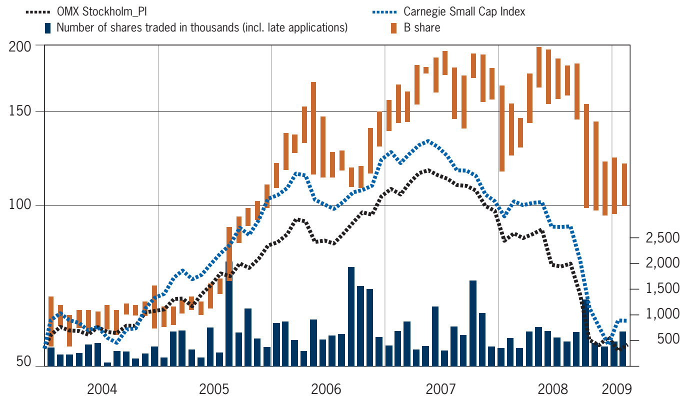
Analysts who regularly monitor the progress of ÅF:

Stefan Wård, Handelsbanken Capital Markets
Johan Dahl, Swedbank Markets
David Jacobsson, Öhman Fondkommission
Andreas Koski, HQ Bank
Daniel Djurberg, Carnegie

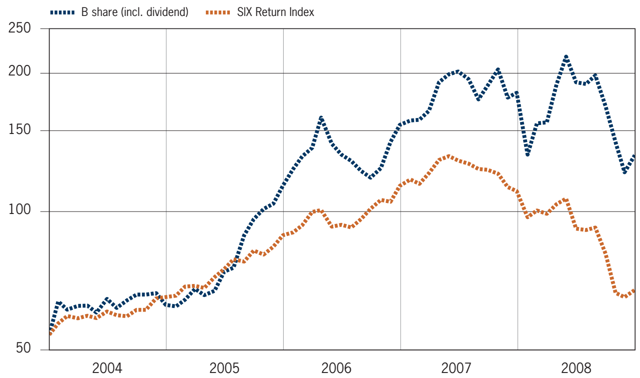
Annual turnover in ÅF class B shares (in thousands of SEK)



ÅF share – 5-year trend



Total yield – 5 years



Stefan Wård, a stock market analyst with Handelsbanken Capital Markets, has been following ÅF since 2003.

"ÅF stands out as an interesting company in a sector with great potential. Operationally, developments have been highly positive and the company has made some impressive improvements in recent years. ÅF is also the technical consulting company that has reported the best profitability. On the whole, prospects for technical consultants look good even though the shaky state of the economy has increased risks in manufacturing industry. Signals from the infrastructure and energy sectors remain positive, so ÅF seems to be well placed for the future.

To this you can add the fact that the state of the economy has very little effect on ÅF's testing and inspection operations. Against this background I expect ÅF to continue its steady development in 2009. I would also like to point out that ÅF's financial position is so strong that this, too, gives the company plenty of leverage to act freely in the future. For investors with long-term horizons I believe ÅF remains an alternative that is at least as attractive as it has been before."

Historical development of share capital

Year	Par value	Change	Change in number of shares A shares	Change in number of shares B shares	Numbers of shares A shares	Numbers of shares B shares	Share total	Share capital SEK '000
1984	50	ÅF issues convertible debentures to employees			727,460		727,460	36,373
1985	50	Redesignation	–42,600	42,600	684,860	42,600	727,460	36,373
1986	50	New issue and B share floated on A list		300,000	684,860	342,600	1,027,460	51,373
1987	20	Bonus issue and split	684,860	1,370,060	1,369,720	1,712,660	3,082,380	61,648
1990	20	Conversion of convertible debentures from 1984	269,420	480,580	1,639,140	2,193,240	3,832,380	76,648
1994	20	Redesignation	–810,475	810,475	828,665	3,003,715	3,832,380	76,648
1996	20	Bonus issue	414,332	1,501,857	1,242,997	4,505,572	5,748,569	114,971
1997	20	Redesignation	–840,778	840,778	402,219	5,346,350	5,748,569	114,971
2004	20	New issue		175,807	402,219	5,522,157	5,924,376	118,488
2005	20	New issue		37,766	402,219	5,559,923	5,962,142	119,243
2006	10	Split 1:2	402,219	5,559,923	804,438	11,119,846	11,924,284	119,243
2006	10	New issue		1,121,527	804,438	12,241,373	13,045,811	130,458
2006	10	New issue		3,232,164	804,438	15,473,537	16,277,975	162,780
2007	10	New issue		90,951	804,438	15,564,488	16,368,926	163,689
2007	10	Conversion of convertible debentures from 2005/2008		566,307	804,438	16,130,795	16,935,233	169,352
2008	10	Conversion of convertible debentures from 2005/2008		94,268	804,438	16,225,063	17,029,501*	170,295

*Of which 37,000 are held by the company.

Shareholders in Sweden and abroad

31 December 2008	Percent of capital
Sweden	59.4
Other Nordic countries	9.0
Rest of Europe	20.6
USA	9.7
Others	1.3

The number of shareholders rose by 770 during 2008 to a total of 5,379.

Shareholder categories

31 December 2008	Percent of capital
Foreign owners	41
Swedish owners	59
of which:	
Institutions	90
Private individuals (incl. close companies)	10

Size of shareholding

31 December 2008 — Percent of capital

Number of shares	Share-holders	Percentage of shares
<500	4,301	2.5
500–5,000	894	5.6
>5,000	184	91.9
Total	**5,379**	**100.0**

The ten largest owners on 31 December 2008

Owner	A shares	B shares	Holding %	Votes %
Ångpanneföreningen's Foundation for Research & Development	690,934	2,062,612	16.17	36.97
Nordea Bank Finland	0	754,593	4.43	3.11
JP Morgan Chase Bank	0	689,629	4.05	2.84
ÅFOND (ÅF Group Trust)	108,704	569,089	3.98	6.82
Client Omnibus AC Fund	0	576,145	3.38	2.37
Nordea Nordenfond	0	428,797	2.52	1.77
BNP Paribas	0	373,425	2.19	1.54
Swedbank Robur Småbolagsfond Norden	0	365,974	2.15	1.51
Northern TR Guernsey-Treaty Client	0	338,000	1.98	1.39
Fortis Banque Luxembourg	0	330,365	1.94	1.36
Total, 10 largest owners	**799,638**	**6,488,629**	**42.80**	**59.68**
Total, other owners	**4,800**	**9,736,434**	**57.20**	**40.32**
Total 31 Dec 2008	**804,438**	**16,225,063**	**100.00**	**100.00**

Key ratios per share (SEK), before dilution

	2004	2005	2006	2007	2008
Share price, 31 Dec.	66	118	146	169	119
Pre-tax profit	2.54	17.33	10.81	19.26	26.83
Profit after tax	2.92	15.96	7.38	13.15	19.08
Profit after tax after full conversion 05/08	—	15.63	7.16	13.11	19.08
Equity, excluding minority interests	31	46	67	79	99
Yield, %	2.0	2.1	2.1	3.8	5.5[1)]
Dividend	1.30	2.50	3.00	6.50	6.50[2)]
Annual turnover rate, times	28.9	65.3	95.3	59.7	75.0
Market capitalisation	379.4	699.1	2,376.6	2,862.1	2,022.1

[1)] Based on proposed dividend for 2008

[2)] Proposed dividend


projekt

CONTROLLED RISKS – A WINNING WAY FORWARD

Operational risks

Business-cycle dependence

At present, the Nordic region is ÅF's largest market, where clients operate in a number of industries, including construction, engineering, the public sector and energy. This means that ÅF is dependent on a reasonably stable trend in these areas to achieve its targets. The general economic situation and propensity to invest are also highly significant, but ÅF's diversification over a number of markets and in areas that experience different business cycles reduces any risk.

To reduce dependence on the Nordic market and take advantage of growth opportunities, ÅF is expanding outside the Nordic region. ÅF's strategy is to grow in the segments in which the Group is already a market leader in the Nordic countries. Increasing the geographical spread will help to even out the effect of local business cycles.

Capacity utilisation and hourly rates

A consulting firm's capacity utilisation rate is important for its ability to generate a profit. Every percentage point difference in this invoiced-time ratio equates to a rise or fall of SEK 48 million in ÅF's annual earnings. The hourly rate itself is also, of course, another essential component for the profitability of a consulting company. Increasing the hourly rate by SEK 10 would, if all other factors remained unchanged, improve profits for ÅF by some SEK 49 million a year.

Various approaches are adopted to reduce sensitivity, including employing contracted consultants and personnel on fixed-term contracts, increasing the variable component in salaries, broadening expertise and markets, and developing "packages" of services to increase competitiveness and reduce clients' sensitivity to pricing. ÅF is also increasingly taking over the management of large-scale projects for its clients and liaising directly with sub-contractors with regard to the detailed project planning services that are necessary during the various phases of the project.

Fixed-price contracts

Fixed-price contracts for carefully specified consulting services can be beneficial to both parties. Often consultants are able to make use of past experience to serve their clients more efficiently and are well placed to make an accurate assessment of the amount of time and resources required. A fixed-price contract may, however, involve an increased risk – for client and consultant alike – if the time required to complete the assignment is not correctly estimated. In the event that the fixed price is exceeded, ÅF suffers a write-down in its fee. Training and tuition in factors such as project management and the formulation of constructive terms and conditions is the key to reducing the risks associated with this kind of agreement. Continuous monitoring and evaluations of the amount of work remaining in fixed-price contracts also reduce this risk. Major fixed-price assignments may be led only by assignment managers who have received the appropriate training.

Acquisition risks

Over the past decade or so the technical consulting sector has undergone a process of consolidation and this process continues unabated. Failure to follow this industry trend could result in the gradual erosion of competitive strength. While ÅF remains committed to taking an active part in this process, it also recognises that growth and the takeover of other consulting companies is not risk-free. To minimise the risks, ÅF has adopted a systematic approach to acquisitions with strict criteria for obligatory documentation and thorough reviews. The ÅF board conducts an annual evaluation of any companies that have been taken over, and a special Acquisitions Unit has been set up to ensure a proactive and systematic approach to corporate acquisitions and expansion into new geographical markets.

Employees

To achieve the targets that have been set, it is crucial that employees in a consulting company are motivated and possess the relevant skills and knowledge. There is always a risk that skilled employees may join competitors or clients, or set up their own businesses. The risk is exacerbated if these people are able to use their inside knowledge of the company to cherry-pick the best of their colleagues. A situation like this could make it difficult for ÅF to deliver the services it is contracted to supply and incur extra costs for the company.

In order to attract and retain co-workers of the right calibre, ÅF invests (for example via the ÅF Academy) in continuous professional development, skills development and management training. It is highly unusual for large numbers of key employees to leave the ÅF Group, and regular attitude surveys show that employees are largely happy in their work. ÅF is able to offer the opportunity to work on large and highly sophisticated international projects, which is attractive to potential ÅF employees. Competition for qualified members of staff at all levels is increasing, and with it the pressure on ÅF to present itself as an attractive employer. For this reason ÅF invests large sums each year in recruitment and induction activities.

Competitors

Competition in the technical consulting industry comes from a number of major international companies and various small local competitors in each individual market. Competition is fierce, both for projects and for the best personnel. And, at the same time, competition from consulting companies in countries with significantly lower cost structures is increasing. However, the impact of international consulting firms in the Nordic region remains limited, and, thanks to the company's breadth and depth of skills, ÅF's own competitive appeal is steadily increasing.

Business support system

For some years the Swedish companies in the ÅF Group have had access to a business support system for managing, following up, controlling and documenting both fixed-price and open-account assignments. The system has been certified in accordance with ISO 9001:2000 (quality) and ISO 14001:2004 (environment). In 2008 work continued towards the integration into this shared support system of other units within the ÅF Group.

Environmental risks

Under the provisions of current environmental legislation the ÅF Group does not require any environmental permits nor has any obligations to report on its activities. The business's environmental risks are restricted to the possible consequences of contravening existing environmental legislation. However, ÅF has sophisticated follow-up procedures built into its certified business support system to ensure that all units within the Group comply with environmental law. ÅF is not involved in any environmental disputes or incidents.

Legal risks

ÅF's business activities do involve a risk of dispute. Disputes may arise if ÅF disagrees with a client about the conditions that apply to a certain assignment. Disputes can also arise in conjunction with takeovers. Drawing up contracts for all assignments and detailing the terms of the agreement reduce the risk. In most instances, ÅF contracts are carried out under the terms of "The General Conditions for the ÅF Group", which in turn are based on ABK96 (General Conditions for Consulting Assignments for Architects and Engineers, 1996). For corporate acquisitions and purchases of the net assets of businesses, a standard contract is used that has been drawn up by ÅF. ÅF has a tried-and-tested body of rules and regulations to be used when taking over another company's business operations. For more complex transactions, legal advice is always sought.

Insurance

In order to reduce risk in its business activities, ÅF has a high level of insurance cover. In line with good practice in the industry, the Group has taken out consulting liability insurance. This covers ÅF for the liability involved in any given project (normally the same as the project fee), up to a ceiling of 120 times the so-called "basic amount" used in Sweden in these contexts. The maximum excess borne by ÅF in conjunction with an insurance claim is usually restricted to SEK 100,000, except in a few instances when it is set at a maximum of SEK 250,000. ÅF is covered for loss of contribution to cover fixed or additional costs in the event that its premises/equipment are damaged, stolen or in any other way rendered unusable.

IT risks

The majority of ÅF's IT support has been outsourced to highly reputable suppliers. Although agreement has been reached with these service providers on response and action times, there can be no cast-iron guarantees that unplanned interruptions will not lead to loss of income at one or more of the Group's offices.

Financial risks

Finance policy

Through its operations the ÅF Group is exposed to various types of financial risk in the form of fluctuations in the company's results and cash flow as a consequence of changes in exchange rates, interest rates and credit risks. Responsibility for the Group's financial transactions and risks is handled centrally by the parent company's Corporate Finance department in accordance with policies laid down by the Board of Directors. The overall goal is to provide cost-effective financing and to minimise the negative effects of market fluctuations on the Group's earnings. Overall, the financial risks within the Group are relatively low.

Currency risk

Currency risk comprises the risk that fluctuations in exchange rates will have a negative impact on the consolidated income statement, balance sheet and cash flow. Currency risk can be split into transactions exposure and translation exposure. Transactions exposure is the net of operating and financial inflows and outflows in foreign currencies. Currency risks related to changes in expected and contracted payment flows are relatively limited for ÅF, as the majority of sales and expenses take place/arise in local currencies. In accordance with current policy, payment flows in foreign currencies are hedged only when it is possible to determine the amount and time of the transaction with a great degree of certainty. In the event of an incoming payment in foreign currency that involves a net exposure in excess of 100,000 euros the risk is hedged through derivatives. The risk is also hedged through derivatives in the event of an outgoing payment in foreign currency that involves a net exposure in excess of 50,000 euros.

Translation exposure comprises foreign subsidiaries' net assets and profits/losses in foreign currency. In line with established policy ÅF does not hedge translation exposure.

Interest rate risk

Interest rate risk comprises the risk that changes in interest rates will affect the Group's net interest income/expense and/or cash flow. The Group's financing expense is affected by changes in market interest rates. For the purpose of reducing the effect of changes in interest rates on the Group's performance, ÅF's policy is that the average fixed-rate period on loans taken out must be between three and twelve months. During 2008 the fixed-rate period for the company's borrowing averaged 3 months. With current borrowing requirements, the effect on the Group's profit/loss of a change of 1 percent in interest rates will be in the region of SEK 5 million. ÅF's policy is for cash and cash equivalents to be deposited in bank accounts with local banks. Loans from credit institutions consist largely of overdraft facilities.

Credit risk

Financial credit risk

ÅF's financial transactions give rise to credit risks in relation to financial counterparties. The risk of a counterparty being unable to fulfil its obligations is reduced through the careful selection of creditworthy counterparties and the capping of involvement with each counterparty.

Bad debt risk

This form of credit risk relates to the outstanding accounts receivable at any given time: in other words, the credit extended to ÅF's clients. This risk is limited through ÅF's highly effective credit policy, which specifies how the company's credit management procedures are to be implemented to avoid any uncontrolled assumption of risks and prevent any unnecessary bad debt losses. This includes, for example, rules on advance payments and advice on how to avoid clients who are likely to have payment problems. Historically the Group has reported only very limited credit losses. ÅF's ten largest clients, who represent 21 percent of the Group's sales, are all large listed companies or publicly owned institutions. There are, therefore, no exceptional credit risks in relation to any one major client.

Sensitivity analysis

Factor	Change (all other factors unchanged)	Effect on earnings SEK/share (after tax)
Capacity utilisation	±1 %	±2.82
Hourly rate	±1 %	±2.12
Payroll costs	±1 %	±1.41
Overheads	±1 %	±0.56
Number of co-workers (FTEs)	±1 %	±0.28

WORLD-CLASS ACHIEVEMENTS

ÅF's new head office was officially opened on 26 November 2008. The office block is Sweden's first so-called "Green Building" and ÅF moved in on the exact date that had been set three years earlier when the project was initiated together with the Skanska construction company. The new premises provide a good working environment, reduce ÅF's costs, save energy and mean that ÅF can deliver even better solutions to its clients within the appointed time.

A firm foundation for ÅF

As they approach ÅF House, visitors are met by a new landmark built on the firm foundations of modern science: the building's plinth is made of graphic concrete with mathematical and physical formulae imprinted on the surface. Inside the handsome, glass-clad edifice is a bright, spacious atrium that creates contact between the various storeys. The space is permeated by an atmosphere of calm, accentuated by mounds topped with green plants, an arbour-like "green room", and plenty of areas for impromptu meetings.

On each of the floors, co-workers sit in an open-plan office landscape that provides numerous places to meet in groups or for confidential discussions. Together, the people who work here and who come here from other parts of the organisation represent the strongest combination of expertise and experience in the business – people able to exploit the knowledge that ÅF has amassed, with a passion for innovative solutions and a profound understanding of their clients' needs.

The architects for the new building were Strategisk Arkitektur with Jonas Falk as the architect in charge. SandellSandberg Arkitekter under the leadership of Thomas Sandell with practical assistance from Ida Wanler were responsible for the interior design of public spaces.

The new headquarters were awarded the City of Solna's Environmental Prize in 2008, with the motivation that this was "a building that will make a lasting contribution to beautifying the city's built environment."

ÅF has, of course, been project leader for much of the work on the premises and utilised the talents of various disciplines within the company, from acoustics, electricity, heating/cooling, sanitation and ventilation to telecommunications, lighting design and fire safety.

Sweden's first "Green Building"

ÅF's headquarters are the first Swedish office building to be certified as a "Green Building" in accordance with the stringent criteria of the Swedish National Board of Housing, Building and Planning's building regulations. "Green Building" certification is an eco-labelling programme initiated by the EU Commission to commend the construction of environmentally efficient premises designed to reduce CO_2 emissions into the atmosphere. Energy consumption in these buildings must be at least 25 percent lower than what is prescribed in national standards for newly built properties.

Inauguration with world-class performers

The official inauguration in November was attended by more than 600 clients, partners and co-workers who made full use of the opportunity to look around, eat, chat and listen to Swedish astronaut Christer Fuglesang, athletics star Susanna Kallur and ÅF's CEO Jonas Wiström debate the topic of "World-class performances" with ÅF's Information Director, Viktor Svensson, as moderator. Christer Fuglesang described his journey from a university engineering degree via doctoral studies in particle physics to become the first Swede to travel into outer space. Susanna Kallur spoke of the importance of working towards clear goals – and enjoying yourself while you do so. Training and preparation build up the self-confidence that leads to really good results.

Satisfied customers and co-workers at ÅF were in wholehearted agreement. It was a successful evening in outstanding surroundings at a company whose achievements are truly world-class.



THE EYES OF THE WORLD ARE ON ÅF GOLDEN LEAGUE

The ÅF Golden League is the world's biggest annual circuit of one-day athletics meetings. It attracts worldwide television audiences of more than 100 million each year and around 200,000 spectators crowd the arenas to see the world's finest athletes perform at the top of their game.

ÅF was title sponsor of the Golden League for the first time in 2008. This commitment is a natural extension of the company's involvement in sport and athletics that began with ÅF's sponsorship of Swedish state television broadcasts from the Olympic Games in Athens in 2004 and Winter Olympics in Turin in 2006 and continued in 2007 when ÅF employed Susanna Kallur and became her principal sponsor. Athletics, the world's biggest sport after football, attracts as many women as it does men, both as competitors and spectators. For the stars competing in the ÅF Golden League, success at the very highest international level means achieving the optimum combination of careful preparation, flawless technique and the will to win. That is precisely the mix that also epitomises the ÅF brand and ÅF's operations.

For ÅF, the ÅF Golden League presents several opportunities. It promotes the ÅF brand worldwide, increases commitment and pride among the company's co-workers, boosts interest in recruitment from universities both within and outside our domestic markets, and facilitates the integration of the company's corporate acquisitions in Europe. ÅF has also used the competition in connection with client events, and with conferences and motivation projects for co-workers. This has been especially appreciated in Oslo and Zürich, two cities of great strategic significance for ÅF.

Don't miss this summer's sporting highlights!

ÅF Golden League – summer 2009

Berlin	14 June
Oslo	3 July
Rome	10 July
Paris	17 July
Zürich	28 August
Brussels	4 September

Read more about the ÅF Golden League on www.iaaf.org

GYLLENE HJULET

ÅF nominated for best sponsorship project of the year in Sweden

Since 2004 ÅF has chosen sponsorship as its main channel of communication. The ÅF Golden League enjoys wide media coverage, which gives good exposure and creates attention around the ÅF brand.

The Golden Wheel is awarded annually by the Swedish Sponsorship and Event Association in recognition of Sweden's best sponsorship and event projects. ÅF has been nominated for the year's best Swedish sponsorship project in the B2B class, together with SEB, Ericsson, Samsung and DHL.


ExxonMobil
JONES
OSLO 2008
TIFAS
sport


GOLDEN
LEAGUE
IAAF


GOLDEN
LEAGUE
IAAF


ÅF GOLDEN LEAGUE
golden gala

DEFINITIONS

Operating margin
Operating profit/loss in relation to operating income.

Profit margin
Profit/loss after net financial items, in relation to operating income.

Equity ratio
Equity including non-controlling interests in relation to the balance sheet total.

Current ratio
Current assets in relation to current liabilities and current provisions.

Return on equity
Profit/loss after tax in relation to average shareholders' equity including non-controlling interests.

Return on total capital
Profit/loss after net financial items and restoration of interest expense, in relation to the average balance sheet total.

Return on capital employed
Profit/loss after net financial items and restoration of interest expense in relation to the average balance sheet total, minus current liabilities and the net figure for deferred tax liabilities.

Interest cover
Profit/loss after net financial items and restoration of interest expenses, in relation to interest expense.

Earnings per share
Earnings attributable to the parent company's shareholders relative to the average number of shares.

Dividend yield
Dividend per share in relation to the year-end share price.

Equity per share
Equity attributable to the parent company's shareholders relative to the total number of shares.

Cash flow per share
Cash flow from operating activities in relation to the average number of shares.

Invoiced-time ratio
The time invoiced to clients as a percentage of the total time all employees are present at work.

Full-time equivalents (FTEs)
Number of employees during the year converted to the equivalent number of year-long, full-time positions. The actual number of employees is higher, owing to part-time employment and the fact that some employees work only part of the year.

FIVE-YEAR FINANCIAL SUMMARY

Figures in millions of SEK unless otherwise stated	**2008**	2007	2006	2005	2004
Operating income and profit					
Operating income	4,569.7	3,862.3	3,133.6	2,405.4	2,159.8
Operating profit	478.7	331.9	168.3	226.3	36.5
Operating profit excluding other operating income	477.9	331.2	148.4	89.9	12.2
Profit after net financial items	460.9	322.1	157.9	221.8	31.3
Profit for the year	327.8	220.0	107.8	204.4	36.0
Capital structure					
Non-current assets	1,727.3	1,320.2	997.1	254.1	237.9
Current assets	1,882.2	1,475.4	1,303.1	966.0	1,063.9
Equity incl. non-controlling interests	1,698.6	1,339.2	1,091.5	581.2	390.9
Non-current provisions	189.8	89.7	96.7	90.1	84.4
Non-current liabilities, excluding provisions	183.2	185.9	118.1	63.1	109.8
Current provisions	8.3	9.6	1.4	1.5	—
Current liabilities, excluding provisions	1,529.6	1,171.1	992.5	484.3	716.7
Balance sheet total	3,609.5	2,795.6	2,300.2	1,220.1	1,301.7
Equity (annual average)	1,518.9	1,215.3	836.4	486.0	367.5
Total capital (annual average)	3,202.6	2,547.9	1,760.2	1,260.9	1,211.7
Capital employed (annual average)	1,845.2	1,450.3	1,010.2	646.9	528.1
Key figures					
Operating margin, percent	10.5	8.6	5.4	9.4	1.7
Operating margin excluding other operating income, percent	10.5	8.6	4.8	4.0	0.6
Profit margin, percent	10.1	8.3	5.0	9.2	1.4
Equity ratio, percent	47.1	47.9	47.5	47.6	30.0
Current ratio, times	1.2	1.2	1.3	2.0	1.5
Return on equity, percent	21.6	18.1	12.9	42.0	9.8
Return on total capital, percent	15.1	13.4	10.1	18.1	3.4
Return on capital employed, percent	26.2	23.4	17.5	35.4	7.9
Interest cover, times	20.7	18.7	9.3	32.8	4.8
ÅF share					
Earnings per share, SEK	19.1	13.1	7.4	16.0	2.9
Earnings per share after dilution 2005–2008, SEK	19.1	13.1	7.2	15.6	—
Yield, percent	5.5	3.8	2.1	2.1	2.0
Equity per share, SEK	99.5	78.8	67.1	45.6	31.3
Equity per share after dilution, SEK	99.5	78.8	67.7	47.4	—
Cash flow from operating activities per share, SEK	18.9	18.9	8.3	–4.7	4.4
Cash flow from operating activities per share after dilution, SEK	18.9	18.8	8.0	–4.4	—
Buying rate 31 Dec, SEK	119	169	146	118	66
Market value	2,022.1	2,862.1	2,376.6	699.1	379.4
Ordinary dividend per share, SEK	6.50*	6.50	3.00	2.50	1.30
Other					
Invoiced-time ratio, percent	74.1	75.1	72.9	71.5	68.5
Gross investment in equipment	91.8	45.0	60.4	44.7	49.4
Gross investment in property	32.4	—	—	—	1.3
FTEs excluding associated companies	3,948	3,623	3,167	2,538	2,531

* Proposed dividend

ADMINISTRATION REPORT 2008

ÅF AB (publ)

Corporate identity number 556120-6474

The Board of Directors and the President of ÅF AB (publ) herewith submit their annual report for the year 2008. ÅF AB, which has its registered office in Stockholm, is the parent company of the ÅF Group.

Group and parent company

ÅF is a leading company in the technical consulting industry, with expertise founded on more than a century of experience. ÅF offers highly qualified services and solutions for industrial processes, infrastructure projects and the development of products and IT systems. ÅF is also one of the leading names in testing and inspection. The Group's operational base is in northern Europe, but its business and clients are found all over the world.

ÅF bases its consulting business on the development of systems and products, and on investments, maintenance measures and ongoing modification work relating to its clients' plant, processes, machinery and buildings. The majority of projects originate in Swedish and international industrial companies, service companies and the real estate sector.

Sales and earnings

ÅF performed well during 2008. Net sales rose by 18 percent, with organic growth totalling 8 percent. Operating profit improved by 44 percent. This improvement in profits is largely due to our continuing efforts to reduce costs and to the fact that the range of services we now offer is more profitable.

ÅF advanced its positions significantly during 2008, especially within the fields of energy, the environment and technical inspections.

Net sales amounted to SEK 4,569 million (2007: SEK 3,862 million), an increase of 18 percent.

Operating profit totalled SEK 479 million (SEK 332 million), an increase of 44 percent.

The operating margin was 10.5 (8.6) percent.

The capacity utilisation rate was 74 (75) percent.

Profit after tax was SEK 328 million (SEK 220 million).

Earnings per share, before dilution, totalled SEK 19.08 (SEK 13.15).

Alecta

The reduction in occupational pension premiums introduced by Alecta had a positive effect on ÅF's operating profit of SEK 40 million in 2008, compared with 2007.

Divisional Performance

The figures for Sales & Earnings have been adjusted as if the internal restructuring had taken place on 1 January of the respective year.

Energy

Sales: SEK 1,051 million (2007: SEK 700 m)
Operating margin: 12.4% (2007: 8.2%)

The Energy Division is a leading energy consultant with assignments in approximately 40 countries worldwide.

On 1 October the division was restructured to focus exclusively on energy consulting: 177 consultants for the pulp and paper industry were transferred to the Engineering Division, and the Division's name was changed from Process to Energy.

The market for energy consulting services remained strong throughout 2008. However, towards the end of the year there were some signs of growing uncertainty in the wake of the financial crisis, and a number of clients in different markets, including Finland, the Baltic states and South-East Asia, chose to postpone their investment decisions.

The Energy Division's clients include private and public sector power companies, government authorities and financial institutions. Client investments are often large-scale and extend over many years. The Energy Division has a substantial order book corresponding to a sales value of approximately SEK 2 billion.

As an expression of its long-term confidence in the development of the Russian energy market, ÅF has acquired a 75 percent stake in the Russian energy consultant Lonas, which employs 250 people in Russia. Lonas was consolidated into the ÅF Group w.e.f. October 2008. The strategy is to expand Lonas in the CIS countries and to utilise the company as a subcontractor for international power generation projects.

Engineering

Sales: SEK 1,452 million (2007: SEK 1,407 m)
Operating margin: 11.0% (2007: 8.3%)

The Engineering Division is northern Europe's leading technical consultant for industry. The division has operations in ten countries and offers technical consulting services in all sectors of industry.

A strong performance by the industrial sector helped ensure a high level of demand during the year with a high capacity utilisation rate for the Engineering Division. Demand was particularly brisk in mining and energy, with especially high levels of activity in the nuclear power sector, where the division enjoys a leading position in Sweden.

Client investments focused mainly on efficiency improvements in manufacturing plants, environmental engineering projects, the development of alternative fuels and conversion to efficient energy management.

Towards the end of the year the market in several industrial sectors began to flag. Fortunately, however, the Engineering Division was able to rapidly redistribute its consulting resources to respond to the shortage of capacity in certain growing segments of the market and thus maintain a satisfactory level of profitability.

On 1 October the Engineering Division received an injection of new resources following the transfer from the Energy Division of more than 250 experts in electrical power and process engineers in the fields of pulp & paper, food technology and pharmaceuticals. This has boosted the division's expertise in industrial processes and strengthened its ability to participate in client projects from an early stage.

Infrastructure

Sales: SEK 1,859 million (2007: SEK 1,602 m)
Operating margin: 10.5% (2007: 9.6%)

The Infrastructure Division enjoys a leading position in consulting services for infrastructure development in Scandinavia.

On 1 October, as part of a corporate restructuring programme, the Infrastructure and System Divisions were amalgamated under the Infrastructure name to reduce costs and present clients with a stronger offer.

The market for infrastructure consulting services remained strong in 2008. The majority of business areas reported high levels of capacity utilisation and the inflow of orders was good. The sole exception was the fall-off in demand for consulting services in product development towards the end of the year.

Levels of activity remained notably high in the largest business area, Installations, which now employs 600 people in Sweden and Norway. Demand for more efficient energy solutions in commercial, industrial and public sector premises was strong.

The second-largest business area, Infrastructure Planning, also enjoyed the benefits of a market that, thanks to substantial investments in Swedish rail infrastructure, continues to be buoyant. New environmental standards and the anticipated escalation in energy prices are fuelling growing political interest in rail transport solutions.

Inspection

Sales: SEK 361 million (2007: SEK 287 m)

Operating margin: 12.1% (SEK 2007: 14.8%)

The Inspection Division works with technical inspections, chiefly in the form of periodic inspections, testing and certification.

The market for inspections remained strong in 2008. There is a shortage of experienced testing engineers and inspectors, both in Sweden and in neighbouring countries.

A charge of SEK 5 million was made to profit for the year for the establishment of a specialist operation for the nuclear power industry.

The process of technical harmonisation within the EU will become a powerful new driving force for the division's development in the future. The Inspection Division expects a number of European markets to be deregulated, which will lead to a more international market and radically alter the current competitive situation.

Following an acquisition in September, the Inspection Division, gained a leading position for itself in the field of non-destructive testing in the Czech Republic. Late in the year an office was also opened in Lithuania; here the focus is on clients in the nuclear power industry and other test-intensive industries in the Baltic States.

The Inspection Division continued to provide Peab with services relating to a comprehensive training programme focusing on safety in the workplace. In all, some 8,000 Peab employees have now participated in the programme.

Acquisitions, disposals and alliances

Through its Energy Division ÅF acquired a 75 percent stake in the Russian technical consulting company ZAO Lonas Technologija (Lonas) in the fourth quarter of the year. The Lonas head office is located in St Petersburg and the company also has offices in Yekaterinburg and Kiev. Lonas has 250 employees, around 190 of whom are based in St Petersburg, and specialises in power plants, district-heating plants and turbine plants.

The Inspection Division, acquired the Czech inspection company Qualitest s.r.o. in the third quarter. This acquisition is a step in ÅF's strategy to establish itself as a well-known international name in the technical inspection and testing market and to underpin further growth in the Czech Republic. Qualitest, based in the town of Pardubice, has a workforce of 80 and is the market leader for non-destructive testing in the Czech Republic.

Also in the third quarter ÅF acquired the well-known Lithuanian energy consulting company UAB Termosistemy Projektai (TSP) through the ÅF Energy Division. TSP has 16 employees in Kaunas and Vilnius.

In the second quarter ÅF acquired the technical consulting company OrbiTec AB through its Engineering Division. OrbiTec, with 30 members of staff in Jönköping, Sweden, works primarily within the fields of electrical engineering, automation and industrial IT.

Also in the second quarter ÅF acquired the technical consulting company BergByggKonsult AB through the ÅF Infrastructure Division, The company has 12 employees in Stockholm and possesses specialist expertise in rock mechanics and rock engineering, geotechnical instrumentation and 3D laser scanning.

Through the Inspection Division ÅF acquired the Swedish technical inspections company Kvalitetsteknik NDT AB, with 30 employees in Trollhättan, Stenungsund, Lysekil and Mönsterås in the second quarter. The company's operations focus mainly on non-destructive testing.

In the first quarter ÅF acquired the consulting company Proplate IT, via the Infrastructure Division. Proplate, with 22 employees in three locations in Sweden (Karlskoga, Örebro and Karlstad), offers qualified IT consulting services to industrial clients in Sweden. Its major client is Outokumpu.

Goodwill

When consulting businesses are acquired, the price paid relates not solely to the carrying amount of tangible assets in the company, but also includes a premium to reflect the benefit of acquiring expert, well-qualified and experienced consultants. This premium in the form of human capital, which is recorded as an asset in the acquired company, is recognised primarily as goodwill in the ÅF Group.

The goodwill item on the acquisition of Lonas was SEK 88 million. Other acquisitions and additional considerations gave rise to goodwill of SEK 92 million. In total, the value of ÅF's goodwill rose by SEK 266 million net to SEK 1,329 million, with exchange differences accounting for SEK 86 million of this total. For further information on goodwill, see Note 13.

Name change

On 5 May 2008 Aktiebolaget Ångpanneföreningen changed its name to ÅF AB following a decision made by the Annual General Meeting on 23 April 2008.

Research and development

The divisions carry out research and development work in conjunction with universities and trade organisations, but also internationally with EU funding. In-house method development also forms part of this R&D work. For the Group as a whole, investment in R&D during the year totalled SEK 36 million (2007: SEK 26 million), mostly in the form of the costs for time spent on R&D projects by ÅF's own salaried employees.

Cash flow and financial status

Cash flow for the period January–December 2008 was SEK –54 million (Jan–Dec 2007: SEK 53 million). Cash flow was affected by SEK 142 million relating to the cost of acquisitions (SEK 224 million), by investments totalling SEK 124 million (SEK 45 million) and by a shareholders' dividend of SEK 110 million (SEK 49 million).

The Group's liquid assets totalled SEK 290 million (SEK 310 million), and the net loan debt at the end of the year amounted to SEK 174 million (SEK 88 million).

Equity per share was SEK 99 and the equity/assets ratio was 47.1 percent. At the beginning of 2008 equity per share was SEK 79 and the equity/assets ratio was 47.9 percent.

Equity on 31 December 2008 totalled SEK 1,699 million. This is an increase of SEK 360 million on the figure for 2007 and includes SEK 172 million relating to a change in the translation reserve.

Investments

Excluding corporate acquisitions, gross investment in tangible assets during 2008 totalled SEK 124 million (2007: SEK 45 million). During the course of the year SEK 32 million was invested in land and buildings for ÅF's Swiss subsidiary, ÅF-Colenco, and SEK 43 million was invested in ÅF's new head office in Solna.

Parent company

Parent company income from business operations totalled SEK 253 million (2007: SEK 197 million), and the loss after net financial items was SEK 39 million (SEK –25 million). Cash and cash equivalents totalled SEK 4 million (SEK 2 million), and gross investment in machinery and equipment for the period January to December amounted to SEK 51 million (SEK 9 million).

Environmental work

Together with its stakeholders and society in general ÅF has an important duty to work towards sustainable development. In many instances, ÅF is tasked with introducing new and better technology, implementing rationalisations and reducing emissions. With more than a century's experience as an established name in technical consulting, ÅF adopts a long-term perspective to business and has its sights firmly set on making a positive contribution to sustainable development.

ÅF frequently participates in collaboration between different players in trade and industry, the public sector and the world of research. Its role as a consultant is to act as a bridge by facilitating understanding and the exchange of knowledge among those involved. ÅF also acts as an expert resource for ISO in the work of producing international guidelines for Corporate Social Responsibility, ISO 26000. For more details of ÅF's environmental policy and its work in this field, please see pages 23–26.

Employees

The number of FTEs was 3,948 (2007: 3,623).

The total number of employees at the end of the reporting period was 4,448 (3,892): 3,168 in Sweden and 1,280 outside Sweden.

ÅF adopts an active, long-term perspective to attract and retain skilled employees. This work involves marketing ÅF as an employer externally, but also providing clear information to both current and presumptive employees about the various career paths and opportunities for development available at ÅF.

ÅF maintains a strong position as an attractive employer. In Universum's annual survey of 6,500 engineering graduates, ÅF was ranked in eighth place overall among Swedish companies in the league table of "ideal employers".

During 2007 and 2008 the "Five of Five Thousand" project has identified and defined three main career paths within ÅF: as specialist/expert, project manager and manager. At the same time the ÅF Academy has also been established to support these career paths and the development of co-workers in their specific professional role within the company and to assist managers in this development work. All the courses that are offered by this internal training organisation include modules of entrepreneurial skills. For further details about ÅF's work with human resources, please see pages 16–22.

Sensitivity and risk analysis

The capacity utilisation rate of a consulting company is crucial for its ability to generate a profit. Every percentage point change in this figure affects ÅF's results by plus/minus approximately SEK 48 million. The hourly rate, of course, is also a key component in the results of a consulting company. An increase in the hourly rate of SEK 10 would, if all other factors remained unchanged, improve profits for ÅF by around SEK 49 million. Methods of reducing sensitivity include the use of sub-consultants, fixed-term employment contracts and increases in the variable salary component, along with measures to broaden expertise and markets and to productise services, which involves packaging a number of services to improve competitiveness and reduce price sensitivity.

While most ÅF assignments are carried out on an open-account basis, fixed price contracts are also agreed in a number of cases. This does, of course, represent a financial risk if the costs involved in a project are miscalculated. Careful estimates of costs and follow-ups of fixed-price assignments are carried out to minimise the risk of impairment.

If the set targets are to be reached, it is absolutely crucial for a consulting company that its staff are motivated and possess the relevant skills and expertise. There is always a risk that skilled employees may leave ÅF and set up their own company or be headhunted by the competition. In order to attract and retain staff, ÅF invests in continual training, skills development and leadership development. ÅF's ambition is to make every employee perceive some form of added value in working for ÅF.

ÅF's business activities involve a risk of dispute. Drawing up contracts for all assignments and specifying in detail the terms of the agreement reduces the risk. In most instances, ÅF's Swedish contracts are carried out in accordance with ÅF's General Conditions (based on ABK96: General Conditions for Consulting Assignments for Architects and Engineers, 1996).

ÅF's ambition is to augment growth by acquiring other consulting companies. The increased risk that this involves is minimised by adopting a systematic approach to acquisitions and insisting on the relevant documentation and reviews. An annual evaluation of recent acquisitions is carried out by the ÅF Board.

Through its operations, ÅF is exposed to a range of financial risks, such as currency risk, interest rate risk, financial credit risk and customer credit risk. Responsibility for the Group's financial transactions and risks is held centrally by the parent company's Corporate Finance department in accordance with the policies adopted by the board. The overriding goal is to provide cost-effective financing and to minimise the negative impact on the Group's earnings of market fluctuations. To minimise the currency risk in contracted payment flows in foreign currencies, large contracts are hedged using derivatives. For a more detailed description of risk management and sensitivity analysis, please refer to Note 26 and pages 56–60 in this annual report.

Shares

ÅF's B shares have been quoted on the OMX Nordic Exchange Stockholm (Mid Cap) since January 1986. Prior to that, Ångpanneföreningen traded as a cooperative association from 1895 until 1980 and as a joint-stock company from 1981.

ÅF shares traded at SEK 119 at the end of 2008, a depreciation in value of 29.6 percent over the year. The Stockholm Stock Exchange's (OMXSPI) all-share index fell by 42 percent during the same period.

ÅF's market capitalisation as at 31 December 2008 was SEK 2,022 million (SEK 2,862 million).

During the year there was a turnover of 12,184,948 (9,230,962) shares, valued at a total of SEK 1,885 million (SEK 1,585 million). The average turnover per trading day was SEK 7.32 million (SEK 6.34 million). Shares were traded on 100 (100) percent of trading days.

The total number of ÅF shares on 31 December 2008 amounted to 17,029,501, of which 804,438 were class A shares and 16,225,063 were class B shares. ÅF AB held 37,000 of its own class B shares on 31 December 2008.

The ten largest shareholders in ÅF are listed on page 54 of this annual report.

Performance-related share programme 2008

At their Annual General Meeting held on 23 April 2008 shareholders in ÅF AB resolved to implement a new performance-related share savings programme for up to 150 key individuals in the company, including the President/CEO.

Employees who participate in the programme can reserve a sum corresponding to a maximum of 5 percent of their gross salary for the purchase of ÅF shares on the OMX Nordic Exchange in Stockholm over a 12-month period with effect from the implementation of the programme. On expiry of the application period 100 ÅF employees in key positions had expressed an interest in purchasing approximately 20,600 shares for the entire 2008 programme, based on the share price at the end of the application period.

In the event that the performance targets that have been set up are met in full, some 87,000 shares will be transferred to these employees without consideration during 2011 and 2012. This can lead to dilution of a maximum 0.5 percent of earnings per share.

Share buy-backs 2008

During Q4 2008 a total of 37,000 ÅF shares was acquired under the mandate given to the Board of Directors at the Annual General Meeting of ÅF shareholders on 23

April 2008. The mandate authorised the purchase of up to 230,000 of the company's class B shares in the period prior to the Annual General Meeting on 5 May 2009.

The purpose of the buy-backs is to safeguard the company's obligations with regard to the 2008 performance-related share programme approved by the AGM.

Board of Directors

Following the recommendation of the Nomination Committee eight directors (without deputies) were elected by the Annual General Meeting to serve in 2008: Ulf Dinkelspiel, Patrik Enblad, Magnus Grill, Eva-Lotta Kraft, Jon Risfelt, Helena Skåntorp and Lena Treschow Torell were re-elected, and Tor Ericson was elected to serve a first term as a director of the company.

Ulf Dinkelspiel was re-elected as Chairman of the Board.

Patrik Tillack was appointed as an employee representative on the board. Eva Lindén is already an employee representative on the board, and Oscar Stridh and Daniel Westman are deputies in this capacity.

At its inaugural meeting following the general meeting, the board elected Lena Treschow Torell as its Deputy Chair.

Please turn to pages 132–133 for a more detailed presentation of board members and directors.

Work of the Board of Directors

During the 2008 financial year, the board held ten meetings, of which one was the inaugural meeting. The work of the board focuses chiefly on strategic issues, business plans, financial statements, major investments and takeovers and other decisions which, according to the written rules of procedure, are to be dealt with by the board. A presentation of developments with regard to the company's business operations and financial position has been a standing item on the agenda. In conjunction with each ordinary meeting of the board one business area within the company is also scrutinised in greater detail. At the board meeting in August a strategy seminar was arranged with a special review of each division.

Other ÅF employees have participated in board meetings to present reports. ÅF's Executive Vice President, Corporate Information, has served as secretary to the board.

An evaluation of the board's work during the year has been carried out.

ÅF's Corporate Governance Report is presented separately on pages 125–130.

Group management

In 2008 senior group management comprised Jonas Wiström (President and CEO), Jonas Ågrup (CFO), Viktor Svensson (Executive Vice President, Corporate Information), together with the Divisional Presidents, Jörgen Backersgård, Eero Auranne, Per Magnusson and Johan Olsson. Gunilla Fladvad is the secretary to the senior management group. Åke Rosenius left ÅF and his position on the senior management group in 2008.

Please turn to pages 134–135 for a presentation of the senior executives in the company.

Guidelines for the remuneration of the senior executives of the Company

The 2008 Annual General Meeting resolved that the principles below relating to remuneration and other conditions of employment for senior executives of the company will apply for contracts of employment signed or modified after the Annual General Meeting. By "senior executives of the company" is meant the President/CEO and other members of the senior management group. Remuneration paid to senior executives of the company is to be based on market conditions at the same time as it supports the interests of the company's owners. Remuneration shall, in the main, consist of a fixed salary element, a variable salary element, share-related remuneration, pension benefits and other benefits; for example, use of a company car. The guidelines for remuneration are intended to ensure that ÅF can attract and retain the best available resources in order to support the ÅF mission and strategy.

The fixed salary element shall be determined with regard to personal skills, scope of responsibility and achievements, and shall be based on market conditions.

The variable salary element shall be based on a performance-based programme and shall be set at a rate of between 60 and 100 percent of the individual's fixed annual salary. The variable salary element shall not qualify as income for pension purposes.

The period of notice shall be six months on the employee's side. In the event that notice is issued by the company, the period of notice and the time during which severance pay is paid out shall not together exceed a total of 24 months.

Pension benefits shall be in the form of either defined-benefit or defined-contribution retirement plans, or a combination of the two. The standard retirement age is 65 years. In the event that a senior executive of the company retires before pensionable age, he or she shall be given a paid-up policy from the age of 60.

Issues relating to the remuneration of senior executives of the company are dealt with by a Remuneration Committee and, in matters relating to the President/CEO, are finally determined by the Board of Directors.

The 2008 Annual General Meeting authorised the board to deviate from the guidelines for remuneration drawn up by the Annual General Meeting, if there are special reasons for doing so in individual instances.

For information regarding previously approved remuneration which has not become due for payment, please refer to Note 8 in this annual report.

The board proposes that the 2009 Annual General Meeting resolves that the principles for remuneration and other conditions of employment for the senior management group for 2009 shall be in line with the principles that have been applied during 2008.

Prospects for 2008

The economic situation has deteriorated in the wake of the financial crisis and ÅF is bracing itself for a relatively tough 2009 in a very challenging marketplace. The importance of a strong market position increases as the market grows more uncertain. Fortunately, ÅF is in a favourable financial position with well-established client relations and a strong brand, all of which bodes well for the future. Moreover, the bulk of ÅF's operations is concentrated on industries such as energy, environmental engineering, infrastructure and inspection, where the prospects for long-term expansion remain excellent.

Proposed appropriation of profits

Non-restricted profits of SEK 1,138,935,543 are at the disposal of the Annual General Meeting.

The Board of Directors and CEO propose that these profits be appropriated as follows:

To the shareholders:	
a dividend of SEK 6.50 per share	110,451,257
To be carried forward	1,028,484,286
Total, SEK	**1,138,935,543**

The board's motivation with regard to the proposed appropriation of profits will be posted on the company's website, www.afconsult.com. It can also be ordered from the company.

CONSOLIDATED INCOME STATEMENT

1 January – 31 December (in thousands of SEK)	Note	2008	2007
Operating income			
Net sales	2	4,568,835	3,861,618
Other operating income	5	820	727
		4,569,655	**3,862,345**
Operating expenses	6		
Other external costs	7, 27	–1,488,979	–1,162,344
Personnel costs	8	–2,540,421	–2,310,209
Depreciation/amortisation and impairment of tangible and intangible assets	13, 14	–54,060	–48,827
Other operating expenses	9	–11,098	–13,217
Share of associated companies' profit/loss	15	3,566	4,131
Operating profit/loss	2	**478,663**	**331,879**
Result from financial investments			
Financial income		12,903	14,889
Financial expenses		–30,686	–24,716
Net financial items	10	–17,783	–9,827
Profit after financial items		**460,880**	**322,052**
Tax	23	–133,129	–102,051
Profit for the year		**327,751**	**220,001**
Attributable to:			
Shareholders in the parent company		324,184	217,528
Non-controlling interest		3,567	2,473
		327,751	**220,001**
Earnings per share with regard to profit attributable to shareholders in the parent company	12		
before dilution, SEK		19.08	13.15
after dilution, SEK		19.08	13.11

STATEMENT OF CONSOLIDATED RECOGNISED INCOME AND EXPENSE

1 January – 31 December (in thousands of SEK)	Note	2008	2007
Change in translation reserve for the year		171,755	14,583
Cash flow hedging, recognised in equity		576	–206
Fair value, adjustment securities		–7	7
Pensions		–44,603	–2,735
Tax attributable to items recognised in equity		9,965	844
Effect of change in tax rate		–85	—
Changes in assets recognised in equity, excluding transactions with the company's owners		**137,601**	**12,493**
Profit for the year	18	**327,751**	**220,001**
Total change in assets, excluding transactions with the company's owners		**465,352**	**232,494**
Attributable to:			
Shareholders in parent company		460,875	229,996
Non-controlling interest		4,477	2,498
		465,352	232,494

CONSOLIDATED BALANCE SHEET

As per 31 December (in thousands of SEK)	Note	2008	2007
Assets	3, 4		
Intangible assets	13	1,357,067	1,083,720
Tangible assets	14	338,638	210,715
Participations in associated companies	15	13,426	11,216
Financial investments	16	1,269	946
Non-current receivables		2,104	2,026
Deferred tax asset	23	14,805	11,603
Total non-current assets		**1,727,309**	**1,320,226**
Accounts receivable	25	978,706	799,854
Revenue generated but not invoiced		423,634	261,025
Other receivables	29	132,897	37,986
Prepaid expenses and accrued income	17	56,643	66,105
Cash and cash equivalents		290,338	310,382
Total current assets		**1,882,218**	**1,475,352**
Total assets		**3,609,527**	**2,795,578**

CONSOLIDATED BALANCE SHEET (CONTINUED)

As per 31 December (in thousands of SEK)	Note	2008	2007
Equity and liabilities			
Equity	18		
Share capital		170,295	169,352
Other contributed capital		482,011	478,599
Reserves		179,142	7,883
Retained earnings including profit for the year		858,646	679,110
Equity attributable to shareholders in parent company		**1,690,094**	**1,334,944**
Non-controlling interest		8,548	4,220
Total equity		**1,698,642**	**1,339,164**
Liabilities	3, 4		
Liabilities to credit institutions	19, 26	95,716	68,599
Convertible debenture	20	—	7,613
Provisions for pensions	21	103,823	60,135
Other provisions	22	66,286	8,874
Deferred tax liabilities	23	19,675	20,734
Other liabilities		87,500	109,710
Total non-current liabilities		**373,000**	**275,665**
Liabilities to credit institutions	19, 26	264,999	261,688
Work invoiced but not yet carried out		298,440	140,595
Accounts payable – trade		231,337	181,798
Current tax liability	23	79,010	40,352
Other liabilities	29	183,767	153,003
Accrued expenses and prepaid income	24	472,023	393,705
Provisions	22	8,309	9,608
Total current liabilities		**1,537,885**	**1,180,749**
Total liabilities		**1,910,885**	**1,456,414**
Total equity and liabilities		**3,609,527**	**2,795,578**

For information about the Group's pledged assets and contingent liabilities, please refer to Note 28.

STATEMENT OF CASH FLOWS FOR THE GROUP

1 January – 31 December (in thousands of SEK)	Note	2008	2007
Operating activities	3, 4, 32		
Profit after financial items		460,880	322,052
Adjustment for items not included in cash flow		66,040	73,604
Income tax paid		–135,907	–77,992
Cash flow from operating activities before changes in working capital		**391,013**	**317,664**
Cash flow from changes in working capital			
Change in operating receivables		–103,202	–79,771
Change in operating liabilities		33,380	75,231
Cash flow from operating activities		**321,191**	**313,124**
Investing activities			
Acquisition of tangible assets		–124,115	–45,094
Disposal of tangible assets		—	6,970
Acquisition of intangible assets		–2,300	–1,022
Acquisition of subsidiaries		–142,056	–224,482
Additional considerations paid		–3,421	—
Disposal of line of business		—	20,672
Acquisition of financial assets		–526	–433
Disposal of financial assets		—	7,366
Cash flow from investing activities		**–272,418**	**–236,023**
Financing activities			
Proceeds from borrowing		29,156	42,900
Amortisation of loans		–15,384	–18,260
Dividend paid to parent company shareholders and non-controlling shareholders		–112,163	–48,833
Share buy-backs		–4,456	—
Cash flow from financing activities		**–102,847**	**–24,193**
Cash flow for the year		**–54,074**	**52,908**
Cash and cash equivalents brought forward		310,382	257,474
Exchange difference in cash/cash equivalents		34,030	0
Cash and cash equivalents carried forward		**290,338**	**310,382**

PARENT COMPANY INCOME STATEMENT

1 January – 31 December (in thousands of SEK)	Note	2008	2007
Operating income			
Net sales		179,392	142,077
Other operating income	5	73,599	54,510
		252,991	**196,587**
Operating expenses			
Other external costs	7, 27	–135,176	–99,117
Personnel costs	8	–81,460	–56,152
Depreciation and impairment of tangible assets	14	–5,090	–4,371
Other operating expenses		–80,567	–75,868
Operating loss		**–49,302**	**–38,921**
Result from financial investments			
Result from shares in Group companies	10	173	—
Interest income and similar profit/loss items	10	28,623	27,520
Interest expense and similar profit/loss items	10	–18,657	–13,998
		10,139	**13,522**
Loss after financial items		**–39,163**	**–25,399**
Appropriations	11	–10,881	83,908
Pre-tax profit/loss		**–50,044**	**58,509**
Tax	23	13,846	–16,500
Profit/loss for the year		**–36,198**	**42,009**

STATEMENT OF PARENT COMPANY'S RECOGNISED INCOME AND EXPENSE

1 January – 31 December (in thousands of SEK)	Note	2008	2007
Cash flow hedging, recognised in equity		587	—
Tax attributable to items recognised in equity		–154	—
Changes in assets recognised in equity, excluding transactions with the company's owners		**433**	**—**
Profit/loss for the year	18	**–36,198**	**42,009**
Total change in assets, excluding transactions with the company's owners		**–35,765**	**42,009**

PARENT COMPANY BALANCE SHEET

As per 31 December (in thousands of SEK)	Note	2008	2007
Assets			
Non-current assets			
Tangible assets	14	56,473	14,643
Participations in Group companies	30	1,018,464	998,463
Investments in associated companies	15	613	—
Receivables from Group companies	29	3,114	—
Deferred tax asset	23	4,810	3,811
Total non-current assets		**1,083,474**	**1,016,917**
Current assets			
Accounts receivable		2,760	2,995
Receivables from Group companies	29	889,507	687,292
Receivables from associated companies	29	129	60
Receivables from other related parties	29	—	28
Revenue generated but not invoiced		2,607	1,447
Other receivables		18,920	4,445
Prepaid expenses and accrued income	17	26,903	25,146
Total current receivables		940,826	721,413
Cash and bank balances		3,869	2,415
Total current assets		**944,695**	**723,828**
Total assets		**2,028,169**	**1,740,745**
Equity and liabilities			
Equity	18		
Restricted equity			
Share capital (804,438 class A shares and 16,225,063 class B shares: total 17,029,501 shares with a quota value of SEK 10)		170,295	169,352
Statutory reserve		46,948	46,948

PARENT COMPANY BALANCE SHEET (CONTINUED)

As per 31 December (in thousands of SEK)	Note	2008	2007
Non-restricted equity			
Fair value reserve		433	—
Share premium reserve		457,183	454,974
Profit brought forward		717,518	543,340
Profit/loss for the year		–36,198	42,009
Total equity		**1,356,179**	**1,256,623**
Untaxed reserves	31	12,518	1,638
Provisions			
Provisions for pensions and similar obligations	21	27,185	27,161
Deferred tax liabilities	23	154	5
Other provisions	22	17,086	13,611
Total provisions		**44,425**	**40,777**
Non-current liabilities			
Convertible debenture	20	—	7,613
Liabilities to Group companies	29	156	156
Total non-current liabilities		**156**	**7,769**
Current liabilities			
Liabilities to credit institutions	19, 26	240,785	243,195
Accounts payable – trade		55,195	27,307
Liabilities to Group companies	29	241,392	78,894
Current tax liabilities	23	53,123	66,153
Other liabilities		2,612	2,688
Accrued expenses and prepaid income	24	21,784	15,701
Total current liabilities		**614,891**	**433,938**
Total equity and liabilities		**2,028,169**	**1,740,745**
Pledged assets and contingent liabilities for the parent company			
Pledged assets	28	None	None
Contingent liabilities	28	176,447	140,915

STATEMENT OF CASH FLOWS FOR THE PARENT COMPANY

1 January – 31 December (in thousands of SEK)	Note	2008	2007
Operating activities	32		
Loss after financial items		–39,163	–25,399
Adjustment for items not included in the cash flow		13,656	13,657
Income tax paid		–98,372	–31,892
Cash flow from operating activities before changes in working capital		**–123,879**	**–43,634**
Cash flow from changes in working capital			
Change in operating receivables		190,793	168,116
Change in operating liabilities		125,996	10,103
Cash flow from operating activities		**192,910**	**134,585**
Investing activities			
Acquisition of tangible assets		–50,784	–8,758
Disposal of tangible assets		—	4,920
Acquisition of financial assets		–23,727	–239,392
Disposal of financial assets		—	16,857
Cash flow from investing activities		**–74,511**	**–226,373**
Financing activities			
Proceeds from borrowing		—	41,308
Amortisation of loans		–2,410	—
Dividends paid		–110,079	–48,833
Share buy-backs		–4,456	—
Cash flow from financing activities		**–116,945**	**–7,525**
Cash flow for the year		**1,454**	**–99,313**
Cash and cash equivalents brought forward		2,415	101,728
Cash and cash equivalents carried forward		**3,869**	**2,415**

TABLE OF NOTES

NOTES AND ACCOUNTING PRINCIPLES

Financial values in the tables of accounts are in thousands of SEK unless otherwise stated.

1 Accounting principles

1.1 Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1.1 (Supplementary Accounting Rules for Groups) has been applied.

The parent company applies the same accounting policies as the Group except as stated below in the section "Parent company accounting policies". The differences between the accounting policies of the parent company and the Group are due to limitations in the parent company's scope to apply IFRS imposed by the Swedish Annual Accounts Act and the act on the safeguarding of pensions benefits (Tryggandelagen), and in some cases due to tax reasons.

1.2 Basis of preparation of the parent company and consolidated financial statements

The parent company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the parent company and the Group. This means that the financial statements are presented in SEK. All amounts are rounded to the nearest thousand unless otherwise stated.

Assets and liabilities are reported at historical cost, with the exception of various financial assets and liabilities which are carried at fair value. The financial assets and liabilities which are carried at fair value are derivative instruments and financial assets classified as available for sale. Non-current assets held for sale are carried at the lower of previous carrying amount and fair value less costs to sell.

The preparation of financial statements in accordance with IFRS requires management to make judgements and estimates, and to make assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and a number of other factors deemed reasonable under the circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities where these are not clear from other sources. The actual outcome may differ from these estimates and judgements.

These estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change affects only that period, or in both the period in which the change is made and future periods if the change affects both the current period and future periods.

Judgements made by management in applying IFRS which have a significant effect on the financial statements, and estimates made which could result in material adjustments in subsequent years' financial statements are described in more detail in Note 34.

The following accounting policies for the Group have been applied consistently to all periods presented in the Group's financial statements unless otherwise stated below. The Group's accounting policies have been applied consistently in the reporting and consolidation of the parent company, subsidiaries and the inclusion of associated companies in the consolidated accounts.

The annual report and consolidated financial statements were approved for release by the Board of Directors on 12 March 2009. The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be put forward for adoption at the Annual General Meeting on 5 May 2009.

1.3 Amended accounting policies and disclosure requirements

1.3.1 Amended and new accounting policies for the year

The new and amended standards and interpretations from IASB/IFRIC, which have been endorsed by the EU and which entered into force in 2008, have not had any effect on the financial statements and disclosures of the company.

1.3.2 Future amendments of accounting policies

Of all the new and revised standards and interpretations approved by IASB/IFRIC with effective dates after the reporting period, the following standards are judged to be applicable:

IFRS 8 Operating Segments

This standard contains disclosure requirements in respect of the Group's operating segments, and replaces the requirement to define primary and secondary segments for the Group based on lines of business and geographical areas according to IAS 14. The new standard requires that segment information is presented from the perspective of the "chief operating decision maker", which means that it is presented in the manner used for internal reports. IFRS 8 is effective for annual periods beginning on or after 1 January 2009. The Group has concluded that the operating segments determined on the basis of IFRS 8 are identical to the segment reports previously identified on the basis of IAS 14.

Revised IAS 1 Presentation of Financial Statements

The revised standard was issued in September 2007, and will apply to financial years beginning on or after 1 January 2009. The standard divides changes in equity into those arising from transactions with owners and other changes. The statement of changes in equity will contain details in respect of transactions with owners only. Changes in equity other than those resulting from transactions with owners are presented in a line in the statement of changes in equity. In addition, the standard introduces the concept of "statement of comprehensive income", which shows all items relating to income and expense, either in a single statement or in two separate statements. The Group has not yet decided whether one or two statements will be used.

Note 1 continued

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements
The revised standards were issued in January 2008 and will apply to financial years beginning on or after 1 July 2009. IFRS 3 introduces a number of changes in accounting for business acquisitions made after this date, which will affect the amount of recognised goodwill, recognised profit/loss in the period in which the acquisition was made and future recognised profit/loss.

IAS 27R requires that changes in a parent's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. In consequence of this change, these transactions will no longer give rise to goodwill or lead to gains or losses. In addition, IAS 27R changes the accounting for losses arising in a subsidiary, as well as loss of control of a subsidiary. These changes have also led to consequential changes being made in IAS 7 (Statement of Cash Flows), IAS 12 (Income Taxes), IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 28 (Investments in Associates) and IAS 31 (Interests in Joint Ventures).

The changes in IFRS 3R and IAS 27R will affect the accounting for future acquisitions, loss of control and transactions with non-controlling shareholders. Early application of the revised standards is permitted, but the Group does not intend to avail itself of this option.

1.4 Segment reporting
A segment is a distinguishable component of the Group which provides either particular products or services (business segment) or products or services within a particular economic environment (geographical segment) and which is subject to risks and returns that are different from those of other segments.

The Group's internal reporting system is designed to follow up the return on the Group's services, and so business segments are the primary format for reporting segment information. Geographical segments are the Group's secondary format.

Segment information is provided only for the Group (in accordance with IAS 14).

1.5 Classification, etc.
In both the parent company and consolidated financial statements, non-current assets and non-current liabilities consist essentially of amounts expected to be recovered or settled more than 12 months after the end of the reporting period. Current assets and liabilities consist essentially of amounts expected to be recovered or settled within 12 months of the end of the reporting period.

1.6 Basis of consolidation
1.6.1 Subsidiaries
Subsidiaries are companies over which ÅF AB has a controlling influence. A controlling influence means, directly or indirectly, the power to govern a company's financial and operating policies with a view to deriving economic benefits. Potential voting rights which are currently exercisable or convertible are taken into account when assessing whether a controlling influence is held.

Subsidiaries are accounted for using the purchase method. This means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by means of an analysis undertaken in connection with the acquisition of a business. The analysis determines the acquisition value of participations or businesses, the fair value of acquired identifiable assets and assumed liabilities, contingent liabilities and equity instruments issued as consideration for the net assets acquired, plus transaction costs directly attributable to the acquisition.

The difference between the cost of the shares in the subsidiary and the fair value of the assets acquired on the one hand, and liabilities and contingent liabilities assumed on the other, is treated as goodwill.

Subsidiaries' financial statements are consolidated from the date of acquisition until such time as the controlling influence is relinquished.

1.6.2 Associates
Associates are companies over whose operational and financial management the Group exercises a significant but not controlling influence, generally through a holding of 20–50 percent of the votes. Investments in associates are accounted for in the consolidated financial statements using the equity method from the time significant influence is obtained. This means that the carrying amount of the shares in the associate recognised in the consolidated financial statements consists of the Group's share of the associate's equity plus goodwill and any other remaining fair value adjustments. The Group's share of the associate's profit/loss after tax and non-controlling interests, adjusted for any amortisation, write-down or reversal of fair value adjustments, is recognised in the consolidated income statement under "Share of associated companies' profit/loss". Any dividends received from the associate reduce the carrying amount of the investment.

Any difference at the time of acquisition between the cost of the investment and the investor's interest in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recognised in accordance with IFRS 3 "Business combinations".

If the Group's interest in the recognised losses of an associate exceeds the carrying amount of the shares in the consolidated balance sheet, the carrying amount of the shares is reduced to zero. Losses are also allocated against unsecured non-current financial balances which effectively form part of the investor's net investment in the associate. Further losses are not recognised unless the Group has issued guarantees to cover losses arising at the associate. The equity method is applied until such time as significant influence is relinquished.

1.6.3 Transactions eliminated on consolidation
Intra-group receivables, liabilities, income and expenses, and unrealised gains and losses arising on transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements.

Unrealised gains arising on transactions with associates and joint ventures are eliminated in proportion to the Group's interests in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

1.7 Foreign currency
1.7.1 Transactions in foreign currency
Transactions in foreign currency are translated into the functional currency at the exchange rate ruling on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate ruling at the end of the reporting period. Exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate ruling on the transaction date. Non-monetary assets and liabilities carried at fair value are translated into the functional currency at the exchange rate ruling when their fair value was determined, and changes in exchange rates are then recognised in the same way as other changes in the value of the asset or liability.

Note 1 continued

The functional currency is the currency of the primary economic environments in which the companies in the Group operate. The parent company's functional currency and reporting currency is the Swedish krona (SEK). The Group's reporting currency is SEK.

1.7.2 Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and other fair value adjustments, are translated into SEK at the exchange rate ruling at the end of the reporting period. The income and expenses of foreign operations are translated into SEK at an average exchange rate which approximates the exchange rates on the various transaction dates.

Translation differences arising on the translation of net investments in foreign operations are recognised in a translation reserve in equity. When a foreign operation is sold, the accumulated translation differences attributable to the operation are realised net of any currency hedging in the consolidated balance sheet.

1.8 Revenue

Revenue from services rendered is recognised in accordance with IAS 18. The percentage of completion method is applied to all assignments whose outcome can be measured reliably. The majority of assignments are performed on an open-account basis, according to which income is entered into the accounts when the work is performed, and clients are normally invoiced one month after the work is carried out. Where assignments are carried out on a fixed-price basis, revenue is recognised in the income statement on the basis of the stage of completion at the end of the reporting period. If it is probable that the total assignment expenditure will exceed the total assignment revenue, the anticipated loss is immediately recognised as an expense in its entirety. Revenue is not recognised if it is probable that the economic benefits will not flow to the Group. In the event of significant uncertainty about payment or associated expenses, no revenue is recognised.

1.9 Operating expenses and financial income and expenses

1.9.1 Operating lease agreements

Payments under operating leases are recognised in the income statement on a straight-line basis over the lease term. Benefits received in connection with signing a lease are reported as part of the total lease cost in the income statement. Contingent rents are recognised in the periods in which they arise.

1.9.2 Finance lease agreements

Minimum lease payments are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is spread over the lease term so that the amount charged in each reporting period corresponds to a fixed rate of interest on the liability recognised in that period. Contingent rents are recognised in the periods in which they arise.

1.9.3 Financial income and expenses

Financial income and expenses consist of interest receivable on bank balances and receivables, interest payable on loans, dividend income and exchange differences on loans.

Interest receivable on receivables and interest payable on liabilities are calculated using the effective interest rate method. The effective interest rate is the rate of interest which makes the present value of all future inflows and outflows over the life of the receivable or liability equal to its carrying amount. The interest component of finance lease payments is recognised in the income statement by applying the effective interest rate method. Interest receivable includes accrued transaction costs and any discounts, premiums or other differences between the original value of the receivable and the amount received at maturity.

Dividend income is recognised when the right to receive payment has been ascertained.

The Group and parent company do not capitalise interest in the cost of assets.

1.10 Financial instruments

Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, trade receivables, shares and other equity instruments, and derivatives. Included in equity and liabilities are trade payables, issued debt and equity instruments, borrowings and derivatives.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual terms of the instrument. Trade receivables are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised once the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the contract are transferred or expire or the company loses control over them. The same applies to parts of a financial asset. A financial liability is derecognised when the obligation in the contract is discharged or in some other way extinguished. The same applies to parts of a financial liability.

Acquisitions and disposals of financial assets are recognised on the trade date, which is the day when the company makes a binding commitment to buy or sell the asset.

The fair value of quoted financial assets is the asset's quoted bid price at the end of the reporting period. For further information, see Note 25.

1.10.1 Classification and valuation

Financial instruments that are not derivatives are recognised initially at an acquisition value equivalent to the fair value of the instrument with the addition of transaction costs for all financial instruments except those in the financial assets category, which are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition on the basis of the purpose for which the instrument was acquired. The classification determines how the financial instrument is to be valued after initial recognition, as described below.

Derivative instruments are recognised initially at fair value, indicating that transaction costs are charged to profit or loss for the period. Subsequent to the initial recognition, derivative instruments are recognised in the manner described below. If a derivative instrument is used for hedging, to the extent that this is effective, changes in value of the derivative instrument are recognised on the same line in the income statement as the hedged item. Even if hedge accounting is not applied, increases or decreases in the value of the derivative are recognised as income or expense in the operating profit/loss or in net financial income/expense depending on the intention behind the use of the derivative and whether the use relates to an operating item or a financial item. With hedge accounting, the ineffectiveness of the hedge is recognised in the same way as changes in the value of a derivative which is not used for hedge accounting.

Note 1 continued

1.10.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and that are not quoted in an active market. These assets are valued at amortised cost. Amortised cost is determined on the basis of the effective interest rate calculated on the date of acquisition. Assets with a short term are not discounted.

Accounts receivable are recognised at the amount which it is estimated will be received, i.e. after the deduction of bad debts and as the result of individual evaluation. Impairments of accounts receivable are recognised in operating expense.

Other receivables are classified as non-current receivables if the holding period exceeds one year and if it is shorter than other receivables.

Cash and cash equivalents consist of cash, immediately accessible deposits with banks and similar institutions, and short-term liquid investments with a maturity of less than three months from the date of purchase, which are subject to only an insignificant risk of changes in value.

1.10.3 Available-for-sale financial assets

The category available-for-sale financial assets includes financial assets that are not classified in any other category or financial assets that the company initially chose to designate in this category. Holdings of shares and participations that are not recognised as subsidiaries, associated companies or joint ventures are recognised here. Assets in this category are valued at fair value, with changes in value recognised in equity, except for those due to impairment, interest on debt instruments and dividend income, as well as exchange differences on monetary items, which are recognised in profit or loss. On derecognition of the asset, accumulated gains/losses previously recognised in equity are recognised in profit or loss.

Financial investments constitute, depending on the intention with which they are held, either non-current assets if the holding period is longer than one year or current assets if the holding period is less than one year.

1.10.4 Other financial liabilities

Loans and other financial liabilities, e.g. accounts payable, are included in this category. The liabilities are valued at amortised acquisition value. *Accounts payable* have a short expected term and are valued without discounting at their nominal amount.

Non-current liabilities have an expected term longer than one year, while current liabilities have a term shorter than one year.

Convertible debentures can be converted into shares by the counterparty exercising an option to convert the instrument into shares. Convertible debentures are recognised as a compound financial instrument comprising a liability component and an equity component. The fair value of the liability is calculated by discounting future cash flows using the current market interest rate for an equivalent liability without a conversion right. The value of the equity instrument is calculated as the difference between the issue proceeds when the convertible debenture was issued and the fair value of the financial liability at the time of issue. Any deferred tax attributable to the liability on the date of issue is deducted from the recognised value of the equity instrument. The transaction costs relating to the issue of a compound financial instrument are apportioned between the liability component and the equity component in the same proportions as the issue proceeds. The interest cost is recognised in the income statement and calculated using the effective interest rate method.

1.11 Derivative instruments and hedging

ÅF makes only limited use of derivatives to hedge future flows. Derivatives used for hedging future cash flows are recognised in the balance sheet at fair value. The changes in value are recognised directly in equity in the hedge reserve until such time as the hedged flow affects profit or loss, upon which the accumulated changes in value of the hedging instrument are recycled into profit or loss simultaneously with the profit or loss effects of the hedged transaction. Flows from both contracted and forecast transactions can be hedged.

To meet the requirements for hedge accounting under IAS 39, there must be an unequivocal link to the hedged item. In addition, the hedging of the item must be effective, hedging documentation must have been prepared and it must be possible for effectiveness to be measured. Gains and losses on hedging are recognised in the income statement on the same date as gains and losses on the hedged items are recognised.

1.12 Tangible assets

1.12.1 Owned assets

Tangible (non-current) assets are recognised as assets in the balance sheet if it is probable that future economic benefits will flow to the company, and that the cost of the item can be measured reliably. Tangible assets are recognised in the consolidated financial statements at cost less accumulated depreciation and any impairment losses. Cost is defined as the purchase price plus any additional expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Examples of directly attributable additional expenses included in cost are the costs of delivery and handling, installation, title deeds, consulting services and legal services. Borrowing costs are not included in the cost of self-constructed assets. The accounting policies for impairment are set out below.

Tangible assets which consist of parts with different useful lives are treated as separate components of tangible assets.

The carrying amount of an asset is derecognised from the balance sheet on retirement or disposal or when no future economic benefits are expected to flow from the use or retirement/disposal of the asset. The gain or loss arising on the disposal or retirement of an asset is the difference between the disposal proceeds and the carrying amount less direct costs to sell. The gain or loss is recognised under other operating income/expenses.

Future expenditure

Future expenditure is added to the acquisition value only if it is probable that future economic benefits that are attributable to the asset will flow to the company, and the acquisition value can be measured reliably. All other future expenditure is recognised as an expense in the period in which it arises. In determining when an additional expenditure is to be added to the acquisition value, the decisive factor is whether the expenditure relates to the replacement of identified components, or parts of such components, in which case the expenditure is capitalised. In instances where a new component has been created, the expenditure is also added to the acquisition value. Any undepreciated carrying amount on replaced components or parts of components is retired and recognised as an expense when the replacement is carried out. Repairs are recognised as an expense as they are carried out.

Note 1 continued

Depreciation principles
Linear depreciation is applied over the estimated useful life of the asset. Land is not depreciated. The Group applies component depreciation, which means that the estimated useful life of the components forms the basis for depreciation.

1.12.2 Leased assets
Leased assets are accounted for in accordance with IAS 17. Leases are classified as either finance leases or operating leases in the consolidated financial statements. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Otherwise it is classified as an operating lease.

Assets held under finance leases are recognised as assets in the consolidated balance sheet. The liability to make future lease payments is recognised under non-current and current liabilities. The leased assets are depreciated on a straight-line basis, while the lease payments are recognised as a finance charge and a reduction in the liability.

With operating leases, the lease payments are recognised as expense over the lease term on a straight-line basis.

1.12.3 Depreciation
Depreciation is charged on a straight-line basis over the estimated useful life of an asset. Estimated useful lives are:

Computer equipment	3 years
Vehicles	5 years
Office equipment	5 years
Office furnishings	10 years
Buildings (business premises)	40–100 years

Business premises consist of a number of components with different useful lives. The primary division is between buildings and land. No depreciation is applied to the land component, which is regarded as having an unlimited useful life. The buildings, however, consist of many components with varying useful lives. The useful lives of these components have been assessed as varying between 40 and 100 years.

The following main groups of components have been identified, which form the basis for depreciation of buildings:

Structure and foundations	100 years
Outer surface finish; facades, roofs, etc.	67 years
Floors, doors and electrical installations	67 years
Installations; heating, water, sanitation, ventilation, lifts, etc.	40 years

The residual value and useful life of an asset are reviewed annually.

1.13 Intangible assets
1.13.1 Goodwill
Goodwill is the difference between the cost of a business combination (i.e. corporate acquisition, takeover, etc.) and the fair value of the assets acquired and liabilities and contingent liabilities assumed.

When it comes to goodwill arising on business combinations before 1 January 2004, the Group has not applied IFRS retroactively; instead, the carrying amount on that date will continue to be the historical cost of acquisition in the consolidated financial statements, net of impairment losses.

Goodwill is apportioned between cash-generating units and is instead tested annually for impairment (see §1.14 below). Thus goodwill is carried at cost less accumulated impairment losses. Goodwill arising on the acquisition of associates is included in the carrying amount of the investment in the associate.

Where the cost of a business combination is less than the net fair value of the assets acquired and liabilities and contingent liabilities assumed, the difference is recognised immediately in the income statement.

1.13.2 Research and development
Expenditure on research aimed at obtaining new scientific or technical knowledge is recognised as expense as it is incurred.

Expenditure on development where research results or other knowledge is applied to achieve new or improved products or processes is recognised as an asset in the balance sheet if the product or process is technically and commercially feasible and the company has sufficient resources to complete its development and then use or sell the intangible asset. The carrying amount includes the cost of materials, direct payroll costs and indirect costs which can reasonably and consistently be attributed to the asset. Other development expenditure is recognised in the income statement as expense as it is incurred. Development expenditure recognised in the balance sheet is carried at cost less accumulated amortisation and impairment losses.

1.13.3 Other intangible assets
Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation (see §1.13.5) and impairment losses (see §1.14).

Costs incurred in respect of internally generated goodwill and internally generated trademarks are recognised in the income statement as they are incurred.

1.13.4 Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is recognised as an asset in the balance sheet only if it increases the future economic benefits from the specific asset to which it relates. All other expenditure is recognised as expense as it is incurred.

Note 1 continued

1.13.5 Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the asset, unless its useful life is indefinite. Goodwill and intangible assets with an indefinite life are tested for impairment annually or as soon as there are indications that the asset in question has diminished in value. Amortisable intangible assets are amortised from the date they become available for use. The estimated useful lives are as follows:

Capitalised development expenditure	1–3 years
Acquired intangible assets:	1–5 years

1.14 Impairment

The carrying amounts of the Group's assets – with the exception of assets held for sale recognised in accordance with IFRS 5 and deferred tax assets – are tested at the end of each reporting period to assess whether there is any indication of impairment. If there is any such indication, the asset's recoverable amount is determined. The carrying amounts of the exceptions stated above are tested in accordance with the relevant standard.

1.14.1 Impairment tests for tangible and intangible assets and participations in subsidiaries and associated companies

The recoverable amount is the higher of fair value less costs to sell and value in use. When calculating value in use, future cash flows are discounted at a discount rate which reflects the risk-free rate of interest and the risk associated with the specific asset. Where an asset does not generate cash flows that are essentially independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. The impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses in respect of cash-generating units are allocated in the first instance to goodwill and then to the other assets included in the unit on a pro rata basis.

In the case of goodwill, other intangible assets with an indefinite life and intangible assets not yet ready for use, the recoverable amount is calculated annually.

1.14.2 Impairment tests for financial assets

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset or group of assets requires impairment. Objective evidence consists both of observable circumstances that have arisen and which have a negative effect on the ability to recover the acquisition cost, and of significant and long-lasting reductions in the fair value of an investment in an available-for-sale financial asset.

On the impairment of an equity instrument designated as an available-for-sale financial asset, accumulated losses already recognised in equity are reversed through the income statement.

The recoverable amount of assets in the loans and receivables category which are recognised at amortised cost is measured as the present value of the future cash flow discounted at the effective interest rate current on the date on which the asset was first recognised. Assets with a short term are not discounted. Impairment is charged to profit or loss.

1.14.3 Reversal of an impairment loss

An impairment loss is reversed if there are indications that the impairment requirement no longer exists and there has been a change in the assumptions which formed the basis for the measurement of the recoverable amount. Impairment of goodwill is never reversed. A reversal is made only to the extent that the carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

Impairment of loans and receivables that has been recognised at amortised cost is reversed if a subsequent increase in the recoverable amount can be attributed objectively to an event occurring after the impairment had been made.

Impairment losses on equity instruments designated as available-for-sale financial assets that have already been recognised in profit or loss may not subsequently be reversed on the income statement. The impaired value is the value from which subsequent revaluations are made, and these are recognised directly in equity. Impairment losses on interest-bearing instruments designated as available-for-sale financial assets, are reversed in the income statement if the fair value increases and the increase can be attributed objectively to an event occurring after the impairment had been made.

1.15 Dividends

Dividends are recognised as a liability once they have been approved by the general meeting.

1.16 Employee benefits

1.16.1 Defined-contribution retirement benefit plans

Obligations to contribute to defined-contribution plans are recognised as an expense in the income statement as they arise.

1.16.2 Defined-benefit retirement benefit plans

The Group's obligations under defined-benefit plans are calculated separately for each plan by estimating the future benefits earned by employees through their employment in both the current and prior periods. These benefits are discounted to present value. The discount rate is the market yield at the end of the reporting period on a first-class corporate bond with a maturity corresponding to that of the Group's retirement benefit obligations. Where there is no active market for such corporate bonds, the market yield on government bonds with a corresponding maturity is used instead. The calculations are performed by a qualified actuary using the projected unit credit method.

When the benefits under a plan are increased, that part of the increase relating to employees' service in prior periods is recognised as expense in the income statement on a straight-line basis over the average period until the benefits become fully vested. If the benefits are fully vested, the expense is recognised immediately in the income statement.

Actuarial gains and losses are recognised in equity.

Where there is a difference between how retirement benefit costs are determined by the Group and its constituent companies, a provision or receivable is recognised in respect of special employer's contributions to reflect this difference. The provision or receivable is not discounted to present value.

Note 1 continued

1.16.3 Other long-term employee benefits

The same principles are applied as to defined-benefit retirement benefit plans.

1.16.4 Termination benefits

A provision is made for termination benefits only when the company is demonstrably committed to terminating employment before the normal date, or when the benefits are the result of an offer made in order to encourage voluntary redundancy. In the event that the company is obliged to lay off members of staff, a detailed plan is drawn up specifying as a minimum the location, function and approximate number of employees involved, the benefits for each job classification or function, and the time at which the plan will be implemented.

1.17 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and when it is probable that an outflow of economic resources will be required to meet this obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of the point in time when payment takes place is significant, provisions are calculated by discounting expected future cash flows at a rate of interest before tax which reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability.

Provisions for restructuring are booked once the Group has adopted a detailed and formal restructuring plan, and the work of restructuring has either begun or been publicly announced. No provisions are made for future operating expenses.

1.18 Tax

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except where the underlying transaction is recognised in equity, in which case the associated tax effect is also recognised in equity.

Current tax is the tax payable or recoverable in respect of the current year, based on the tax rates enacted or substantively enacted as at the end of the reporting period, including adjustments of current tax in respect of prior periods.

Deferred tax is calculated using the liability method on the basis of temporary differences between the carrying amount and tax base of assets and liabilities. The following temporary differences are disregarded: temporary differences arising on the initial recognition of goodwill; the initial recognition of assets and liabilities which do not constitute business combinations and affect neither recognised nor taxable income at the time of the transaction; and temporary differences attributable to investments in subsidiaries and associates, in cases where the parent company, investor or joint owner can exert some influence over the point in time when the temporary differences will be reversed and when it is not anticipated that this reversal will take place in the foreseeable future. The valuation of deferred tax is based on how the carrying amounts of assets and liabilities are expected to be realised or adjusted. Deferred tax is calculated using the tax rates and tax rules enacted or substantively enacted as at the end of the reporting period.

Deferred tax assets in respect of deductible temporary differences and unused tax losses are recognised only to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilised.

Any additional income tax arising on the payment of dividends is recognised at the same time as the dividend is recognised as a liability.

1.19 Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered primarily through sale and not through use.

When first classified as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs to sell.

1.20 Contingent liabilities

A contingent liability is reported when there is a potential obligation relating to past events whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or the amount cannot be measured reliably.

1.21 Earnings per share

The calculation of earnings per share is based on the consolidated profit or loss attributable to the parent company's shareholders and on the weighted average number of shares outstanding during the year. In calculating earnings per share after dilution, the profit or loss and the weighted average number of shares are adjusted to take account of the effects of potential diluting ordinary shares, which derive during the reporting period from convertible debentures and matching shares in the savings scheme.

1.22 Parent company accounting policies

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2.1 (Accounting for Legal Entities). RFR 2.1 requires that the parent company's annual report applies all IFRS standards and interpretations approved by the EU as far as is possible within the constraints of the Annual Accounts Act and the act on the safeguarding of pensions benefits (Tryggandelagen), and while taking into account the relationship between reporting and taxation. The recommendation specifies which exceptions and supplements are to be made with respect to IFRS. The differences between the accounting policies of the Group and parent company are presented below.

The accounting principles outlined below have been applied consistently to all periods presented in the parent company's financial statements.

Note 1 continued

Differences between accounting policies for the Group and the parent company

1.22.1 Subsidiaries and associated companies

Shares in subsidiaries and associated companies are recognised in the parent company using the acquisition method. Only dividends received are recognised as revenue provided that they derive from profits earned after the acquisition. Dividends in excess of these earned profits are regarded as a repayment of the investments and reduce the carrying amount of the shares.

1.22.2 Tangible non-current assets

Leased assets

The parent company reports all leases on the basis of the rules for operating leases.

1.22.3 Intangible assets

Research and development

The parent company recognises all development expenditure as expense in the income statement.

1.22.4 Non-current assets held for sale

The parent company applies IFRS 5 with the exceptions set out in RFR 2.1, 8–9. Under the provisions of IFRS 5, assets held for sale are recognised separately in the balance sheet, and discontinued operations are recognised separately in the income statement. This does not, however, correspond to the layout in the Swedish Annual Accounts Act. The information referred to, along with other information which must be disclosed under IFRS 5, is, therefore, presented in notes. In addition, the rules in IFRS 5 which prescribe that non-current assets held for sale are not to be depreciated are not applied. Depreciation is calculated in accordance with the Swedish Annual Accounts Act.

1.22.5 Financial guarantees

The parent company's financial guarantee contracts consist primarily of guarantees for the benefit of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to recompense the holder of a debt instrument for losses incurred due to the failure of a specified debtor to make full payment on the due date in accordance with the terms of the contract. For the recognition of financial guarantee contracts, the parent company applies RFR 2.1, 72, which involves a relief compared with the provisions of IAS 39 in respect of financial guarantee contracts issued for the benefit of subsidiaries and associated companies. The parent company recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

1.22.6 Employee benefits

Defined-benefit retirement benefit plans

The parent company applies a different basis for the calculation of defined-benefit plans to that set out in IAS 19. The parent company complies instead with the provisions of the act on the safeguarding of pensions benefits (Tryggandelagen) and the regulations of the Swedish financial supervisory authority (Finansinspektionen) as this is a requirement for tax deductibility. The most important differences relative to the provisions of IAS 19 are the way in which the discount rate is determined, the calculation of defined-benefit obligations on the basis of current salary levels without making assumptions about future wage growth, and the recognition of all actuarial gains and losses in the income statement as they arise.

1.22.7 Taxes

The parent company reports untaxed reserves inclusive of deferred tax liabilities. In the consolidated financial statements, untaxed reserves are apportioned between a deferred tax liability and equity.

1.22.8 Group contributions and shareholder contributions for legal entities

The company reports Group contributions and shareholder contributions in accordance with the statement issued by the Swedish Financial Reporting Board. Shareholder contributions are recognised by the recipient in equity and capitalised under shares and participations by the contributor net of impairment losses.

Group contributions are reported on the basis of economic reality. This means that Group contributions paid in order to minimise the Group's overall tax liability are recognised in retained earnings net of their current tax effect. Group contributions comparable with dividends are treated as dividends. This means that Group contributions received and their current tax effect are recognised in the income statement. Group contributions paid and their current tax effect are recognised in retained earnings. Group contributions comparable with shareholder contributions are recognised by the recipient in retained earnings taking account of the current tax effect. Where appropriate, the contributor reports the Group contribution and its current tax effect under "Participations in Group companies" net of impairment losses.

2 Segment reporting

Primary segments – by division (in millions of Swedish kronor, MSEK)

	Energy		Engineering		Infrastructure		Inspection		Others & elim.		Group	
	2008 adjusted	2007 adjusted	2008 adjusted	2007 adjusted	2008 adjusted	2007 adjusted	2008 adjusted	2007 adjusted	2008	2007	2008	2007
Income												
Sales to external clients	1,017.4	600.4	1,367.0	1,396.9	1,751.5	1,526.8	357.5	285.4	75.4	52.0	4,568.8	3,861.6
Other operating income	—	—	—	—	—	—	—	—	0.8	0.7	0.8	0.7
Sales between segments	33.6	99.7	84.6	9.7	107.0	74.7	3.8	1.6	–229.0	–185.7	—	—
Total income	1,051.0	700.1	1,451.6	1,406.6	1,858.5	1,601.5	361.3	287.0	–152.8	–133.0	4,569.7	3,862.3
Operating expenses	–908.4	–630.9	–1,285.9	–1,286.0	–1,647.3	–1,432.2	–310.0	–238.3	114.8	105.8	–4,036.9	–3,481.7
Depreciation and impairment of intangible assets	–3.4	–3.2	–1.6	–1.3	–3.5	–3.1	–1.5	–0.9	—	–0.6	–10.0	–9.1
Depreciation and impairment of tangible assets	–9.1	–8.9	–3.9	–2.0	–12.1	–12.6	–6.0	–5.5	–12.9	–10.7	–44.0	–39.7
Operating profit/loss	130.0	57.2	160.1	117.2	195.7	153.6	43.9	42.3	–50.9	–38.5	478.7	331.9
Of which participations in profit/loss of associated companies	*0.8*	*0.6*	—	—	—	*1.0*	*2.7*	*2.5*	—	—	*3.6*	*4.1*
Operating margin, %	12.4	8.2	11.0	8.3	10.5	9.6	12.1	14.8	33.3	28.9	10.5	8.6
Assets and liabilities												
Intangible assets	554.8	395.6	501.3	488.0	226.6	199.6	74.4	0.5	—	—	1,357.1	1,083.7
Tangible assets	183.3	126.3	14.2	1.2	32.5	32.4	25.9	10.8	82.7	40.0	338.6	210.7
Other assets	1,143.6	853.0	443.9	94.3	715.8	602.7	109.4	130.4	–498.9	–179.2	1,913.8	1,501.2
Of which proportion of equity in associated companies	—	*6.1*	*7.6*	—	*1.0*	*0.9*	*4.8*	*4.2*	—	—	*13.4*	*11.2*
Total assets	1,881.7	1,374.9	959.4	583.5	974.9	834.7	209.7	141.7	–416.2	–139.2	3,609.5	2,795.6
Equity	439.2	141.6	442.1	117.8	387.7	347.5	88.8	82.8	340.8	649.5	1,698.6	1,339.2
Total liabilities	1,442.5	1,233.3	517.3	465.7	587.2	487.2	120.9	58.9	–757.0	–788.7	1,910.9	1,456.4
Other segment information												
Investment for the year in intangible assets	91.6	215.4	2.3	9.3	28.5	28.7	73.4	—	–0.2	—	195.6	253.4
Investment for the year in tangible assets	50.3	117.7	5.4	3.6	16.3	19.4	22.1	5.9	53.1	22.0	147.2	168.6

Comments on the adjustments in the above table

With effect from 1 October 2008 the following structural changes were made within the ÅF Group:

– Systems Division with 450 FTEs was incorporated into the Infrastructure Division as a separate business area
– 177 employees working primarily in the Pulp & Paper business area were transferred from the Energy Division to the Engineering Division
– 73 employees working with Electrical Power Systems were transferred from the Infrastructure Division to the Engineering Division
– 25 employees moved from Engineering to the Infrastructure Division
– 13 employees moved from Energy to the Inspection Division

The above figures have been adjusted as if the internal restructuring had taken place on 1 January 2007.

Note 2 continued

Segment reporting

The primary basis for classification into segments is line of business, i.e. the Group's divisions. The aim is to classify the divisions with reference to their clients and their own expertise. The Group's operational structure and internal reporting to Group management and the board is based on reporting by division. Intra-group sales between segments take place at an internal market price on an "arm's length" basis, i.e. between parties who are independent of each other, are well-informed and who have an interest in completing the transactions.

All the Group's operational assets and liabilities have been attributed directly to divisions or allocated per division. Investment in tangible assets within the segment includes all investment.

	Sweden		Outside Sweden		Total	
Secondary segments – by geographical area (in millions of Swedish kronor, MSEK)	2008	2007	2008	2007	2008	2007
Total revenue	3,202.2	2,914.9	1,367.5	947.4	4,569.7	3,862.3
Assets	2,479.4	2,045.4	1,130.1	750.2	3,609.5	2,795.6
Investment for the year in intangible assets	188.5	32.2	7.1	221.2	195.6	253.4
Investment for the year in tangible assets	86.4	76.0	60.8	92.6	147.2	168.6

3 Sale of business operations

Net assets of companies disposed of on date of disposal

	2008	2007
Tangible assets	—	2,817
Accounts receivable and other receivables	—	72,122
Cash and cash equivalents	—	16,212
Interest-bearing liabilities	—	–1,418
Accounts payable and other liabilities	—	–70,734
Net identifiable assets and liabilities	**—**	**18,999**
Consolidated goodwill	—	18,214
Adjustment for capital gain or loss	—	–329
Selling price	**—**	**36,884**
Deduct:		
Cash balance (disposed)	—	16,212
Net cash inflow	**—**	**20,672**

Disposals in 2007 refer to ÅF-CTS Oy and ÅF-Chleq Froté S.A.

4 Acquisition of business operations

In 2008 ÅF acquired Proplate IT, Nordblads VVS konstruktioner AB, Kvalitetsteknik NDT AB, OrbiTec AB, BergBygg Konsult AB, JTASS AB, Igernta AB, UAB TPS, Qualitest s.r.o. and the ZAO Lonas Group.

The acquisition of Proplate IT took the form of the acquisition of a business operation. 75 percent of the shares of the ZAO Lonas Group were acquired. In the other companies, all the shares were acquired.

Effects of acquisitions

The effects that the acquisitions have had on the Group's assets and liabilities are shown below.

Total of net assets of acquired companies as per acquisition date in 2008

	Recognised value of total acquired companies	Fair value adjustment	Fair value recognised in Group
Intangible assets	400	12,506	12,906
Tangible assets	9,302	—	9,302
Financial assets	3,952	—	3,952
Accounts receivable and other receivables	154,321	—	154,321
Cash and cash equivalents	23,470	—	23,470
Non-current provisions	—	—	—
Interest-bearing liabilities	–250	—	–250
Accounts payable and other liabilities	–164,271	–2,561	–166,832
Net identifiable assets and liabilities	**26,924**	**9,945**	**36,869**
Consolidated goodwill			177,812
Liability to non-controlling shareholders			–1,934
Consideration paid, cash			**212,747**

Deduct:	
Cash (acquired)	23,470
Liability to sellers	47,221
Net cash outflow	**142,056**

Acquisition analyses for 2008 were preliminary at the end of the year.

Goodwill which arose on the acquisitions relates to staff and to strategic opportunities and synergies. Other intangible assets recognised in connection with the acquisition are customer base, brands and order book.

Financial effects of operating acquisitions 2008	
Sales after date of acquisition	196.1 MSEK
Effect on profit/loss after date of acquisition	20.0 MSEK

If the acquisitions had taken place on 1 January 2008, the Group's sales and operating profit for the year would have totalled SEK 4,757.7 million and SEK 501.3 million respectively.

Total of net assets of acquired companies as per acquisition date in 2007

	Recognised value of total acquired companies	Fair value adjustment	Fair value recognised in Group
Intangible assets	423	7,543	7,966
Tangible assets	85,721	24,572	110,293
Financial assets	6,528	—	6,528
Accounts receivable and other receivables	94,544	—	94,544
Cash and cash equivalents	113,580	—	113,580
Non-current provisions	–2,829	—	–2,829
Interest-bearing liabilities	–41,846	—	–41,846
Accounts payable and other liabilities	–79,165	–9,359	–88,524
Net identifiable assets and liabilities	**176,956**	**22,756**	**199,712**
Consolidated goodwill			243,349
Correction for former holding in ÅF-Hansen & Henneberg AS			–3,933
Consideration paid			**439,128**

Deduct:	
Cash (acquired)	113,580
Liability to seller	84,240
Shares issued (number of shares 90,951)	16,826
Net cash outflow	**224,482**

5 Other operating income

Group

	2008	2007
Rental income	820	727
	820	**727**

Parent company

	2008	2007
Rental income	73,599	54,510

Of the total amount of rental income received by the parent company, SEK 72,779,000 (2007: SEK 53,783,000) relates to rental payments from Group companies.

6 Research and development

The Group's costs for research and development totalled SEK 36,447,000 (2007: SEK 26,466,000). The amount comprises mostly costs for time spent on research and development projects by ÅF's own salaried employees.

7 Fees and remuneration of auditors

	Group		Parent company	
	2008	2007	2008	2007
Accountants Ernst & Young				
Audit assignments	3,174	2,349	625	595
Other assignments	1,381	1,224	901	974
	4,555	**3,573**	**1,526**	**1,569**
Accountants KPMG				
Audit assignments	—	106	—	—
Other assignments	155	1,613	125	1,313
	155	**1,719**	**125**	**1,313**
Other accounting companies				
Audit assignments	629	776	—	—
Other assignments	261	326	29	52
	890	**1,102**	**29**	**52**

Audit assignments refer to the auditing of the annual report, the accounting records and the administration by the Board of Directors and the Managing Director, other duties which it is incumbent upon the company's auditors to carry out, as well as advice and other assistance stemming from observations made during such audits or the execution of such other duties. Everything else is recognised under "Other assignments".

8 Employees and personnel costs

Total remuneration is recognised in "Personnel costs".

Average number of employees by gender

	2008		2007	
	Women	Men	Women	Men
Parent company				
Sweden	42	19	28	18
Subsidiaries				
Sweden	446	2,464	486	2,299
Finland	69	264	52	309
Norway	28	129	24	119
Denmark	11	66	11	63
Switzerland	50	214	26	106
Czech Rep.	2	42	1	17
Germany	5	11	4	16
Russia	34	24	—	—
Others	2	26	5	39
Group total	**689**	**3,259**	**637**	**2,986**
Total average number of employees		**3,948**		**3,623**
Total for associated companies		72		75
Total average number of employees including associated companies		**4,020**		**3,698**

Female representation among senior management

	Women, %	
Parent company	2008	2007
Directors	37	37
Other senior positions	13	10
Group overall		
Directors	7	8
Other senior positions	8	11

Salaries, other remuneration and payroll overheads

	2008		2007	
	Salaries and remunerations	Social costs	Salaries and remunerations	Social costs
Parent company				
Board & President/CEO	6,969	3,144	6,872	3,106
(of which, pension expenses)	—	906	—	878
Other employees	29,671	17,517	22,216	12,458
(of which, pension expenses)	—	4,624	—	5,649
	36,640	**20,661**	**29,088**	**15,564**

Note 8 continued

	2008		2007	
	Salaries and remu-nerations	Social costs	Salaries and remu-nerations	Social costs
Group				
Boards & Managing Directors	33,650	12,204	35,576	12,823
(of which, pension expenses)	—	4,469	—	4,377
Other employees	1,781,201	605,775	1,601,328	564,941
(of which, pension expenses)	—	174,373	—	188,047
	1,814,851	**617,979**	**1,636,904**	**577,764**

Salaries and other remuneration by country

	2008		2007	
	Board and MDs	Other employees	Board and MDs	Other employees
Parent company				
Sweden	6,969	29,671	6,872	22,216
(of which, bonus/performance-related earnings)	2,088	1,769	2,341	1,588
Subsidiaries				
Sweden	12,560	1,249,569	12,037	1,139,023
(of which, bonus/performance-related earnings)	3,198	52,593	2,612	24,973
Finland	1,998	148,434	953	200,887
(of which, bonus/performance-related earnings)	—	1,518	—	—
Norway	3,327	117,156	3,363	88,679
(of which, bonus/performance-related earnings)	164	35	288	199
Denmark	2,348	59,789	6,393	47,560
(of which, bonus/performance-related earnings)	215	1,729	231	701
Switzerland	2,575	146,763	1,104	67,882
(of which, bonus/performance-related earnings)	957	11,639	400	4,477
Czech Rep.	533	5,648	329	3,095
(of which, bonus/performance-related earnings)	6	39	—	—
Germany	2,276	8,659	2,571	8,397
(of which, bonus/performance-related earnings)	144	18	472	—
Russia	214	8,820	—	—
(of which, bonus/performance-related earnings)	—	1,455	—	—
Other countries	850	6,692	1,954	23,589
(of which, bonus/performance-related earnings)	—	47	—	—
Group total	**33,650**	**1,781,201**	**35,576**	**1,601,328**

Other personnel costs total SEK 107,591,000 (2007: SEK 95,541,000).

Remuneration to senior executives

Remuneration to the Board approved by the 2008 AGM

The AGM on 23 April 2008 approved remuneration totalling SEK 1,450,000 for the work of the board in 2008. The Chairman received SEK 400,000 and members of the board not employed in the Group received SEK 175,000 each.

In addition, it was resolved to pay fees for committee work of SEK 35,000 to each committee member who is not employed in the Group, and that a fee of SEK 75,000 be paid to the Chair of the Audit Committee and a fee of SEK 50,000 to be paid to the Chair of the Remuneration Committee. The total remuneration payable to the board is thus SEK 1,715,000, of which SEK 1,450,000 is for the ordinary work of the board and SEK 265,000 for committee work.

Remuneration to the Board in 2008

Remuneration to the board is payable quarterly. This means that the remuneration to the board was at the rate determined by the AGM in 2007 for the first two quarters and at the rate determined by the AGM in 2008 for the remaining two quarters.

During 2008 a total of SEK 1,570,000 (2007: SEK 1,287,000) was recognised as an expense for remuneration to the board in the parent company accounts. In addition, the employee representatives on the board received a total of SEK 50,000 (SEK 50,000).

No agreements have been signed concerning future pensions or severance pay for the Chairman or other members of the board.

Information relating to remuneration to members of the board in 2008

Remuneration in SEK

Director's name	Board	Committee	Total
Ulf Dinkelspiel	375,000	67,500	442,500
Patrik Enblad	162,500	—	162,500
Eva-Lotta Kraft	162,500	30,000	192,500
Magnus Grill	162,500	30,000	192,500
Jon Risfelt	162,500	—	162,500
Helena Skåntorp	162,500	62,500	225,000
Lena Treschow Torell	162,500	30,000	192,500
Total	**1,350,000**	**220,000**	**1,570,000**

Information relating to remuneration to members of the board in 2007

Remuneration in SEK

Director's name	Board	Committee	Total
Ulf Dinkelspiel	237,500	37,500	275,000
Patrik Enblad	75,000	—	75,000
Eva-Lotta Kraft	137,500	25,000	162,500
Magnus Grill	137,500	25,000	162,500
Jon Risfelt	75,000	—	75,000
Helena Skåntorp	137,500	50,000	187,500
Lena Treschow Torell	137,500	12,500	150,000
Carl-Erik Nyquist	175,000	25,000	200,00
Totalt	**1,112,500**	**175,000**	**1,287,500**

President/CEO

Salary payments and bonus totalling SEK 5,399,000 (2007: SEK 5,535,000) were made to the Chief Executive Officer, who is also the President of ÅF AB. In addition, social security contributions of SEK 2,635,000 (SEK 2,673,000) were charged to profit/loss, of which pensions costs were SEK 906,000

Note 8 continued

(SEK 878,000). Benefits include a company car. A bonus of SEK 2,088,000 (SEK 2,341,000) was recognised as an expense. This bonus is based on the earnings for the Group and may amount to a maximum of 75 percent of the fixed annual salary. The fixed annual salary for 2008 is SEK 3,311,000 (SEK 3,172,000).

The President of the parent company is subject to two years' notice from the company and has the right to a pension at the age of 60. The President's pension is a defined-contribution pension, for which provisions are made each year for an amount corresponding to 27.5 percent of the President's basic salary for the respective year. An unchanged monthly salary is paid out as usual during the period of notice. The requirement to continue working during the period of notice cannot be extended beyond a maximum of one year.

Group Boards of Directors and Managing Directors

Salary payments, bonus and other remuneration to Boards of Directors and Managing Directors in the Group totalled SEK 33,650,000 (2007: SEK 35,576,000). Benefits include company cars.

Group Management, excluding President

Group management consists of seven (2007: eight) people excluding the President/CEO. During the first nine months of the year the Group's senior management team comprised eight people excluding the President.

The costs for salaries and other remuneration for the members of the senior management group have been recognised in the respective company's accounts. The total cost recognised for salaries and other remuneration is SEK 19,913,000 (SEK 20,576,000), in addition to social security contributions of SEK 10,101,000 (SEK 10,148,000).

Bonus payments totalled SEK 5,033,000 (SEK 6,245,000). Benefits to Group management include company cars.

For managers of subsidiaries and for two departmental managers in the parent company, the period of notice from the company's side is 12 months. During the period of notice, the salary payable will remain unchanged.

The manager of one subsidiary has retirement benefit conditions in line with the ITP occupational pension plan. Others have defined-contribution retirement benefits, towards which an amount equivalent to 27.5 percent of basic salary is paid in annually.

Reward system

At the beginning of 2007, the ÅF Board approved the establishment of a three-year reward system for some 30 key management personnel. The scheme runs from 2007–2009 and aims to retain the services of key individuals at ÅF. The payment will be made if the profit trend for the company is better than that of a number of competing firms, and if ÅF's share price reaches preset targets. Those individuals participating in the three-year reward system are not entitled to take part in the 2008 performance-related share savings scheme at the same time. At the end of 2008 a total of 20 senior executives were taking part in the reward system, for which a provision of SEK 16.2 million was recognised as at 31 December 2008, equivalent to the estimated entitlement under the system.

Performance-related Share Savings Scheme

A performance-related share savings scheme was introduced for key members of staff in 2008. The aim of the incentive scheme is to encourage continued loyalty and excellent performance, and also to make the Group even more attractive as an employer. To participate in the scheme, employees must invest their own money. Senior managers, including the Group's senior management team, have been selected and allocated four, five or six shares (matching shares) for every share they buy under the scheme.

In the 2008 share savings scheme, 94 business area managers, section managers and certain specialists may be given the right to performance-matching of up to four shares for every share they buy. Five members of the Group's senior management team may be given the right to performance matching of up to five shares for every share they buy, and the President may be given the right to performance matching of up to six shares for every share bought. Employees who participate in the Performance-related Share Scheme 2008 may save an amount equivalent to a maximum of 5 percent of their fixed salary. The total number of matching shares which may be issued under the Performance-related Share Scheme 2008 is approximately 87,000, based on the share price quoted at the end of the application period.

Performance matching requires that certain set targets are achieved. The terms for performance matching are based on the company's operating margin before extraordinary items in relation to a basket of comparable companies, as well as to the company's growth in earnings per share over a three-year period. In addition, performance matching requires that the key individual in question has been employed throughout the entire three-year period.

Before the number of performance shares for matching is finally determined, the Board of Directors will consider whether performance matching is reasonable with regard to the company's financial performance and position, and the situation on the stock market and in general. Should the board conclude that full matching is not appropriate, it may reduce the number of performance shares to a number it deems appropriate.

The profit targets are not to be reviewed after the close of the three-year period. If the minimum targets have not been achieved, no distribution of performance-matching shares will be made.

In the financial statements for 2008, an expense of SEK 1.6 million has been charged against profits for the performance-based share savings scheme. The expense is arrived at by periodising a straight-line estimated expense over three years.

Severance pay for senior executives in the company who have terminated their employment

During the past year no employees who have previously served in ÅF's Group senior management team have received severance payments.

Determination of remuneration

The level of remuneration paid to the President/CEO for financial year 2008 was set by the Board of Directors following a proposal drafted by the board's Remuneration Committee. Remuneration paid to other senior executives was set by the President/CEO in consultation with the Chairman of the Board.

Absence from work due to illness	Parent company	
(Figures in percent)	2008	2007
Total sick leave as a percentage of ordinary working time	1.3	4.3
Portion of the total sick leave comprising absences of 60 consecutive days or more	—	35.2
Sick leave as a percentage of total ordinary working time for each of the following groups:		
By gender:		
Men	0.8	3.9
Women	1.5	4.6
By age:		
29 years old or below	1.0	0.7
30–49 years	0.5	2.9
50 years or above	2.4	6.5

9 Other operating expenses

Group	2008	2007
Overheads	829	13,571
Exchange gains/losses, net	10,269	–683
Loss in conjunction with sale of subsidiary	—	329
	11,098	**13,217**

10 Net financial income/expense

Group	2008	2007
Interest income	12,903	14,829
Dividends	—	12
Profit on sale of investments in securities, etc.	—	48
Financial income	**12,903**	**14,889**
Interest expense*	–23,421	–18,245
Net loss on the disposal of financial assets held for sale	–67	–192
Net changes in exchange rates	–7,198	–6,279
Financial expense	**–30,686**	**–24,716**
Net financial expense	**–17,783**	**–9,827**

	Results from participations in Group companies		Interest income and similar profit/loss items		Interest expense and similar profit/loss items	
Parent company	2008	2007	2008	2007	2008	2007
Interest, Group companies	—	—	28,237	24,964	–3,186	–1,402
Interest, other*	—	—	386	2,554	–15,471	–12,596
Dividends	173	—	—	—	—	—
Other	—	—	—	2	—	—
	173	**—**	**28,623**	**27,520**	**–18,657**	**–13,998**

* Including interest on retirement benefit provisions.

11 Appropriations

Parent company	2008	2007
Difference between depreciation in accounts and depreciation according to plan	–10,881	–1,638
Tax allocation reserve, liquidation during the year	—	85,546
	–10,881	**83,908**

12 Earnings per share

	Before dilution		After dilution	
SEK	2008	2007	2008	2007
Earnings per share	19.08	13.15	19.08	13.11

The calculation of the numerators and denominators used in the above calculations of earnings per share is explained below.

Earnings per share before dilution
The calculation of earnings per share for 2008 is based on the net profit for the year attributable to the parent company's ordinary shareholders amounting to SEK 324,184,000 (2007: SEK 217,528,000) and on a weighted average number of outstanding shares during 2008 amounting to 16,989,266 (2007: 16,543,598).

Weighted average number of outstanding ordinary shares, before dilution

	2008	2007
Total number of ordinary shares 1 January	16,935,233	16,277,975
Effect of new issue on acquiring ÅF-Hansen & Henneberg AS in May 2007	—	55,567
Effect of conversion of conv. debentures to shares in August 2007	—	206,897
Effect of conversion of conv. debentures to shares in December 2007	—	3,159
Effect of conversion of conv. debentures to shares in March 2008	25,029	—
Effect of conversion of conv. debentures to shares in June 2008	34,013	—
Effect of share buy-backs in 2008	–5,009	—
Weighted average number of ordinary shares during the year, before dilution	**16,989,266**	**16,543,598**

Earnings per share after dilution
In calculating earnings per share after dilution, the weighted number of outstanding ordinary shares is adjusted for the dilution effect of all outstanding potential ordinary shares. When calculating earnings per share after dilution, outstanding ordinary shares have been adjusted for a potential dilution effect for shares in the outstanding share savings scheme.

Profit attributable to the parent company's ordinary shareholders, after dilution

	2008	2007
Profit attributable to the parent company's ordinary shareholders	324,184	217,528
Effect of interest on convertible debentures (after tax)	—	518
Profit attributable to the parent company's ordinary shareholders, after dilution	**324,184**	**218,046**

Weighted average number of outstanding ordinary shares, after dilution

	2008	2007
Weighted average number of ordinary shares during the year, before dilution	16,989,266	16,543,598
Effect of conversion of convertible debentures	—	94,337
Effect of outstanding share savings scheme	2,272	—
Weighted average number of ordinary shares during the year, after dilution	**16,991,538**	**16,637,935**

13 Intangible assets

Group	Goodwill	Development expenditure	Other intangible assets	Total
Accumulated acquisition cost				
Balance brought fwd 1 Jan 2007	834,879	13,155	28,292	876,326
Corporate acquisitions	243,349	—	7,966	251,315
Additional consideration	1,053	—	—	1,053
Acquisitions	—	—	1,022	1,022
Disposals and retirements	–18,214	—	—	–18,214
Exchange differences for the year	4,510	6	143	4,659
Balance carried fwd 31 Dec 2007	**1,065,577**	**13,161**	**37,423**	**1,116,161**
Balance brought fwd 1 Jan 2008	1,065,577	13,161	37,423	1,116,161
Corporate acquisitions	177,812	—	12,938	190,750
Additional consideration	2,607	—	—	2,607
Acquisitions	—	—	709	709
Assets developed in-house	—	1,591	—	1,591
Disposals and retirements	—	—	–1,508	–1,508
Exchange differences for the year	85,880	1,350	4,483	91,713
Balance carried fwd 31 Dec 2008	**1,331,876**	**16,102**	**54,045**	**1,402,023**
Accumulated depreciation and write-downs				
Balance brought fwd 1 Jan 2007	–2,596	–12,024	–8,774	–23,394
Depreciation during the year	—	–892	–8,155	–9,047
Balance carried fwd 31 Dec 2007	**–2,596**	**–12,916**	**–16,929**	**–32,441**
Balance brought fwd 1 Jan 2008	–2,596	–12,916	–16,929	–32,441
Corporate acquisitions	—	—	–32	–32
Depreciation during the year	—	–156	–9,870	–10,026
Disposals and retirements	—	—	1,508	1,508
Exchange differences for the year	—	–1,342	–2,623	–3,965
Balance carried fwd 31 Dec 2008	**–2,596**	**–14,414**	**–27,946**	**–44,956**
Carrying amounts				
Per 1 Jan 2007	832,283	1,131	19,518	852,932
Per 31 Dec 2007	1,062,981	245	20,494	1,083,720
Per 1 Jan 2008	1,062,981	245	20,494	1,083,720
Per 31 Dec 2008	1,329,280	1,688	26,099	1,357,067

Goodwill

Goodwill has been apportioned between cash-generating units, corresponding in the first instance to the Group's divisions, but also to major identifiable corporate investments. Goodwill is tested annually for impairment, during the fourth quarter or when a need for impairment is indicated, by discounting the expected future cash flow by a weighted average cost of capital per cash-generating unit. The present value of cash flows, the recoverable amount, is compared with the carrying amount including goodwill.

In calculating the recoverable amounts of the cash-generating units, a number of assumptions on future circumstances and estimates of parameters have been made. Changes in these assumptions and estimates would affect the carrying amount of goodwill.

The forecasts of future cash flows used are based on the forecast made by the company management for the next year, supplemented by an individual assessment of a further four years. From that point onwards the calculation is based on an annual growth rate of 2 percent. The net present values of forecast cash flows have been calculated using a discount rate of 11.4 percent before tax.

At the end of 2008, goodwill amounted to SEK 1,329,280,000 (2007: SEK 1,062,981,000). Goodwill on the acquisition of Lonas amounted to SEK 87,935,000. Other acquisitions along with additional considerations gave rise to goodwill of SEK 92,484,000. In total, goodwill carried by ÅF increased by SEK 266,299,000, of which exchange differences were SEK 85,880,000.

The carrying amount of goodwill is allocated as follows:

Division	2008	2007
Energy	540,553	384,282
Engineering	497,633	483,370
Infrastructure	222,603	195,329
Inspection	68,491	—
ÅF AB	—	—
Total	**1,329,280**	**1,062,981**

In assessing goodwill, the value in use exceeded the goodwill values. It is, therefore, the view of the company management that no reasonably conceivable changes in the important assumptions for the cash-generating units would lead to an impairment need.

14 Tangible assets

Group	Equipment, tools, fixtures and fittings	Land and buildings	Total
Acquisition costs			
Balance brought fwd 1 Jan 2007	298,581	—	298,581
Corporate acquisitions	8,518	101,775	110,293
Acquisitions	58,293	—	58,293
Disposals and retirements	–106,916	—	–106,916
Exchange differences	4,724	–12	4,712
Balance carried fwd 31 Dec 2007	**263,200**	**101,763**	**364,963**
Balance brought fwd 1 Jan 2008	263,200	101,763	364,963
Corporate acquisitions	10,262	6,475	16,737
Acquisitions	105,508	32,359	137,867
Disposals and retirements	–47,795	—	–47,795
Exchange differences	8,634	36,621	45,255
Balance carried fwd 31 Dec 2008	**339,809**	**177,218**	**517,027**
Depreciation and write-downs			
Balance brought fwd 1 Jan 2007	–195,237	—	–195,237
Depreciation during the year	–38,586	–1,194	–39,780
Disposals and retirements	85,394	—	85,394
Exchange differences	–4,625	—	–4,625
Balance carried fwd 31 Dec 2007	**–153,054**	**–1,194**	**–154,248**
Balance brought fwd 1 Jan 2008	–153,054	–1,194	–154,248
Corporate acquisitions	–6,325	–1,110	–7,435
Depreciation during the year	–40,812	–3,222	–44,034
Disposals and retirements	34,223	—	34,223
Exchange differences	–6,011	–884	–6,895
Balance carried fwd 31 Dec 2008	**–171,979**	**–6,410**	**–178,389**
Carrying amounts			
Per 1 Jan 2007	103,344	—	103,344
Per 31 Dec 2007	110,146	100,569	210,715
Per 1 Jan 2008	110,146	100,569	210,715
Per 31 Dec 2008	167,830	170,808	338,638

Group

Financial leasing

Equipment held under financial leasing agreements is included in the Group at the carrying amount of SEK 26,195,000 (2007: SEK 26,432,000).

Current and non-current liabilities in the consolidated balance sheet include future payments in respect of leasing obligations entered as liabilities. See also Note 19 “Liabilities to credit institutions”.

Parent company	Equipment, tools, fixtures and fittings
Acquisition costs	
Balance brought fwd 1 Jan 2007	50,253
Acquisitions	8,758
Disposals and retirements	–16,179
Balance carried fwd 31 Dec 2007	**42,832**
Balance brought fwd 1 Jan 2008	42,832
Acquisitions	50,784
Disposals and retirements	–5,417
Balance carried fwd 31 Dec 2008	**88,199**
Depreciation	
Balance brought fwd 1 Jan 2007	–30,383
Depreciation during the year	–4,370
Disposals and retirements	6,564
Balance carried fwd 31 Dec 2007	**–28,189**
Balance brought fwd 1 Jan 2008	–28,189
Depreciation during the year	–5,090
Disposals and retirements	1,553
Balance carried fwd 31 Dec 2008	**–31,726**
Carrying amounts	
Per 1 Jan 2007	19,870
Per 31 Dec 2007	14,643
Per 1 Jan 2008	14,643
Per 31 Dec 2008	56,473

15 Participations in associated companies

	Group		Parent company	
	2008	2007	2008	2007
Carrying amount at start of year	11,216	23,487	—	—
Acquisition of associated companies	—	—	613	—
Conversion to participations in Group companies	—	–15,789	—	—
Participations in the results of associated companies after tax	3,566	4,131	—	—
Dividend received and repayment of shareholders' contribution	–2,549	–1,050	—	—
Translation difference	1,193	437	—	—
Carrying amount at end of year	**13,426**	**11,216**	**613**	**—**

The total earnings, profit, assets and liabilities of associated companies are specified in the tables below.

Associated companies 2008

	Country	Earnings	Profit	Assets	Liabilities	Equity	Ownership %
ÅF-TÜV Nord AB	Sweden	42,075	3,766	17,045	11,633	5,412	50
ÅF-Incepal S.A	Spain	33,974	1,825	61,238	45,492	15,746	47
NDT Training Center AB	Sweden	14,129	2,484	10,463	4,831	5,632	33
ITP-Infra Trans Project Ltd	Albania	0	0	2,401	2,481	–80	49
		90,178	**8,075**	**91,147**	**64,437**	**26,710**	

Associated companies 2007

	Country	Earnings	Profit	Assets	Liabilities	Equity	Ownership %
ÅF-TÜV Nord AB	Sweden	36,038	2,546	13,878	9,686	4,192	50
ÅF-Incepal S.A	Spain	27,846	1,295	25,885	13,687	12,198	47
NDT Training Center AB	Sweden	13,034	3,665	9,658	3,788	5,870	33
ITP-Infra Trans Project Ltd	Albania	694	1,032	2,123	2,194	–71	49
		77,612	**8,538**	**51,544**	**29,355**	**22,189**	

16 Financial investments

Group	2008	2007
Financial assets which are non-current assets		
Listed shares and participations	—	115
Unlisted shares and participations	918	480
Tenant-owner property holdings	351	351
	1,269	**946**

Specification of changes in carrying amounts for the year

	Group		Parent company	
	2008	2007	2008	2007
Carrying amount brought forward	946	1,950	—	—
Acquisitions	448	433	—	—
Disposals/impairments	–174	–1,496	—	—
Change in realisable value	–7	7	—	—
Translation difference	56	52	—	—
Carrying amount carried forward	**1,269**	**946**	**—**	**—**

The carrying amount of participations is deemed to be equivalent to the realisable value.

17 Prepaid expenses and accrued income

	Group		Parent company	
	2008	2007	2008	2007
Rent	26,747	26,106	20,768	16,998
Support and maintenance contracts	3,785	4,872	832	903
Other	26,111	35,127	5,303	7,245
	56,643	**66,105**	**26,903**	**25,146**

18 Equity

Summary of changes in the Group's equity

	Equity attributable to shareholders in parent company						
Group	Share capital	Other contributed capital	Reserves	Profits brought forward incl. profit for the year	Total	Non-controlling interest	Total equity
Equity brought forward 1 Jan 2007	162,780	422,922	–6,532	512,363	1,091,533	0	1,091,533
Change in translation reserve for the year			14,558		14,558	25	14,583
Change in hedging reserve for the year			–206		–206		–206
Change in fair value reserve for the year			7		7		7
Pensions				–2,735	–2,735		–2,735
Tax attributable to items recognised in equity			56	788	844		844
Total changes in assets recognised in equity, excluding transactions with the company's owners	**0**	**0**	**14,415**	**–1,947**	**12,468**	**25**	**12,493**
Profit for the year				217,528	217,528	2,473	220,001
Total changes in assets, excluding transactions with the company's owners	**0**	**0**	**14,415**	**215,581**	**229,996**	**2,498**	**232,494**
Dividends				–48,834	–48,834	–378	–49,212
New issue (convertible)	6,572	55,677			62,249		62,249
Non-controlling interest in acquired companies					0	2,100	2,100
Equity carried forward 31 Dec 2007	**169,352**	**478,599**	**7,883**	**679,110**	**1,334,944**	**4,220**	**1,339,164**
Equity brought forward 1 Jan 2008	169,352	478,599	7,883	679,110	1,334,944	4,220	1,339,164
Change in translation reserve for the year			170,844		170,844	911	171,755
Change in hedging reserve for the year			576		576		576
Change in fair value reserve for the year			–7		–7		–7
Pensions				–44,603	–44,603		–44,603
Tax attributable to items recognised directly in equity			–150	10,115	9,965		9,965
Effect of change in tax rate			–4	–81	–85		–85
Total changes in assets recognised in equity, excluding transactions with the company's owners	**0**	**0**	**171,259**	**–34,569**	**136,690**	**911**	**137,601**
Profit for the year				324,184	324,184	3,567	327,751
Total changes in assets, excluding transactions with the company's owners	**0**	**0**	**171,259**	**289,615**	**460,874**	**4,478**	**465,352**
Dividends				–110,079	–110,079	–2,084	–112,163
New issue (convertible)	943	6,665			7,608		7,608
Share buy-backs		–4,456			–4,456		–4,456
Share savings scheme 2008		1,203			1,203		1,203
Non-controlling shareholdings in acquired companies					0	1,934	1,934
Equity carried forward 31 Dec 2008	**170,295**	**482,011**	**179,142**	**858,646**	**1,690,094**	**8,548**	**1,698,642**

Note 18 continued

The total number of shares as at 31 December 2008 comprised 804,438 class A shares (10 votes per share) and 16,225,063 class B shares (1 vote per share). Holders of ordinary shares are entitled to dividends which are determined in due course. All shares have the same right to the company's remaining net assets. As a result of the share buy-back authorised by the Annual General Meeting, ÅF AB held 37,000 of the company's own class B shares on 31 December 2008. These shares do not participate in dividends. The dividends paid out during 2008 and 2007 amounted to SEK 110,079,000 (SEK 6.50 per share) and SEK 48,834,000 (SEK 3.00 per share) respectively. At the Annual General meeting on 5 May 2009, a dividend in respect of financial year 2008 of SEK 6.50 per share will be proposed, equivalent to a total pay-out of SEK 110,451,000. The proposed dividend has not been recognised in these financial reports.

The quota value of the share for 2008 was SEK 10 (2007: SEK 10).

Reserves

	Translation reserve	Hedging reserve	Fair value reserve	Total reserves
Balance brought forward as at 1 Jan 2007	**–6,603**	**71**	**0**	**–6,532**
Exchange differences for the year	14,558			14,558
Revaluations recognised in equity			7	7
Cash flow hedging recognised in equity		–206		–206
Tax attributable to items recognised in equity		58	–2	56
Balance carried forward as at 31 Dec 2007	**7,955**	**–77**	**5**	**7,883**
Balance brought forward as at 1 Jan 2008	**7,955**	**–77**	**5**	**7,883**
Exchange differences for the year	170,844			170,844
Revaluations recognised in equity			–7	–7
Cash flow hedging recognised in equity		576		576
Tax attributable to items recognised in equity		–152	2	–150
Effect of change in tax rate		–4		–4
Balance carried forward as at 31 Dec 2008	**178,799**	**343**	**0**	**179,142**

Other contributed capital
This refers to equity which has been contributed by the shareholders. It includes premium reserve transferred to statutory reserve as at 31 December 2005. Provisions to the premium reserve on and after 1 January 2006 are also recognised as contributed capital.

Translation reserve
The translation reserve includes all exchange differences arising on the translation of financial reports from foreign operations which have prepared their financial reports in a currency other than that in which the consolidated financial reports are presented. The currency in which the parent company and the Group present their financial reports is the Swedish krona (SEK).

Fair value reserve
The fair value reserve includes the accumulated net changes in fair value of financial assets which may be sold until such time as these assets are derecognised from the balance sheet.

Hedging reserve
The hedging reserve includes the effective portion of the accumulated net changes of fair value of a cash-flow hedging instrument attributable to hedging transactions which have not yet taken place.

Pensions
Pensions include actuarial gains and losses and the employer's contribution on these, which are recognised in equity.

Convertible debentures
Convertible debentures which can be converted into shares by a counterparty exercising the option to convert the instrument into shares are recognised as a compound financial instrument comprising a liability component and an equity component.

Profits brought forward including net profit for the year
Profits brought forward including net profit for the year include profits earned by the parent company and its subsidiaries and associated companies. Previous transfers to the statutory reserve, excluding premium reserve transferred, are included in this equity item.

Note 18 continued

Summary of changes in the parent company's equity

	Restricted equity		Non-restricted equity				Total equity
Parent company	Share capital	Statutory reserve	Fair value reserve	Premium reserve	Profit carried forward	Profit/Loss for the year	
Equity brought forward 1 Jan 2007	**162,780**	**46,948**	**0**	**399,298**	**404,088**	**0**	**1,013,114**
Profit for the year						42,009	42,009
Total change in assets, excluding transactions with the company's owners	**0**	**0**	**0**	**0**	**0**	**42,009**	**42,009**
Dividends					–48,834		–48,834
New issue (convertible)	6,572			55,676			62,248
Group contributions					261,230		261,230
Tax attributable to Group contribution					–73,144		–73,144
Equity carried forward 31 Dec 2007	**169,352**	**46,948**	**0**	**454,974**	**543,340**	**42,009**	**1,256,623**
Equity brought forward 1 Jan 2008	**169,352**	**46,948**	**0**	**454,974**	**585,349**	**0**	**1,256,623**
Change in hedge reserve for the year			587				587
Tax attributable to items recognised in equity			–154				–154
Total changes in assets recognised in equity, excluding transactions with the company's owners	**0**	**0**	**433**	**0**	**0**	**0**	**433**
Loss for the year						–36,198	–36,198
Total change in assets, excluding transactions with the company's owners	**0**	**0**	**433**	**0**	**0**	**–36,198**	**–35,765**
Dividends					–110,079		–110,079
New issue (convertible)	943			6,665			7,608
Group contributions					334,785		334,785
Tax attributable to Group contribution					–93,740		–93,740
Share buy-backs				–4,456			–4,456
Share savings scheme					1,203		**1,203**
Equity carried forward 31 Dec 2008	**170,295**	**46,948**	**433**	**457,183**	**717,518**	**–36,198**	**1,356,179**

Restricted reserves
Restricted reserves must not be reduced through dividends.

Statutory reserve
The purpose of the statutory reserve is to block a portion of net profits, which are not to be used to cover losses brought forward. With effect from 2006, it is no longer obligatory to make transfers to the statutory reserve.

Non-restricted equity
Fair value reserve
The fair value reserve includes the effective proportion of the accumulated net changes in fair value of a cash-flow hedging instrument attributable to hedging transactions which have not yet been entered into.

Premium reserve
When shares are issued at a premium, i.e. when shareholders pay more than the quota value of the shares, an amount equivalent to the amount received in excess of the quota value of the shares is transferred to the premium reserve. Premium reserves attributable to transactions before 1 January 2006 have been transferred to the statutory reserve. Premium reserves which arise after that date are recognised as non-restricted equity.

Profits brought forward
These constitute non-restricted equity from previous years after any transfer to reserves and after the payment of any dividends. Along with net profit for the year and any reserve for fair value, these constitute total non-restricted equity, i.e. the amount available for dividends to shareholders.

19 Liabilities to credit institutions

The note includes information on the company's contractual terms in respect of interest-bearing liabilities.

For more information on the company's interest rate risk and exchange rate risk, please refer to Note 26.

Group

Non-current liabilities	2008	2007
Bank loans	75,966	48,894
Financial leasing liabilities	19,750	19,705
	95,716	**68,599**
Current liabilities		
Short-term bank loans	256,935	254,961
Current portion of financial leasing liabilities	8,064	6,727
	264,999	**261,688**

Parent company

Non-current liabilities	2008	2007
Bank loans [1]	240,785	243,195
	240,785	**243,195**

[1] Current liabilities have a maturity of between 3 and 12 months from the end of the reporting period. ÅF AB has credit facilities totalling SEK 500 million.

Conditions and amortisation periods

Group	Interest rate, %	Nom. amount in original currency	Carrying amount	Due, year	Fair value
Long-term bank loans					
Norway, NOK, floating interest	7.6	1,200	1,324	2010	1,324
Switzerland, CHF, fixed interest	3.3	2,000	14,691	2011	14,233
Switzerland, CHF, fixed interest	3.5	5,120	37,609	2010	37,084
Switzerland, CHF, floating interest	3.3	3,000	22,036	2010	22,036
Finland, EUR, fixed interest	1.8	28	306	2010	306
			75,966		**74,983**
Short-term bank loans					
Norway, NOK, floating interest	4.1	4,673	5,157	2009	5,157
Norway, NOK, floating interest	4.1	1,110	1,225	2009	1,225
Sweden, SEK, floating interest	4.8	90	90	2009	90
Sweden, SEK, floating interest	2.4	140,785	140,785	2009	140,785
Sweden, SEK, floating interest	2.5	50,000	50,000	2009	50,000
Sweden, SEK, floating interest	2.6	50,000	50,000	2009	50,000
Latvia, EEK, floating interest	6.8	57	40	2009	40
Finland, EUR, floating interest	1.8	28	306	2009	306
Russia, RUB, fixed interest	21.0	35,000	9,212	2009	9,212
Czech Rep, CZK, floating interest	6.6	293	120	2009	120
			256,935		**256,935**

For the bank loans of SEK 240,785,000 taken out by the parent company, there are certain special obligations stemming from the credit agreement. There are limitations on changes in the company's activities, securities and equity/assets ratio, as well as on the debt/equity ratio and the interest coverage ratio.

Note 19 continued

Financial leasing liabilities

Financial leasing liabilities fall due for payment as shown in the table below:

	2008			2007		
Group	Minimum leasing fees	Interest	Principal amount	Minimum leasing fees	Interest	Principal amount
Within one year	9,170	1,107	8,064	7,991	1,264	6,727
1–5 years	20,382	632	19,750	20,496	791	19,705
	29,552	**1,739**	**27,814**	**28,487**	**2,055**	**26,432**

20 Convertible debenture

In 2005 ÅF AB raised a convertible debenture loan aimed at employees in Sweden, Norway and Finland. The loan carried an annual interest rate of STIBOR 360. The debentures fell due three years from the date of issue at their nominal value, or could be converted into shares at the request of the holder at a price of SEK 81.36 per share. Conversion to shares took place during the periods 2–13 July 2007, 12–30 November 2007, 18 February–7 March 2008 and 5–30 May 2008. The programme was terminated in 2008.

Convertible debentures	2008	2007
Value after the issue of convertible debentures	—	7,675
Transaction costs	—	–250
Net proceeds	**—**	**7,425**
Amount classified as equity	—	–106
Capitalised interest 2005	—	57
Capitalised interest for 2006	—	117
Capitalised interest for 2007	—	120
Recognised liability 31 December	**—**	**7,613**

The fair values of the liability component and the equity component were determined in connection with the issue of the debentures.

21 Retirement benefit obligations

Defined-benefit plans

Group	2008	2007
Present value of funded obligations	374,613	272,975
Fair value of plan assets	–333,405	–270,126
	41,208	**2,849**
Present value of unfunded obligations	62,615	57,286
Net amount recognised in respect of defined-benefit plans	**103,823**	**60,135**

Net amount recognised in the balance sheet under the heading "Provisions for pensions".

Note 21 continued

Survey of defined-benefit plans

The Group has defined-benefit plans in Sweden and Switzerland. The defined-benefit plans provide payments to employees when they retire.

Changes in the fair value of plan assets during the year

Group	2008	2007
At start of year	270,126	—
Acquisition of companies	—	270,126
Actuarial gains (+) and losses (–) recognised in equity	–28,148	—
Expected return	11,014	—
Payments made	10,548	—
Payments disbursed	–10,548	—
Exchange differences	80,413	—
At close of year	**333,405**	**270,126**

Changes in present value of obligations during the year

Group	2008	2007
At start of year	330,261	55,855
Acquisition of companies	—	272,975
Sale of companies	—	–1,440
Payments disbursed	–13,063	–2,109
Curtailment	—	–58
Actuarial gains (–) and losses (+) recognised in equity	14,607	2,735
Cost recognised in the income statement	24,187	2,239
Exchange differences	81,236	64
At close of year	**437,228**	**330,261**

Note 21 continued

Actuarial gains (–)/losses (+) recognised in equity

Group	2008	2007
Recognised in equity as at 1 January	7,823	5,088
Recognised in equity during the year	42,755	2,735
Recognised in equity as at 31 December	**50,578**	**7,823**

Cost recognised in the income statement

Group	2008	2007
Current service cost	10,548	—
Interest expense for the obligation, net	2,625	2,239
Total net cost in the income statement	**13,173**	**2,239**

The cost of defined-benefit plans is recognised in the Personnel costs line in the income statement, apart from SEK 2,625,000 (2007: SEK 2,438,000) which is recognised under Interest expense and similar profit/loss items. The cost for defined-benefit plans in 2009 is expected to be on a par with the cost recognised in 2008.

Assumptions for defined-benefit obligations
The most significant actuarial assumptions as at the end of the reporting period.

Group

Sweden	2008	2007
Discount rate as at 31 December, %	4.0	4.7
Future increase in retirement benefits, %	2.0	2.0
Annual increase in paid-up policies, %	2.0	2.0
Anticipated remaining period of service, in years	—	—

Switzerland	2008	2007
Discount rate as at 31 December, %	3.6	3.8
Expected return on plan assets, %	4.0	4.0
Future increase in retirement benefits, %	1.2	1.5
Future increases in salaries, %	1.5	2.0
Expected remaining period of service, years	8.8	8.8

For some of the Group's employees, the obligations in respect of retirement pension and family pension for salaried staff in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board (UFR 3) this is a defined-benefit multi-employer plan. For financial year 2008, the company has not had access to the information required to recognise this plan as a defined-benefit plan. The ITP supplementary pensions plan for salaried employees' retirement benefits that is secured through insurance with Alecta is, therefore, recognised as a defined-contribution plan. Contributions during the year for retirement benefit insurance with Alecta amounted to SEK 55,392,000 (2007: SEK 79,283,000). Alecta's surplus may be allocated to the insurance policy holder and/or the insured. At the close of 2008 Alecta's surplus in the form of the collective funding ratio was 112.0 percent (2007: 152.0 percent). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which are not in conformity with IAS 19.

Parent company's retirement benefit obligations

	2008	2007
Present value of unfunded obligations[1]	27,185	27,161
Recognised in respect of defined-benefit plans	**27,185**	**27,161**
Of which covered by a credit insurance through FPG/PRI	27,185	27,161

[1] In accordance with Swedish principles for calculating pensions obligations.

Net present value of pension obligations

	2008	2007
Net present value of pension obligations at start of year	27,161	26,969
Cost excluding interest expense charged to profit	34	273
Interest expense	1,534	1,191
Pensions paid	–1,544	–1,272
Net present value of pension obligations at end of year	**27,185**	**27,161**

Expense recognised in the income statement

	2008	2007
Cost of credit insurance	34	273
Interest expense on obligations	1,534	1,191
Total net expense in the income statement	**1,568**	**1,464**

The discount rate for the parent company's pension obligations in 2008 is 3.8 percent (2007: 3.6 percent).

Defined-contribution plans
The Group has defined-contribution plans in Sweden and abroad. Contributions to these plans are made continuously in accordance with the regulations for each plan.

	Group		Parent company	
	2008	2007	2008	2007
Cost of defined-contribution plans	166,362	192,623	5,530	6,562

Of the Group's total expense for defined-contribution plans, SEK 55,392,000 (2007: SEK 79,283,000) refers to the ITP plan financed through Alecta, see above.

22 Provisions

Group

Provisions which are non-current liabilities	2008	2007
Restructuring costs	691	546
Provision for additional consideration	45,099	—
Other	20,496	8,328
Total	**66,286**	**8,874**
Provisions which are current liabilities		
Restructuring costs	3,300	—
Provisions for future removal costs	501	9,211
Other	4,508	397
Total	**8,309**	**9,608**
Total provisions	**74,595**	**18,482**
Restructuring		
Carrying amount at start of period	546	1,252
Transfers during reporting period	3,445	—
Amount used during period	—	–706
Carrying amount at end of period	**3,991**	**546**
Additional consideration		
Carrying amount at start of period	—	—
Transfers during reporting period	45,099	—
Carrying amount at end of period	**45,099**	**—**
Future removal costs		
Carrying amount at start of period	9,211	9,211
Amount used during period	–8,710	—
Carrying amount at end of period	**501**	**9,211**
Other provisions		
Carrying amount at start of period	8,725	8,337
Transfers during reporting period	16,385	4,400
Amount used during period	–715	–4,012
Other	609	—
Carrying amount at end of period	**25,004**	**8,725**

Group's total provisions	2008	2007
Total carrying amount at start of period	18,482	18,800
Transfers during reporting period	64,929	4,400
Amount used during period	–9,425	–4,718
Other	609	—
Total carrying amount at end of period	**74,595**	**18,482**

Parent company

Provisions	2008	2007
Provisions for future removal costs	501	9,211
Provisions for incentive programme	16,585	4,400
Total	**17,086**	**13,611**
Change in provisions		
Carrying amount at start of period	13,611	9,211
Transfers during reporting period	12,185	4,400
Amount used during period	–8,710	—
Carrying amount at end of period	**17,086**	**13,611**

In 2008, ÅF AB transferred its head office to Hagaporten, Solna. SEK 8,710,000 from the reserve for future removal costs was utilised for this purpose.

During 2007 and 2008 provisions were also made for an incentive programme. (See Note 8.)

It is anticipated that non-current provisions will be settled within the next three years.

23 Taxes

Recognised in the income statement

Group

Current tax	2008	2007
Tax expense for the period	–130,105	–117,563
Adjustment of tax attributable to previous years	–1,889	–5,083
Deferred tax		
Deferred tax in respect of temporary differences	789	24,161
Deferred tax expense resulting from the utilisation of the tax base of loss carry-forwards previously capitalised	–1,924	–3,566
Total recognised tax expense in the Group	**–133,129**	**–102,051**

Parent company

Current tax	2008	2007
Tax expense for the period	–80,958	–91,114
Adjustment of tax attributable to previous years	60	134
Tax in respect of group contributions paid/received	93,740	73,144
Deferred tax		
Deferred tax in respect of temporary differences	1,004	1,336
Total recognised tax receipt/expense in the parent company	**13,846**	**–16,500**

Reconciliation of effective tax

Group	2008 (%)	2008	2007 (%)	2007
Profit before tax		460,880		322,052
Tax in accordance with current tax rate for parent company	–28.00	–129,046	–28.00	–90,175
Effect of other tax rates for foreign subsidiaries	1,34	6,178	–0.06	–205
Non-deductible expenses	–1.19	–5,499	–3.47	–11,165
Non-taxable income	0.42	1,928	3.73	12,016
Increase in loss carry-forwards without the corresponding capitalisation of deferred tax	–0.24	–1,115	–0.95	–3,073
Tax attributable to previous years	–0.41	–1,889	–1.58	–5,083
Change in deferred tax rate to 26.3%	0.04	167	—	—
Standardised interest rate on tax allocation reserve	—	—	–0.21	–678
Other	–0.84	–3,853	–1.15	–3,688
Recognised effective tax	–28.88	–133,129	–31.69	–102,051

Reconciliation of effective tax

Parent company	2008 (%)	2008	2007 (%)	2007
Profit/loss before tax		–50,044		58,508
Tax in accordance with current tax rate for the parent company	–28.00	14,012	–28.00	–16,382
Non-deductible expenses	1.21	–606	–0.41	–241
Non-taxable income	–1.38	691	1.02	599
Tax attributable to previous years	–0.12	60	0.23	134
Change in deferred tax rate to 26.3%	0.62	–311	—	—
Standardised interest rate on tax allocation reserve	—	—	–1.04	–610
Recognised effective tax	–27.67	13,846	–28.20	–16,500

Recognised in the balance sheet

The current tax liability in the Group totals SEK 79,010,000 (2007: SEK 40,352,000). The current tax liability in the parent company amounts to SEK 53,123,000 (SEK 66,153,000).

Note 23 continued

Deferred tax assets and tax liabilities

Recognised deferred tax assets and tax liabilities
Deferred tax assets and tax liabilities relate to the following:

	Deferred tax assets		Deferred tax liability		Net	
Group	2008	2007	2008	2007	2008	2007
Non-current assets	786	924	–19,381	–12,387	–18,595	–11,463
Shares and participations	—	—	—	–2	—	–2
Current receivables and liabilities	9,112	4,177	–1,143	—	7,969	4,177
Other non-current liabilities	—	—	—	–5	—	–5
Provisions	18,238	5,783	–11,400	–9,100	6,838	–3,317
Loss carry-forwards	4,596	8,491	—	—	4,596	8,491
Untaxed reserves	—	—	–5,678	–7,012	–5,678	–7,012
Tax assets/tax liabilities	**32,732**	**19,375**	**–37,602**	**–28,506**	**–4,870**	**–9,131**
Set-off	–17,927	–7,772	17,927	7,772	—	—
Tax assets/tax liabilities, net	**14,805**	**11,603**	**–19,675**	**–20,734**	**–4,870**	**–9,131**

The unutilised loss carry-forwards include losses in Norway equivalent to SEK 9,436,000 (2007: SEK 16,086,000), where losses that arose before 1 January 2006 have a time limitation of 10 years, while losses after that date have no time limitation.

	Deferred tax assets		Deferred tax liability		Net	
Parent company	2008	2007	2008	2007	2008	2007
Interest-bearing liabilities	—	—	—	–5	—	–5
Current receivables and liabilities	—	—	–154	—	–154	—
Provisions	4,810	3,811	—	—	4,810	3,811
Tax assets/tax liabilities, net	**4,810**	**3,811**	**–154**	**–5**	**4,656**	**3,806**

Temporary difference between the carrying amount and the tax base of participations directly owned by the parent company
ÅF recognises no deferred tax in respect of temporary differences relating to investments in subsidiaries. Any future effects (tax deduction at source and other deferred tax on profit-taking within the Group) are recognised when ÅF is no longer able to control the reversal of such differences or when, for other reasons, it is no longer unlikely that the reversal will take place in the foreseeable future.

Unrecognised deferred tax assets
Deductible temporary differences and loss carry-forwards for tax purposes for which deferred tax assets have not been recognised in the income statements and balance sheets:

Group	2008	2007
Loss for tax purposes	17,374	13,512
	17,374	**13,512**

Deferred tax assets have not been recognised in respect of these losses for tax purposes since it has not yet been deemed likely that the Group will be able to utilise them against future taxable profits. The losses are attributable to parts of the Group's Norwegian and German operations, as well as to blocked losses in Sweden.

Note 23 continued

Change in deferred tax on temporary differences and loss carry-forwards

Group	Balance 1 January 2008	Recognised in the income statement	Recognised in equity	Acquisition/disposal of business	Balance 31 December 2008
Non-current assets	–11,463	1,408	–5,666	–2,874	–18,595
Current receivables and liabilities	4,175	2,432	243	1,119	7,969
Interest-bearing liabilities	–5	5	—	—	—
Provisions	–3,317	1,558	7,186	1,411	6,838
Untaxed reserves	–7,012	–1,824	3,158	—	–5,678
Utilisation of loss carry-forwards	8,491	–4,714	819	—	4,596
	–9,131	**–1,135**	**5,740**	**–344**	**–4,870**

Parent company	Balance 1 January 2008	Recognised in the income statement	Recognised in equity	Balance 31 December 2008
Interest-bearing liabilities	–5	5	—	—
Current receivables and liabilities	—	—	–154	–154
Provisions	3,811	999	—	4,810
	3,806	**1,004**	**–154**	**4,656**

24 Accrued expenses and prepaid income

	Group		Parent company	
	2008	2007	2008	2007
Personnel-related liabilities	397,357	333,456	16,481	10,943
Accrued expenses, sub-consultants	20,212	10,705	—	—
Other	54,454	49,544	5,303	4,758
	472,023	**393,705**	**21,784**	**15,701**

25 Financial assets and liabilities

Fair value and carrying amount are reported in the balance sheet below:

	Group 2008						Group 2007					
	Derivatives used in hedge accounting	Financial assets valued at fair value via equity	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value	Derivatives used in hedge accounting	Financial assets valued at fair value via equity	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value
Financial investments	—	1,269	—	—	1,269	1,269	—	946	—	—	946	946
Non-current receivables	—	—	2,104	—	2,104	2,104	—	—	2,026	—	2,026	2,026
Accounts receivable	—	—	978,706	—	978,706	978,706	—	—	799,854	—	799,854	799,854
Other receivables	7,010	—	—	—	7,010	7,010	—	—	—	—	—	—
Cash and cash equivalents	—	—	290,338	—	290,338	290,338	—	—	310,382	—	310,382	310,382
Total	**7,010**	**1,269**	**1,271,148**	**—**	**1,279,427**	**1,279,427**	**—**	**946**	**1,112,262**	**—**	**1,113,208**	**1,113,208**
Liabilities to credit institutions	—	—	—	95,716	95,716	94,733	—	—	—	64,815	64,815	64,684
Other non-current liabilities	—	—	—	6,610	6,610	6,610	—	—	—	25,470	25,470	25,470
Current interest-bearing liabilities	—	—	—	264,999	264,999	264,999	—	—	—	273,085	273,085	273,085
Accounts payable – trade	—	—	—	231,337	231,337	231,337	—	—	—	181,798	181,798	181,798
Other liabilities	217	—	—	—	217	217	206	—	—	—	206	206
Total	**217**	**—**	**—**	**598,662**	**598,879**	**597,896**	**206**	**—**	**—**	**545,168**	**545,374**	**545,243**

	Parent company 2008						Parent company 2007					
	Derivatives used in hedge accounting	Financial assets valued at fair value via equity	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value	Derivatives used in hedge accounting	Financial assets valued at fair value via equity	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value
Accounts receivable	—	—	2,760	—	2,760	2,760	—	—	2,995	—	2,995	2,995
Other receivables	7,010	—	39,936	—	46,946	46,946	—	—	11,838	—	11,838	11,838
Cash and bank	—	—	3,869	—	3,869	3,869	—	—	2,415	—	2,415	2,415
Total	**7,010**	**—**	**46,565**	**—**	**53,575**	**53,575**	**—**	**—**	**17,248**	**—**	**17,248**	**17,248**
Convertible debenture	—	—	—	—	—	—	—	—	—	7,613	7,613	7,613
Liabilities to credit institutions	—	—	—	240,785	240,785	240,785	—	—	—	243,195	243,195	243,195
Accounts payable – trade	—	—	—	55,195	55,195	55,195	—	—	—	27,307	27,307	27,307
Other liabilities	—	—	—	2,434	2,434	2,434	—	—	—	3,852	3,852	3,852
Total	**—**	**—**	**—**	**298,414**	**298,414**	**298,414**	**—**	**—**	**—**	**281,967**	**281,967**	**281,967**

Note 25 continued

Age analysis of portfolio assets past due but not impaired

	Group		Parent company	
	2008	2007	2008	2007
< 30 days	311,604	118,676	1,633	34
30–90 days	52,762	26,774	365	8
91–180 days	33,554	21,096	—	5
> 180 days	22,812	19,690	28	—
Total	**420,732**	**186,236**	**2,026**	**47**

Change in doubtful receivables

	Group		Parent company	
Provision for doubtful receivables	2008	2007	2008	2007
Provision at start of year	4,310	5,722	—	—
Provision for probable losses	16,471	1,983	—	—
Realised losses	–172	–31	—	—
Recovered losses	–616	–3,364	—	—
Provision at end of year	**19,993**	**4,310**	**—**	**—**

Calculation of fair value

Fair value agrees in all essentials with recognised value, except in the case of certain fixed-interest non-current liabilities to credit institutions and the convertible debenture loan (Notes 19 and 20).

The following provides a summary of the main methods and assumptions used to determine the fair value of the Group's financial instruments.

Securities

Fair value is based on the quoted market price at the end of the reporting period less transaction costs.

Derivative instruments

Forward contracts are valued at market value.

Non-current liabilities

Non-current liabilities are valued by adding to the loan the discounted interest rate difference between the agreed loan interest rate and the market rate up to maturity for equivalent loans.

26 Financial risks and financial policy

The Group's overall risk management policy is intended to reduce financial risks to a level which is reasonable for ÅF AB. The aim is to ensure cost-effective financing while minimising the negative effects of market fluctuations on the Group's earnings. Derivative instruments are used to hedge some risk exposure.

The Group's risk management is handled centrally by the parent company's Corporate Finance department on the basis of policies adopted by the Board of Directors. Corporate Finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

The Group is exposed to many different kinds of financial risk through its operations, including exchange rate risk, interest rate risk, credit risk and financing risk.

Exchange rate risk

Exchange rate risk covers future business transactions, recognised assets and liabilities in foreign currency, and net investments in foreign operations. Exchange rate risk is relatively limited in the ÅF Group.

Loans are raised, and investments made, in the functional currency.

Translation exposure

Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency. In line with Group policy, ÅF does not hedge translation exposure.

Transaction exposure

Exchange rate risks are relatively limited as most payments are made in the functional currency. Where this is not the case, large sums are hedged using derivatives. The Group classifies the forward contracts used for hedging forecast transactions as cash flow hedges. The net fair value of these forward contracts was equivalent to SEK 6,793,000 (2007: SEK –206,000). Assets totalled SEK 7,010,000 (SEK 42,000) and liabilities totalled SEK 217,000 (SEK 248,000). Receivables of SEK 7,010,000 are recognised in the balance sheet under Other receivables. Liabilities of SEK 217,000 are recognised in the balance sheet under Other liabilities.

	2008		2007	
Receivables	Fair value	Book value	Fair value	Book value
EUR	2,388	2,388	—	—
USD	587	587	42	42
CHF	4,035	4,035	—	—
Liabilities				
EUR	217	217	87	87
DKK	—	—	161	161
Net	**6,793**	**6,793**	**–206**	**–206**

Interest rate risk

In accordance with ÅF policy, the Group's cash and cash equivalents are deposited in bank accounts at local banks. There are no other material interest-bearing assets, and so income and cash flows from operating activities are essentially independent of changes in market interest rates.

Liabilities to credit institutions consist largely of bank loans at floating interest rates, but since indebtedness is not very great, the exposure to changes in market interest rates is not significant. Information about the terms of the loans, annual rates and maturity structure is provided in Note 19.

Credit risk

Credit risk is a result of the company having at all times a substantial number of outstanding trade receivables, as well as fees earned but not invoiced, in other words the credit granted to clients. This risk is limited through the Group's well-established principles for ensuring that sales are made to clients with an appropriate payment history, and through advance payments. ÅF's ten largest clients, who together account for 21 percent of the Group's invoiced sales, are all large listed companies or government institutions. There is, therefore, not deemed to be any significant credit risk with regard to any single major client. Counterparties for derivative contracts and cash transactions are limited to financial institutions with a high credit rating. Historically ÅF has suffered very limited credit losses.

Financing risk

Financing risk is the risk of not being able to obtain financing at all, or only at a greatly inflated price. For ÅF, prudent management of financing risk means having adequate cash and cash equivalents and committed credit lines.

Sensitivity analysis

Interest rate

81 percent of the Group's total borrowings at the close of the reporting period comprise loans at floating interest rates. A change of +/– 1 percent in the annual average interest rate on these loans affects interest expense by +/– SEK 2.7 million.

Foreign currency

32 percent of the Group's earnings arise from foreign units, with 11 percent arising from units which have the euro (EUR) as their functional currency and 14 percent with CHF as the local currency. A change of +/– SEK 0.25 in the average exchange rate for the euro in 2008 would have affected pre-tax earnings by +/– SEK 1.3 million, and a change of +/– SEK 0.25 in the average exchange rate for CHF would have affected pre-tax earnings by +/– SEK 2.6 million.

27 Operating leases

Leasing agreements where the company is the lessee
Operating leases cover rental agreements for properties, leasing agreements for vehicles under which employees assume all the financial risks and benefits associated with the vehicles, and the lease of certain items of office equipment. Vehicles are generally leased for three years. The outstanding leasing stock is worth approximately SEK 35,000,000 (SEK 27,000,000).

Non-revocable leasing payments are as follows

	Group		Parent company	
	2008	2007	2008	2007
Within one year	119,544	109,053	82,993	72,485
1–5 years	436,228	436,330	373,451	385,277
More than 5 years	444,261	458,912	416,906	457,524
	1,000,033	**1,004,295**	**873,350**	**915,286**

Leasing payments during the year

	Group		Parent company	
	2008	2007	2008	2007
Premises	110,397	102,174	72,051	60,194
Other	23,086	22,700	724	684
	133,483	**124,874**	**72,775**	**60,878**

28 Pledged assets, contingent liabilities and contingent assets

	Group		Parent company	
	2008	2007	2008	2007
Pledged assets				
In the form of pledged assets for the Group's own liabilities and provisions				
Property mortgages	74,336	41,485	—	—
Floating charges	117,890	132,755	—	—
Blocked bank accounts	230	38	—	—
Pledged assets, others	2,207	5,243	—	—
Total pledged assets	**194,663**	**179,521**	**—**	**—**
Contingent liabilities				
Guarantees, FPG/PRI	1,074	1,059	544	543
Other guarantees	—	—	—	—
Sureties given for the benefit of subsidiaries	—	—	53,954	140,372
Sureties given	319,240	159,003	121,949	—
Total contingent liabilities	**320,314**	**160,062**	**176,447**	**140,915**

Sureties refer primarily to performance guarantees for quotations and the completion of projects.

Contingent assets
The Group does not anticipate that any contingent assets will arise.

29 Transactions with related parties

The parent company has a related party relationship with its subsidiaries, see Note 30.

Summary of related party transactions
Group
The term "related parties" in the Group refers primarily to Ångpanneföreningen's Foundation for Research and Development and associated companies. Transactions with these parties have taken place on market terms.

Related party relationships

	Year	Sale of services to related parties	Purchase of services from related parties	Liabilities to related parties: 31 Dec.	Receivables from related parties: 31 Dec.
Associated companies	2008	13,811	4,289	—	1,259
Associated companies	2007	9,114	2,532	—	722
Ångpanneföreningen's Foundation for R&D	2008	373	—	—	—
Ångpanneföreningen's Foundation for R&D	2007	271	—	—	28

During 2008, in addition to the above, the Group received grants from Ångpanneföreningen's Foundation for Research and Development amounting to SEK 3,392,000 (2007: SEK 1,914,000). These grants were for projects administered by the Group.

For remuneration to senior executives, see Note 8.

Parent company
Related party relationships

	Year	Sale of services to related parties	Purchase of services from related parties	Liabilities to related parties: 31 Dec.	Receivables from related parties: 31 Dec.
Subsidiaries	2008	256,140	14,734	241,548	892,621
Subsidiaries	2007	126,409	11,572	79,050	687,292
Associated companies	2008	945	—	—	129
Associated companies	2007	781	—	—	60
Ångpanneföreningen's Foundation for R&D	2008	153	—	—	—
Ångpanneföreningen's Foundation for R&D	2007	271	—	—	28

30 Group subsidiaries

Companies owned directly by the parent company

			2008			2007	
	Corporate ID	Reg'd office	Number of shares	Interest, percent[1]	Carrying amount	Interest, percent[1]	Carrying amount
ÅF-System AB	556092-4044	Stockholm	60,000	100	71,517	100	71,517
ÅF-Infrastruktur AB	556185-2103	Stockholm	1,000	100	278,507	100	258,507
ÅF-Consult AB	556101-7384	Stockholm	50,000	100	582,798	100	582,798
ÅF-Kontroll AB	556033-5977	Stockholm	20,000	100	73,923	100	73,923
AB Ångpanneföreningen	556158-1249	Stockholm	2,000	100	155	100	155
ÅF-Teknik & Miljö AB	556534-7423	Stockholm	3,076	100	10,494	100	10,494
ÅF-Engineering s.r.o	263 66 550	Czech Rep.	20,000	10	1,069	10	1,069
ÅF-Brasil Consultoria Em Processos Industrias Ltda	08.164.752/0001-08	Brazil	10	1	1	1	—
					1,018,464		**998,463**

[1] Participating interest refers to both the voting share and the proportion of the total number of shares.

Specification of the change in carrying amounts during the year

	Parent company 2008	Parent company 2007
Carrying amount brought forward	998,463	758,538
Acquisitions	1	1,069
Shareholders' contributions	20,000	238,856
Impairment	—	—
Disposals	—	—
Value carried forward	**1,018,464**	**998,463**

Note 30 continued

Comprehensive list of Group subsidiaries

			2008			2007	
	Corporate ID	Reg'd office	Number of shares	Interest percent[1]	Carrying amount	Interest percent[1]	Carrying amount
ÅF-System AB	556092-4044	Stockholm	60,000	100	71,517	100	71,517
Arjano Data AB	556257-0563	Stockholm	—	100	—	100	—
ÅF-Combra AB	556562-3245	Sollentuna	—	100	—	100	—
Combra Industriteknik AB	556498-6221	Sollentuna	—	100	—	100	—
Combra Systemutveckling AB	556498-6239	Sollentuna	—	100	—	100	—
Combra Syd AB	556662-7203	Lund	—	100	—	100	—
ÅF-Infrastruktur AB	556185-2103	Stockholm	1,000	100	278,507	100	258,507
ECC Teknik AB	556446-9855	Falun	—	—	—	100	—
Elektrokonsult i Jönköping AB	556069-7103	Jönköping	—	—	—	100	—
Ingenjörsbyrån Elektrokonsult Civilingenjör Lars Svensson AB	556320-3602	Gothenburg	—	—	—	100	—
Lekab i Dalarna AB	556142-1818	Orsa	—	—	—	100	—
LHT Konsult AB	556209-3160	Uppsala	—	—	—	100	—
ÅF-Infraplan AB	556345-9600	Umeå	—	—	—	100	—
SwedRail AB	556209-1644	Stockholm	—	100	—	100	—
ÅF-Installation AB	556070-5039	Stockholm	—	100	—	100	—
JämtTeknik vid Storsjön AB	556601-0624	Östersund	—	100	—	100	—
SIDUS Konsult AB	556371-7874	Stockholm	—	100	—	100	—
ÅF-Funktionspartner AB	556099-8071	Malmö	—	100	—	100	—
ÅF-STIBI AB	556583-9973	Stockholm	—	100	—	100	—
Nordblads VVS-Konstruktioner AB	556460-5797	Malmö	—	100	—	—	—
BergBygg Konsult AB	556471-5976	Solna	—	100	—	—	—
JTASS AB	556759-2851	Kungsbacka	—	100	—	—	—
Igernta AB	556755-8175	Alingsås	—	100	—	—	—
ÅF-Ingemansson AB	556067-5067	Malmö	—	100	—	100	—
ÅF-Ingemansson Automotive AB	556555-2022	Malmö	—	—	—	100	—
ÅF-Brekke & Strand akustikk AS	959 138 923	Norway	—	100	—	100	—
ÅF-Consult AS	955 021 037	Norway	—	100	—	100	—
Benolund AS	977 263 425	Norway	—	—	—	100	—
ÅF-Hansen & Henneberg AS	13 59 08 85	Denmark	—	80	—	80	—
ÅF-Consult AB	556101-7384	Stockholm	50,000	100	582,798	100	528,798
Graphium Consult AB	556056-2018	Stockholm	—	—	—	100	—
ÅF-Proinstall Sp.z.o.o	0000252538	Poland	—	—	—	99	—
ÅF-Energi & Miljö AB	556329-2159	Stockholm	—	100	—	100	—
Göteborg Energi International AB	556317-6014	Gothenburg	—	100	—	100	—
ZAO AF Lonas Holding	1 089 847 318 923	Russia	—	100	—	—	—
ZAO Lonas Technologia	1 037 808 021 228	Russia	—	75	—	—	—
ÅF-Process GmbH	218 403 818	Germany	—	90	—	90	—
ÅF-Process b.v	09157996	Netherlands	—	100	—	100	—

[1] Participating interest refers to both the voting share and the proportion of the total number of shares.

Note 30 continued

Comprehensive list of Group subsidiaries

			2008			2007	
	Corporate ID	Reg'd office	Number of shares	Interest percent[1]	Carrying amount	Interest percent[1]	Carrying amount
ÅF Brasil Consultoria Em Processos Industrias Ltda	08.164.752/0001-08	Brazil	—	99	—	99	—
ÅF-Colenco AG	CH-400.3.924.101-4	Switzerland	—	100	—	100	—
International Power Design Ltd.	CH-400.3.025.445-4	Switzerland	—	100	—	100	—
Colenco Italia S.r.l	MI-1808529	Italy	—	100	—	100	—
Colenco Engineering S.R.L.	17 669 779	Romania	—	51	—	51	—
Colenco Thailand Ltd.	3 011 879 733	Thailand	—	100	—	100	—
ÅF-Consult Oy	FI18001896	Finland	—	100	—	100	—
LLC AF-Enprima	1037800096641	Russia	—	95	—	100	—
AF-Estivo AS	10 449 422	Estonia	—	100	—	100	—
UAB AF-Enprima	300 544 325	Lithuania	—	100	—	100	—
UAB AF-TPS	135 744 077	Lithuania	—	100	—	—	—
Elron Oy	FI21206454	Finland	—	50	—	—	—
Enprima Engineering Oy	18 001 896	Finland	—	100	—	100	—
Enprima Engineering GmbH	24/388/00843	Germany	—	100	—	100	—
Fortum Engineering S.r.l	R10224145	Romania	—	100	—	100	—
Fortum Engineering UK in liquidation	2 873 332	England	—	100	—	100	—
ÅF A/S	21 007 994	Denmark	—	100	—	100	—
ÅF Engineering Oy	0725503-0	Finland	—	100	—	100	—
ÅF Engineering AS	936 097 367	Norway	—	100	—	100	—
Benima AB	556212-3728	Mölndal	—	100	—	100	—
Benima SydOst AB	556443-6722	Kalmar	—	—	—	100	—
Benima Mellan AB	556366-5156	Stockholm	—	—	—	100	—
Benima Norr AB	556223-5621	Piteå	—	—	—	100	—
Cordinor Energi & Miljö AB	556344-7787	Luleå	—	—	—	100	—
ÅF-Engineering AB	556224-8012	Stockholm	—	100	—	100	—
OrbiTec AB	556470-7015	Jönköping	—	100	—	—	—
Industrial Vision Systems IVS AB	556447-3329	Jönköping	—	100	—	—	—
ÅF Engineering s.r.o	263 66 550	Czech Rep.	—	90	—	90	—
ÅF-Automaatika OÜ	11297301	Estonia	—	100	—	100	—
ÅF-Kontroll AB	556033-5977	Stockholm	20,000	100	73,923	100	73,923
Kvalitetsteknik NDT AB	556227-5874	Stenungssund	—	100	—	—	—
ÅF-Qualitest s.r.o	474 72 448	Czech Rep.	—	100	—	—	—
UAB AF-Inspection	301 845 573	Lithuania	—	100	—	—	—
AB Ångpanneföreningen	556158-1249	Stockholm	2,000	100	155	100	155
ÅF-Teknik & Miljö AB	556534-7423	Stockholm	3,076	100	10,494	100	10,494
ÅF-Engineering s.r.o	263 66 550	Czech Rep.	20,000	10	1,069	10	1,069
ÅF-Brasil Consultoria Em Processos Industrias Ltda	08.164.752/0001-08	Brazil	10	1	1	1	—
					1,018,464		**998,463**

[1] Participating interest refers to both the voting share and the proportion of the total number of shares.

31 Untaxed reserves

Parent company

Accumulated depreciation in excess of plan	2008	2007
Opening balance 1 January	1,638	—
Depreciation during the year, equipment & fittings	10,880	1,638
Closing balance 31 December	**12,518**	**1,638**

32 Statement of cash flows

Interest paid and dividends received

	Group		Parent company	
	2008	2007	2008	2007
Dividends received	—	12	173	—
Interest received	12,976	13,291	29,227	27,519
Interest paid	–19,626	–17,080	–16,728	–13,883
	–6,650	**–3,777**	**12,672**	**13,636**

Adjustment for items not included in cash flow

	Group		Parent company	
	2008	2007	2008	2007
Depreciation/amortisation	54,060	48,827	5,090	4,370
Impairment/retirements	8,599	11,298	3,864	4,695
Other	3,381	13,479	4,702	4,592
	66,040	**73,604**	**13,656**	**13,657**

Transactions which have not led to payments

	Group		Parent company	
	2008	2007	2008	2007
Acquisition of assets through financial lease	13,791	13,199	—	—
Conversion of convertible loan	7,608	46,075	7,608	46,075

33 Events after the accounting year-end

At the beginning of 2009 it became apparent that demand for consulting operations related to product development was starting to fall. In consequence, redundancy notices were issued to around 80 co-workers in the consulting operations and in ÅF's parent company on 17 February.

34 Critical estimates and assumptions

Key sources of estimation uncertainty

The Group makes estimates and assumptions about the future. By definition, the resulting accounting estimates will rarely correspond to the actual outcome. Estimates and judgements are reviewed regularly and are based on historical experience and other factors, including the expected outcomes of future events that are considered reasonable under the circumstances.

Estimates and assumptions which, if they prove to be incorrect, can result in material adjustments to the carrying amounts of assets and liabilities during the coming financial year are presented below.

Impairment of goodwill

When calculating the recoverable amount of cash-generating units, a number of assumptions about future circumstances and estimates of parameters have been made. Changes to these assumptions and estimates could have an effect on the carrying amount of goodwill (see Note 13).

Forecasts used in respect of future cash flows are based on the forecast made by the company management for the next year supplemented by an individual assessment of a further four years. From that point onwards the calculation is based on an annual growth rate of 2 percent. The forecast cash flows have been discounted to present value at a discount rate of 11.4 percent before tax.

The impairment test for the year did not give rise to any impairments.

A lower assumed rate of growth would result in a lower recoverable amount. The reverse applies if the calculation of the recoverable amount is based on a higher assumed growth rate. Were future cash flows to be discounted at a higher rate of interest, the recoverable amount would be lower; conversely, the recoverable amount would be higher with a lower discount rate.

Retirement benefit obligations

The Group's net obligations under defined-benefit plans are calculated separately for each plan by estimating the future benefits earned by employees through their employment in prior periods. These benefits are discounted to present value. The calculation of the size of the Group's total retirement benefit obligations is based on a number of assumptions (see Note 21). The discount rate is the market yield at the end of the reporting period on government bonds with a maturity corresponding to that of the Group's estimated average retirement benefit obligations. The discount rate used is 4.0 percent in Sweden and 3.6 percent in Switzerland. The calculations have been performed by a qualified actuary using the projected unit credit method. Were a lower discount rate to be used, the obligations would increase and have a negative effect on the Group's equity. The reverse applies if a higher discount rate is used.

Determination of final cost forecast and stage of completion of contracts

The percentage of completion method is applied to all assignments whose outcome can be measured reliably. The majority of assignments are performed on an open-account basis, and clients are normally invoiced the month after the work is carried out. Where assignments are carried out on a fixed-price basis, revenue is recognised in the income statement on the basis of the stage of completion at the end of the reporting period. The stage of completion is determined by having an assignment manager make an assessment of the amount of work that has been completed in relation to the amount of work still remaining. In the event of significant uncertainty about its value, no revenue is recognised.

35 Information about the parent company

AB Ångpanneföreningen changed its name to ÅF AB on 5 May 2008 when the Swedish Companies Registration Office registered the change in the Articles of Association.

ÅF AB is registered in Sweden as a joint-stock company. The parent company's shares are listed on the OMX Nordic Exchange in Stockholm. The company's registered office is Frösundaleden 2, SE-169 99 Stockholm, Sweden.

The Group consolidated accounts for the financial year 2008 comprise the accounts for the parent company and its subsidiaries, which together form "the Group". The Group also includes participations in associated companies.

The undersigned declare that the consolidated accounts and annual report have been drawn up in accordance with IFRS, as approved by the EU, and with generally accepted accounting practice, to give a faithful representation of the position and performance of the Group and the company, and that the Group administration report and the administration report give a faithful review of the progress of the Group's and the company's operations, position and performance, as well as describing the material risks and uncertainty factors to which the companies that are members of the Group are exposed.

Stockholm, Sweden – 12 March 2009

Ulf Dinkelspiel
Chairman of the Board

Jonas Wiström
President/CEO

Patrik Enblad
Director

Tor Ericson
Director

Magnus Grill
Director

Eva-Lotta Kraft
Director

Jon Risfelt
Director

Helena Skåntorp
Director

Lena Treschow Torell
Deputy Chair

Eva Lindén
Employee representative

Patrik Tillack
Employee representative

Our Audit Report was presented on 12 March 2009

Ernst & Young AB

Lars Träff
Authorised Public Accountant

AUDIT REPORT

To the Annual General Meeting of ÅF AB
Corporate Identity Number 556120–6474

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President/CEO of ÅF AB for the financial year 2008. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 68–122. The Board of Directors and the President/CEO are responsible for these accounts and the administration of the company as well as for the application of the Swedish Annual Accounts Act when preparing the annual accounts and the application of international financing reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President/CEO and significant estimates made by the Board of Directors and the President/CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President/CEO. We also examined whether any board member or the President/CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financing reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President/CEO be discharged from liability for the financial year.

Stockholm, Sweden – 12 March 2009

Ernst & Young AB

Lars Träff
Authorised Public Accountant


10

CORPORATE GOVERNANCE REPORT

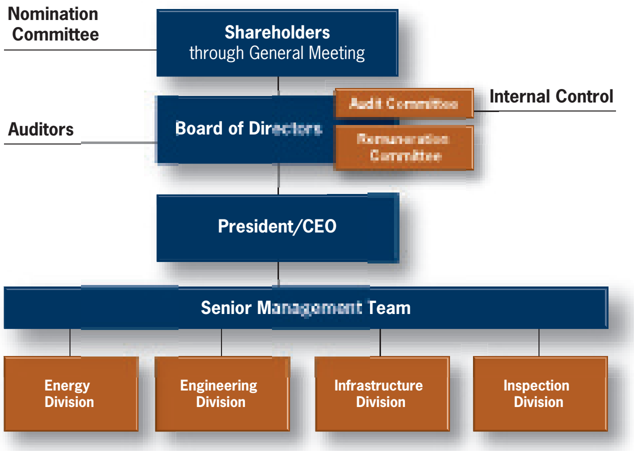
ÅF AB is a Swedish public company with its registered office in Stockholm. The company's class B shares are listed on the Stockholm Stock Exchange. ÅF is governed in accordance with Swedish company law, the company's articles of association, the listing agreement for the company's shares traded on the OMX Nordic Exchange in Stockholm and the Swedish Code of Corporate Governance. ÅF also complies with other applicable Swedish and foreign laws and regulations that govern its operations. The application in practice of the Swedish Code of Corporate Governance at ÅF began during 2005.

This corporate governance report does not form part of the formal annual report documents, and has not been reviewed by the Company's auditors.

Shareholders and voting rights

Since January 1986, ÅF's class B shares have been listed on the Stockholm Stock Exchange. Total market capitalisation at the close of the year amounted to SEK 2,022 million. Shares in ÅF are issued in two classes: A and B. Each class A share carries an entitlement to ten votes, and each class B share carries an entitlement to one vote. All shares carry the same right to participate in the company's assets and profits, and entitle shareholders to the same dividend. For the distribution of the number of shares and votes, and for the ownership structure, you are referred to pages 52–54.

On request, shares of class A can be converted into shares of class B. Such a conversion request must be made in writing to the Board of Directors in January or February. After the conversion is approved, it is to be reported to the Swedish Companies Registration Office. Conversion takes effect on registration.



Dividend policy

ÅF's dividend policy lays down that share dividends are to be equivalent to roughly 50 percent of the consolidated profit after tax, excluding capital gains. Due attention should, however, be given to, among other factors, the company's financial position and capital requirements for future expansion.

Shareholders' Meetings and Annual General Meeting

An Annual General Meeting of ÅF shareholders is held in Stockholm or Solna during the first half of each calendar year. The date and venue for the AGM are announced no later than in conjunction with the third quarterly report. Information about the right of shareholders to raise matters for consideration at the meeting, as well as information regarding the dates by which such a request must be received by the company to ensure that the matter will be included in the notice convening the AGM, are also communicated to shareholders no later than in conjunction with the publication of the third quarterly report.

The procedure for convening the shareholders' meeting is set out in the articles of association. Notification of the meeting is to be given through advertisements in the Swedish Official Gazette (*Post- och Inrikes Tidningar*), and in the business newspaper, *Dagens Industri*. Notification of an ordinary shareholders' meeting (AGM) and notification of other shareholders' meetings, at which any changes to the

The principal external regulatory frameworks which affect the governance of ÅF:

- The Swedish Companies Act
- Accounting legislation, including the Swedish Bookkeeping Act and the Swedish Annual Accounts Act
- Listing requirements/agreement with the Stockholm Stock Exchange
- Swedish Code of Corporate Governance

Examples of internal documents which affect the governance of ÅF:

- Articles of Association
- Instructions, rules of procedure
- Policies and guidelines
- Process descriptions for each business area

articles of association are to be discussed, must be given no earlier than six weeks and no later than four weeks before the meeting. Notifications of other shareholders' meetings are to be issued no earlier than six weeks and no later than two weeks before the meeting.

At the AGM information is provided on the company's performance over the past year, and resolutions are passed on a number of issues of central importance, such as amendments to the articles of association, the election of auditors, the discharge of the Board of Directors from liability, the remuneration of the Board of Directors and the auditors, the determination of the number of directors, the election of the Board of Directors for the period until the close of the next AGM and the approval of a dividend. The board, the senior management group and the auditors are normally present to answer questions.

To be entitled to participate in shareholders' meetings and vote for the shares they hold, shareholders must be entered in the share register and must duly notify the company of their intention to participate before the specified deadline. Shareholders who are unable to be present in person may participate through a proxy.

ÅF's Annual General Meeting 2008

The AGM for 2008 was held at what was then the ÅF Group's head office in Stockholm on 23 April. It was attended by 89 shareholders, representing 45 percent of the share capital and 61 percent of the total number of votes. The minutes of the AGM meeting have since been published on the company's website in Swedish and English, together with all the documentation that was issued according to requirements prior to the AGM.

Annual General Meeting 2009

The 2009 Annual General Meeting will be held at ÅF's new headquarters (address: Frösundaleden 2, Solna, Stockholm) at 17.00 (5 p.m.) on 5 May.

Nomination Committee

The Annual General Meeting determines how the Nomination Committee is to be appointed. The 2008 AGM resolved that, for the period until a new Nomination Committee is appointed under a mandate from the next AGM, the Nomination Committee shall consist of the Chairman of the Board together with one representative from each of the company's three largest shareholders as at the end of the third quarter. The Nomination Committee shall appoint a Chair from the largest shareholder in terms of votes. In the event that any member of the Nomination Committee should leave before the work of the committee is completed, if it is considered necessary to appoint a successor, this successor shall then be appointed by the same shareholder who appointed the departing member or, if the shareholder in question is no longer one of the three largest shareholders, by another as yet unrepresented shareholder from among the three largest shareholders. No fees are paid to members of the Nomination Committee.

The composition of the Nomination Committee for the 2009 AGM was announced on 1 November 2008. The Nomination Committee consists of Anders Snell, Chair, representing Ångpanneföreningen's Foundation for Research & Development, Ulf Dinkelspiel, Chairman of the Board of ÅF, Åsa Nisell, Swedbank Robur, and Peter Rudman, Nordea Fonder.

The duties of the Nomination Committee

Under the authority of a resolution passed at ÅF's 2008 AGM, the Nomination Committee is to draw up and present proposals for submission to the 2009 AGM on the Chairman for the Annual General Meeting, the Board of Directors and the Chairman of the Board of Directors, the directors' fees (divided among the Chairman and directors, and as remuneration for committee work) and auditors' fees. The Nomination Committee will also propose rules for the work of the Nomination Committee in preparation for the 2010 AGM.

The Nomination Committee's work prior to the 2009 AGM

Since the 2008 AGM the Nomination Committee has held three minuted meetings and maintained contact between meetings. To assess how well the present Board of Directors meets the demands that will be placed on the board in consequence of the company's position and future focus, the Nomination Committee has discussed the size and composition of the board in relation, for example, to experience in the industry and specialist expertise. As a basis for its work, the Nomination Committee has also familiarised itself with assessments of the board and its work.

The Nomination Committee's proposals, the report of the Nomination Committee's work prior to the 2009 AGM, along with supplementary information on the proposed members of the board will be published in connection with the notice convening the 2009 AGM, and will be presented to the shareholders' meeting.

The Board of Directors and Chairman of the Board

The Board of Directors is elected by the shareholders at the Annual General Meeting with a term of office until the close of the next Annual

General Meeting. The board manages the company on behalf of the shareholders by setting targets and adopting strategies, evaluating the operational management and ensuring that systems are in place to follow up and check the performance of the company with regard to the targets that have been adopted.

The board is also responsible for ensuring that correct information is given to the company's stakeholders, that laws and regulations are complied with and that ethical guidelines and internal policies are established. The board's approach to ensuring the quality of financial reporting is detailed in the section on Internal Controls in respect of the financial reports below.

The Board of Directors of ÅF shall consist of a minimum of six and a maximum of ten members, with a maximum of five deputies. These directors and their deputies are elected by the general meeting of shareholders. The 2008 AGM elected eight directors with no deputies. The President/CEO is not a member of the board. The company's employees are, however, represented on the board.

The Chairman of the Board leads the work of the board and is responsible for ensuring that this work is well organised and efficiently conducted, and that the board discharges its duties properly. The Chairman maintains regular contact with the President/CEO to monitor the Group's operations and progress in strategic issues. The Chairman of the Board also represents the company in matters relating to ownership.

The ÅF Board of Directors for 2008

Since the 2008 AGM the board has consisted of eight directors without deputies. The 2008 AGM re-elected Ulf Dinkelspiel, Patrik Enblad, Magnus Grill, Eva-Lotta Kraft, Jon Risfelt, Helena Skåntorp and Lena Treschow Torell, and Tor Ericson was elected to serve a first term as a director of the company. Ulf Dinkelspiel was elected by the AGM to serve as Chairman of the Board up until the next AGM. The board subsequently elected Lena Treschow Torell as its Deputy Chair. A more detailed presentation of the board follows on pages 132–133.

Independence of members of the Board

The composition of the board of ÅF meets the requirements for independent directors laid down by the Stockholm Stock Exchange and the Swedish Code of Corporate Governance. Magnus Grill (Director) holds a position of dependence with regard to the largest shareholder, Ångpanneföreningen's Foundation for Research & Development. Tor Ericson (Director) holds a position of dependence with regard to ÅFOND (the ÅF Group Trust) and the company itself.

Work of the Board of Directors

In addition to the inaugural board meeting, which is held in connection with the AGM, the ÅF Board is required to meet at least four times per year. During 2008, in addition to the inaugural meeting, the board held nine meetings, of which one was *per capsulam* and two were telephone meetings, with supporting material sent out in advance. Four of the meetings were held in connection with the publication of the company's interim reports. In connection with the board meeting and strategy seminar in August, board members visited the company's office in Baden, Switzerland.

The work of the board revolves mostly around strategic issues, business plans, annual accounts, major investments and acquisitions, in addition to other decisions which, under the provisions of the company's rules for decision-making, are to be dealt with by the board. Reports on the progress of the company's operational activities and finances are a standing item on the agenda. At the meeting in August, a strategic seminar was held, which included a special review of each division. At every ordinary board meeting, there is a more in-depth presentation of one of the various lines of business.

On one occasion each year the board discusses issues related to succession planning for senior executives within the company.

Other key management personnel in ÅF have participated in board meetings to present reports. The Executive Vice President, Corporate Information, has served as secretary to the board.

Attendance at board/committee meetings in 2008

	Board	Remuneration Committee	Audit Committee
Number of meetings	**10**	**3**	**4**
Ulf Dinkelspiel	10	3	4
Patrik Enblad	10		
Tor Ericson*	6		
Magnus Grill	9	3	
Eva-Lotta Kraft	10		4
Jon Risfelt	10		
Helena Skåntorp	8		4
Lena Treschow Torell	8	3	
Employee representatives:			
Eva Lindén	10		
Patrik Tillack*	6		
Oskar Strid, deputy**	1 (inaug.)		
Daniel Westman, deputy**	1 (inaug.)		

* Joined the Board on 23 April 2008
** Deputy employee representatives do not normally attend board meetings

Formal work plan

The work of the board is governed, in addition to laws and recommendations, by the board's formal work plan, which includes instructions for the division of responsibility between the board and the President/CEO. It is updated annually, and adopted by a formal resolution of the Board of Directors. The formal work plan lays down the tasks of the board, the division of responsibility within the board, the number of meetings, the dates and times of meetings and the main theme for each board meeting, as well as providing instructions for the agenda and the nature of the information required in order to consider a variety of issues, etc.

Evaluation of the Board of Directors and President/CEO

Once a year, the Chairman of the Board initiates an evaluation of the work of the board by issuing each director with a detailed questionnaire, which is answered anonymously. The questionnaire covers areas such as the climate of cooperation, the breadth of expertise available and the manner in which the work of the board has been carried out. The object of the evaluation is to obtain an understanding of how the work of the board has been carried out and what measures may be taken to improve the efficiency of this work. The results of the evaluation are discussed by the board and shared with the Nomination Committee.

The Board of Directors evaluates the work of the President/CEO on an ongoing basis, by monitoring the progress of the business against the targets that have been set. A formal evaluation is carried out annually, and the results are discussed with the President/CEO.

Directors' fees

The AGM on 23 April 2008 approved remunerations totalling SEK 1,450,000 for the work of the board in 2008. The Chairman received SEK 400,000 and members of the board not employed by the Group received SEK 175,000 each.

In addition, it was resolved that, for the work carried out by the Audit Committee, a fee of SEK 75,000 should be paid to the Chair and a fee of SEK 35,000 to each committee member who is not employed by the Group. For the work carried out by the Remuneration Committee it was resolved that a fee of SEK 50,000 be paid to the Chair and a fee of SEK 35,000 to each committee member who is not employed by the Group. The total remuneration payable to the board is thus SEK 1,715,000, of which SEK 1,450,000 is for the ordinary work of the board and SEK 265,000 for committee work. Employee representatives receive no directors' fees.

It was also resolved that the auditors' fee will be payable against invoices.

Remuneration Committee

At their inaugural board meeting the directors of the company appoint a Remuneration Committee which is tasked with considering matters relating to remuneration, retirement benefits and bonus programmes for the President/CEO and other senior executives in the company, and with presenting its proposals with regard to these to the board for ratification. Prior to the 2009 AGM the Remuneration Committee has met on three occasions. The Remuneration Committee consists of Ulf Dinkelspiel (Chair), Magnus Grill and Lena Treschow Torell. The President/CEO attends as a co-opted member, as does the Group CFO and the HR director.

Audit Committee

The Audit Committee is a vital communications link between the board and the company's auditors. The Audit Committee supports the work of the board by ensuring the quality of the financial reports and following up the results of the reviews and audits carried out by the external auditors. The Internal Control staff support the Audit Committee in its work. The Audit Committee is appointed at the inaugural meeting of the board for one year at a time, and its work is regulated by the formal work plan that is adopted each year.

In the period since the 2008 AGM the Audit Committee has consisted of three directors of the company; Helena Skåntorp (Chair), Ulf Dinkelspiel and Eva-Lotta Kraft. All members are independent of the shareholders and the company management. In 2008 the committee held four minuted meetings. In addition, the committee's Chair has taken part in the auditors' report of the final accounts. The company's auditors participated in all Audit Committee meetings during the year. The President/CEO attends as a co-opted member, as does the Group CFO and the manager responsible for ÅF's corporate finance.

The Audit Committee's work of ensuring the quality of ÅF's financial reporting on a continuous basis involves analysing the auditors' report on the final accounts and routine reviews.

Audit and Auditors

Auditors are appointed by the AGM every four years. The auditors work for and on behalf of the shareholders to audit the company's accounting records, the annual accounts and the administration of the Board of Directors and the managing director. The 2008 AGM elected the accounting firm Ernst & Young, represented by Lars Träff as auditor in charge, as the company's auditors to serve to the end of the AGM in 2011.

Ernst & Young carries out the audit of ÅF AB and major units. A “hard close” audit is performed for the period January–September and for the annual accounts. At the same time, an audit of internal routines and control systems is carried out. The audit of the annual accounts and the annual report takes place in January–February. During 2008 the auditors reported to the entire ÅF board on one occasion and, in addition, to the Audit Committee and to the President/CEO on four occasions.

Over and above the audit assignments, ÅF has used Ernst & Young for consultations relating to tax matters, for various accounting issues and for investigations in conjunction with major projects such as acquisitions. The remuneration paid to the auditors is shown in Note 7.

CEO, company management and specialist staffs

The Board of Directors has delegated operational responsibility for the administration of the company and the Group to the company's CEO. The CEO leads operations within the framework laid down by the board. The board has adopted instructions for the division of responsibility between the board and the CEO which are updated and approved each year.

The CEO has appointed a senior management group with day-to-day responsibility for various aspects of the Group's operation. During 2008 ÅF's senior management group consisted of the CEO, the divisional President/CEOs, the Executive Vice President for Corporate Information and the CFO. For information about the members of the senior management group, see pages 134–135.

ÅF's senior management group normally meets once a month, to discuss matters such as the Group's financial performance, acquisitions, group-wide development projects, succession planning and the availability of management resources and specialist expertise, together with various other strategic issues. The senior management group is assisted by the Information, Finance, HR, IT and Legal departments.

Divisions

ÅF's business activities are organised into four divisions, each led by a Divisional President.

ÅF's organisation reflects a far-reaching strategy of decentralisation, in which each unit enjoys a considerable degree of autonomy and authority. Control of the divisions by the senior management group is exercised not only through regular contacts, but also and more closely through monthly internal reports presented by the Divisional Presidents and finance managers.

The Group has an authorisation plan and written rules for decision-making procedures that clearly define the authority exercised at every level in the company, from individual consultant to senior management. The areas covered include issuing quotations and making tenders, investments, rental and leasing agreements, overhead expenses and guarantees.

Approximately 62,000 assignments were carried out in 2008. The organisation for a project varies according to the size, location and complexity of the assignment. Each assignment is run by a contract manager. ÅF and its Swedish subsidiaries are certified under quality and environmental management systems in accordance with ISO 9001: 2000 (Quality) and ISO 14001: 2004 (Environment) for which audits are carried out on a regular basis by external auditors.

Fixed-price assignments with an invoice value that exceeds 200,000 euros are monitored at Group management level.

Sustainable development and social responsibility

Sustainable development is founded on financial, social and environmental change. ÅF recognises its responsibility for the impact that the company has on society in these areas: for example, the effect that ÅF's business operations have on the natural environment and the influence it exerts on its employees, clients, suppliers and other stakeholders. As a consulting company ÅF is well-placed to influence the development of its clients' businesses, and in this respect ÅF bears a heavy responsibility for making sure that development is both successful and sustainable. ÅF's ambition is always to ensure long-term success and sustainable development for its clients and for ÅF itself. For further details of ÅF's work in the fields of sustainable development and corporate social responsibility, please refer to pages 23–26.

Internal controls of financial reporting

Under the provisions of the Swedish Companies Act and the Swedish Code of Corporate Governance, the ÅF Board is responsible for ensuring that ÅF implements an effective system of internal controls. Board members must keep themselves informed about the state of affairs in the company and evaluate the internal controls on a regular basis.

Internal controls at ÅF are so designed to ensure that the company's operation is efficient and fit for purpose and that financial reporting is reliable and complies with applicable laws and regulations.

A description of ÅF's internal control system is included in the process-orientated management system used for business control and business support. This system is firmly rooted in ÅF's mission, vision, goals and values, and it also describes the organisational structure, together with the authority and responsibility vested in the various roles in the operation. Additional components include HR policies and a focus on employee expertise. The process orientation of the management system guides users to the relevant routines and appropriate tools for the particular task in question, thus providing very good conditions to ensure compliance with requirements and the achievement of the objectives that have been set. The management system is available via the ÅF intranet to all those for whom it is intended.

ÅF divides its internal controls into the following components: Control environment, Risk assessment, Control measures, Information & communication, and Follow-up.

Control environment

"Control environment" describes the organisation, decision paths, authority and responsibility for financial reporting. Requirements and expectations are laid down in the policies, process descriptions, routines and tools contained in the individual process (Finance) in the management system.

Risk assessment

Through its operations, ÅF is exposed to a variety of business and financial risks. It is extremely important that these risks are dealt with effectively, that risk management routines are followed and that risk management tools are used. For a description of the financial risks to which ÅF is exposed and how these are managed, you are referred to the section on Sensitivity Analysis on pages 56–60. Risk assessment is also a high-priority aspect of the business processes to minimise risks in the technical, environmental and financial areas, and also to exploit opportunities to maximum advantage. Risk assessment is carried out annually on the processes included in the management system, and it forms part of the basis for the evaluation of the management system to ensure that these processes cover important areas affecting financial reports.

Control measures

ÅF's financial reports depend on the implementation of a number of control measures in all areas that affect financial reporting. ÅF controllers are responsible at Group, Division and Business area level for carrying out internal controls on their respective level. They monitor operations by following up and analysing budgets, forecasts, trends and results. The evaluation of assignments, as well as the assessment of risks and calculations associated with the assignments, also forms part of internal control measures. Reports are submitted regularly to the appropriate management level.

Information & communication

Information about and the communication of policies, process descriptions, routines and tools applicable to financial reports are contained in the management system which is available via the ÅF intranet to all those for whom it is intended. Updates are carried out in the event of any changes in internal or external requirements or expectations on financial reports.

Follow-up

ÅF's system for financial management and control paves the way for effective financial follow-up procedures throughout ÅF. Reports are submitted monthly for each profit centre, and the reports on the financial performance of assignments reflect the highest standards of reliability and detail. This system also supports the follow-up of internal controls in respect of financial reports. Identified errors and any measures that are taken are reported to the next level up in the line organisation. ÅF's internal auditing carries out independent audits to monitor whether the internal control and management systems live up to ÅF's internal ambitions at the same time as they comply with external requirements and expectations. Prioritised areas for ÅF's internal audits are the ÅF brand, ÅF's values and ethics, processes and systems, as well as the assignments that ÅF has undertaken. Reports are submitted to the President/CEO and the board's Audit Committee.

Information to the capital market

ÅF keeps the market continually updated on the Group's financial position and performance through interim and annual reports in both Swedish and English. In addition, press releases are issued relating to news and events that may be considered to have an effect on ÅF's share price. Presentations are made to shareholders, financial analysts and investors in Sweden and abroad. ÅF also hosts an annual Capital Market Day in Stockholm in September. The information described above is also published on the Group's website, www.afconsult.com.

DIRECTORS

1 **Ulf Dinkelspiel**

Born 1939. Graduate business administrator, Stockholm School of Economics.
Ambassador, E Öhman j:or AB.
Director of ÅF AB since 2004 and Chairman since 2007.
Chairman of Landshypotek AB, Sveriges Allmänna Hypoteksbank, Springtime AB, the Sweden in Europe Foundation, the Association for Swedes Worldwide and ICC Sweden.
Director of E. Öhman j:or AB, Nordnet AB, Premiefinans AB and Bockholmen Hav och Restaurang AB.
Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Shareholding in ÅF: 29,000 shares

2 **Patrik Enblad**

Born 1966. Director of ÅF AB since 2007.
Founder of and partner in Böös Enblad AB.
Director of ORC Software AB and the Royal Swedish Yacht Club (KSSS).
Shareholding in ÅF: 2,000 shares

3 **Tor Ericson**

Born 1968, M.Sc. (Mechanical Engineering) from the Royal Swedish Institute of Technology (KTH).
Director of ÅF AB since 2008.
Chairman of the Board of the ÅFOND Foundation. Chairman of ICES (Innovative Centre of Embedded Systems) at the Royal Swedish Institute of Technology (KTH). Active as section leader in ÅF's Infrastructure Division.
Shareholding in ÅF: 381 shares

4 **Magnus Grill**

Born 1945. Graduate business administrator.
Director of ÅF AB since 2002.
Chair of Ångpanneföreningen's Foundation for Research and Development since 2006.
Chairman of the Board of HS Kraft AB, Värmeforsk and Värmeforsk Service AB
Shareholding in ÅF: 250 shares

5 **Eva-Lotta Kraft**

Born 1951. M.Sc. (Chemical Engineering), MBA.
Director of ÅF AB since 2002.
Director of Munters AB, Samhall AB and Svolder AB.
Shareholding in ÅF: 3,500 shares

6 **Eva Lindén**

Born 1961, M.Sc. (Engineering) from the Royal Swedish Institute of Technology (KTH).
Employee representative on the board of ÅF AB since 2005.
Employed in the Infrastructure Division.
Shareholding in ÅF: 0 shares

7 **Jon Risfelt**

Born 1961, M.Sc. (Chemical Technology) from the Royal Swedish Institute of Technology (KTH).
Director of ÅF AB since 2007.
Chairman of the Board of Ortivus AB.
Director of TeliaSonera AB, Bilia AB and Enea AB.
Shareholding in ÅF: 750 shares

8 **Helena Skåntorp**

Born 1960. Graduate business administrator.
President and CEO of SBC (the Swedish Owner-Occupier Centre AB).
Director of ÅF AB since 2002.
Director of Mekonomen AB.
Shareholding in ÅF: 0 shares.

9 **Patrik Tillack**

Born 1967. Automation engineer.
Employee representative on the board of ÅF AB since 2008.
Employed in the Engineering Division.
Shareholding in ÅF: 15 shares

10 **Lena Treschow Torell**

Born 1946. Professor, Chalmers University of Technology.
President of the Royal Swedish Academy of Engineering Sciences (IVA).
Director of ÅF AB since 2006.
Director of Saab AB, Micronic Laser System AB, Investor AB, SKF AB, Dagens Industri AB and the Chalmers University of Technology Foundation.
Chair of The Foundation for Strategic Environmental Research (MISTRA) and Euro-CASE, an umbrella organisation for Europe's national academies of science and technology.
Member of the Swedish government's Globalisation Council and the European Commission's research advisory board, ERAB.
Shareholding in ÅF: 0 shares

Not pictured:

Daniel Westman

Born 1973, M.Sc. (Engineering).
Employee representative (deputy) on the board of ÅF AB since 2006.
Employed in the Inspection Division.
Shareholding in ÅF: 0 shares

Oskar Stridh

Born 1978, automation engineer.
Employee representative (deputy) on the board of ÅF AB since 2007.
Employed in the Engineering Division.
Shareholding in ÅF: 0 shares

SENIOR MANAGEMENT

1 **Jonas Ågrup**
Born 1960, Graduate business administrator.
CFO since 2007.
Employed by ÅF since 2007.
Shareholding in ÅF: 1,384 shares

2 **Viktor Svensson**
Born 1975, Graduate business administrator.
Executive Vice President, Corporate Information since 2003.
Employed by ÅF since 2003.
Shareholding in ÅF: 4,000 shares

3 **Jörgen Backersgård**
Born 1964, M.Sc.
President, Inspection Division since 2004.
Employed by ÅF since 1998.
Shareholding in ÅF: 1,659 shares

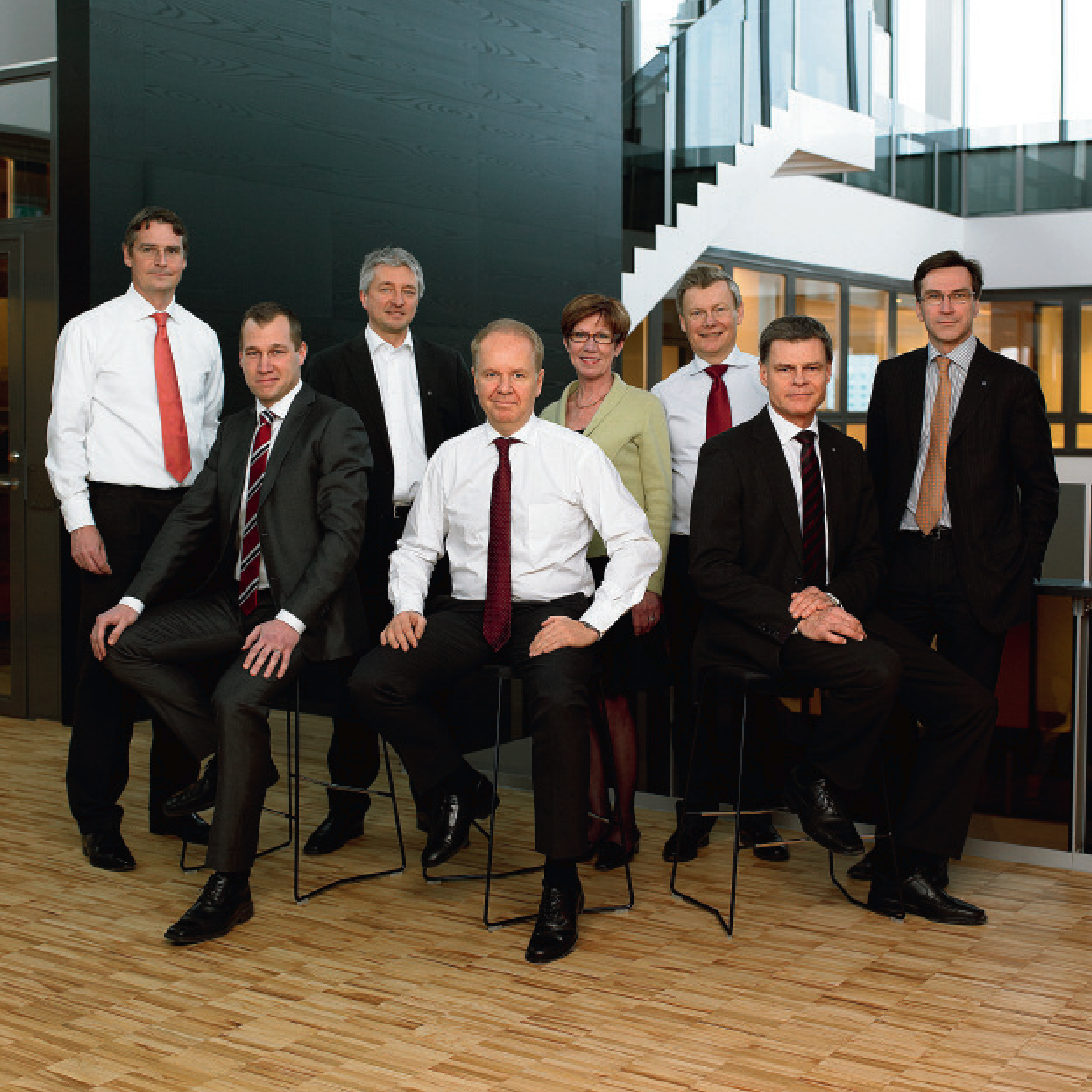
4 **Jonas Wiström**
Born 1960, M.Sc.
President and CEO since 2002.
Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Director of Procure It Right AB.
Employed by ÅF since 2002.
Shareholding in ÅF: 9,930 shares

5 **Gunilla Fladvad**
Born 1947, DIHM Marketing & Communication.
PA to the President.
Employed by ÅF since 1979.
Shareholding in ÅF: 1,285 shares

6 **Johan Olsson**
Born 1956, M.Sc.
President, Infrastructure Division (incl. former Systems Division) since 2005.
Employed by ÅF since 2005.
Shareholding in ÅF: 5,386 shares

7 **Per Magnusson**
Born 1954, B.Sc.
President, Engineering Division since 2006.
Employed by ÅF since 2006.
Shareholding in ÅF: 412 shares

8 **Eero Auranne**
Born 1959, M.Sc.
President, Energy Division since 2006.
Employed by ÅF since 2006.
Shareholding in ÅF: 205 shares



ANNUAL GENERAL MEETING

Shareholders in ÅF AB (publ) are invited to the Annual General Meeting that will take place at 17.00 (5.00 pm) on Tuesday 5 May 2009 at the company's head office (address: Frösundaleden 2, Solna, Sweden).

Entitlement to attend

Shareholders who wish to participate in the Annual General Meeting must:

- have their names entered in the shareholders' register maintained by VPC AB (the Swedish Securities Register Centre) by Tuesday 28 April 2009 at the latest, and
- confirm their intention to participate to the company's head office by 16.00 (4 p.m.) on Tuesday 28 April 2009 at the latest.

Shareholders who have elected to use a nominee for their shareholding must temporarily re-register their shares in their own name if they wish to exercise the right to participate in the Annual General Meeting. Shareholders who wish to do this must inform their nominee of their intention in good time before 28 April.

Registration

Notice of an intention to participate in the Annual General Meeting may be made to:
ÅF AB
Legal
SE-169 99 Stockholm
Sweden

or by fax to
+46 (0)8-653 56 13

or via
www.afconsult.com/arsstamma2009

Please specify your name, personal or corporate identity number, address, phone number and your registered shareholding. The notification of attendance must be accompanied by documentary proof of entitlement to attend the meeting (power of attorney, registration certificate, etc).

Dividend

The Board of Directors proposes a dividend to shareholders of SEK 6.50 per share. It is proposed that Friday 8 May 2009 be made the record day for the right to receive this dividend. It is anticipated that payment will be made via VPC on Wednesday 13 May.

Financial information – schedule for 2009

Interim report (3 months): 5 May
Interim report (6 months): 17 July
Interim report (9 months): 21 October

ÅF's annual Capital Market Day will be held in September.
The annual report is sent to shareholders who request information about the company. The annual report is published in a Swedish and an English version. Financial information about ÅF is also posted on the Group's website www.afconsult.com

ÅF OFFICES

SWEDEN
Alingsås
Arboga
Borlänge
Borås
Enköping
Eskilstuna
Fagersta
Falun
Gävle
Gothenburg
Halmstad
Helsingborg
Hudiksvall
Hässleholm
Jönköping
Kalmar
Karlshamn
Karlskoga
Karlskrona
Karlstad
Kiruna
Kristianstad
Linköping
Ludvika
Luleå
Lund
Lysekil
Malmberget
Malmö
Mora
Mölndal
Mönsterås
Norrköping
Nynäshamn
Oskarshamn
Piteå
Skara
Skellefteå
Skövde
Sollefteå
Stenungsund
Stockholm/Solna
Strömstad
Sundsvall
Söderhamn
Södertälje
Tavelsjö
Trollhättan
Uddevalla
Umeå
Uppsala
Varberg
Västerås
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Östersund

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CROATIA
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CZECH REPUBLIC
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Plzen

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Randers

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VIETNAM
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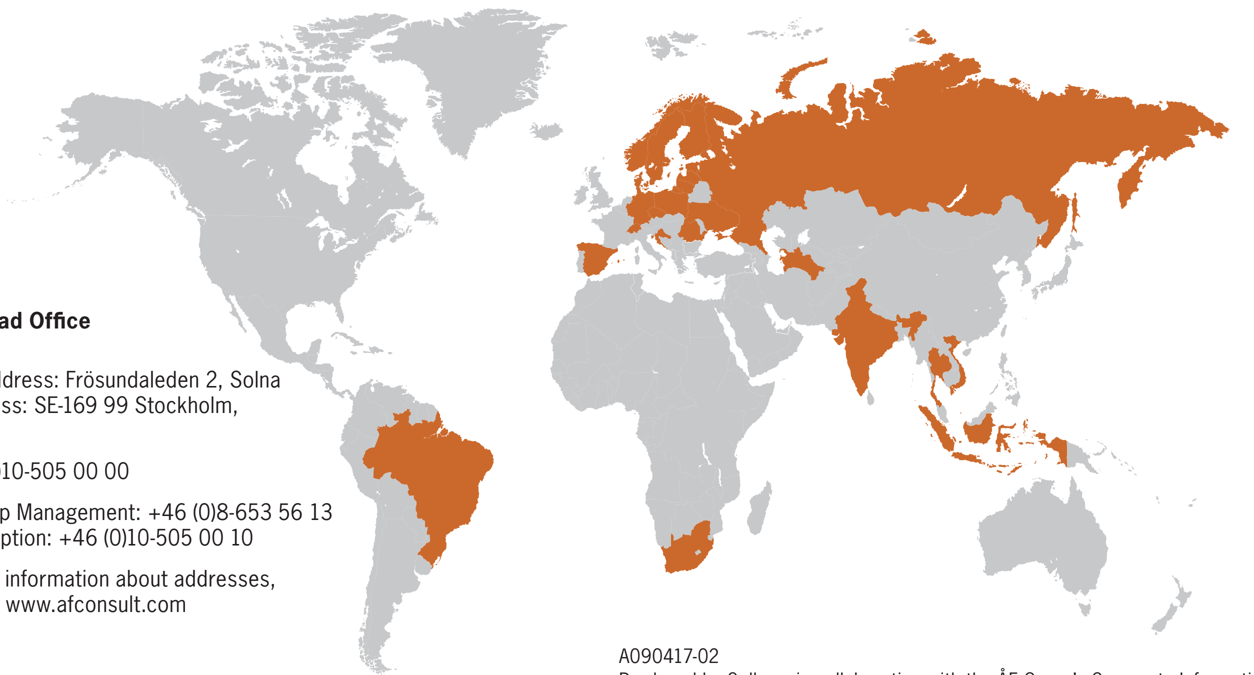

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Tel +46 (0)10-505 00 00

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For further information about addresses, please see www.afconsult.com

A090417-02
Produced by Solberg in collaboration with the ÅF Group's Corporate Information and Corporate Finance Departments. Printed by Strokirk-Landströms.
Photos: Peter Bartholdsson and others. Translation: AB Språkman.

ÅF is a leader in technical consulting, with expertise founded on more than a century of experience.

We offer highly qualified services and solutions for industrial processes, infrastructure projects and the development of products and IT systems. We are also one of the leading names in testing and inspection.

Today ÅF has approximately 4,400 employees. Our base is in the Nordic region, but our business and our clients are found all over the world.

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