

ANNUAL REPORT 2011

WE HAVE
A BURNING
PASSION FOR
CONSULTING AND
ENGINEERING



Innovation by experience



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ÅF enjoys a very strong position as a popular employer among young professional engineers. It seems safe to assume, therefore, that ÅF, in close liaison with its clients, will be delivering many of the solutions to the current and future challenges that the world is facing.		The already strong synergies between the four ÅF divisions will be developed even further. The “One ÅF” strategy focuses on the benefits of supplementing our joint resources, shared methods and collective experiences with a resolute focus on sales and an entrepreneurial approach to all that we do.	ÅF consistently reported good organic growth throughout 2011. The fourth quarter was the Group's best ever and the year as a whole set new records in terms of Group sales and the number of employees.	By working closely together, the Board of Directors, Group management and employees can lay down a strategic direction for ÅF that will make a good company even better.
The English version of the Annual Report of ÅF AB is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.				

ÅF at a glance

ÅF is a leading technical consulting company. Our work focuses on energy and the environment, investments in infrastructure and projects for industry and IT.

Our base is in Europe, but our business and clients are found all over the world.

What makes us unique is our co-workers and the technical consulting industry's greatest bank of experience.

It's all summed up in our corporate motto: "ÅF – innovation by experience."

Our 10 largest clients

Ericsson (Sweden)
Swedish Transport Administration (Sweden)
Power Machines (Russia)
Ringhals nuclear power plant (Sweden)
Swedish Defence Materiel Administration, FMV (Sweden)
Alpiq (Switzerland)
Scania (Sweden)
Danish Road Directorate (Denmark)
Fortum (Finland)
Siemens (Sweden)

Our market presence

Czech Republic	Kazakhstan	Sweden
Denmark	Lithuania	Switzerland
Estonia	Nigeria	Thailand
Finland	Norway	Turkey
Germany	Russia	Ukraine
India	Saudi Arabia	United Kingdom
Indonesia	South Africa	Vietnam
Italy	Spain	

Our vision

The best partner for the best clients.

Our core values

- Great people
- Teamwork
- Indisputable independence

Our focus

To become number one or two in our chosen markets.

Our motto

Innovation by experience.



Division	Energy	Industry	Infrastructure	Technology
	<p>The Energy Division offers technical consulting services for the energy sector. It has operations in many areas of the world, and is a market leader in the Nordic region, Switzerland and the Baltic countries. It enjoys a strong standing in various fields of expertise, particularly nuclear power, where it is a world leader among independent consulting companies.</p>	<p>The Industry Division is the leading industrial consultant in the Nordic countries. Its mission is clear: to improve profitability for its clients. Experience from previous projects guarantees stability, competitive strength and peace of mind for clients. Geographical proximity to clients and a thorough understanding of the sectors in which they work are the most important foundations for long-term client relations.</p>	<p>The Infrastructure Division enjoys a leading position in the Scandinavian market for technical solutions for infrastructure projects. The division's strengths include a strong sales organisation, sound commercial skills and a portfolio of services that offers clients sustainable, hi-tech solutions. Through its ability to develop innovative solutions that boost client profitability and target fulfilment, the division is continuously enhancing its market potential.</p>	<p>The Technology Division is active mainly in Sweden, where it is a leading name in Swedish product development and defence technology. A firm base and a long track record of success provide stability and give clients peace of mind. The Technology Division also has strong offers within its specialist fields relating to various aspects of sustainability.</p>
	<ul style="list-style-type: none"> • Power industry and energy companies • Government bodies • Financial institutions 	<ul style="list-style-type: none"> • All sectors of industry: in Scandinavia, also energy and nuclear power 	<ul style="list-style-type: none"> • Road and rail • Property sector 	<ul style="list-style-type: none"> • All industries and sectors
	<p>Operating income</p> <p>SEK 1,286 million</p> <p>25%*</p>	<p>Operating income</p> <p>SEK 1,533 million</p> <p>29%*</p>	<p>Operating income</p> <p>SEK 1,528 million</p> <p>29%*</p>	<p>Operating income</p> <p>SEK 891 million</p> <p>17%*</p>
	<p>Operating profit</p> <p>SEK 75.0 million</p> <p>16%*</p>	<p>Operating profit</p> <p>SEK 177.9 million</p> <p>38%*</p>	<p>Operating profit</p> <p>SEK 116.2 million</p> <p>25%*</p>	<p>Operating profit</p> <p>SEK 96.1 million</p> <p>21%*</p>
Employees (FTEs)	<p>1,019</p> <p>24%*</p>	<p>1,280</p> <p>30%*</p>	<p>1,294</p> <p>30%*</p>	<p>699</p> <p>16%*</p>

* Contribution to Group sales.

The year at a glance

Net sales totalled SEK

5,124

(4,334) million

Operating profit ¹⁾ totalled SEK

426

(317) million

Profit margin ¹⁾

8.3

(7.3) %

Earnings per share ¹⁾ before dilution:

9.07

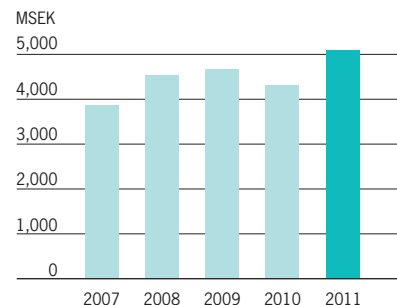
(6.55) SEK

Financial summary

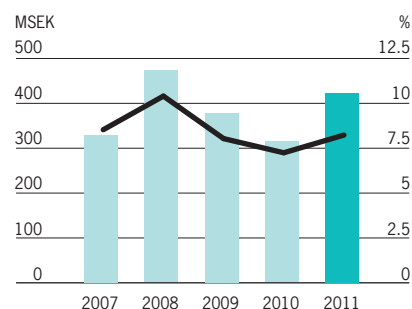
	2011	2010
Net sales, MSEK	5,124.1	4,334.1
Operating profit, MSEK	426.5	805.8
Operating profit excl. capital gain, MSEK ¹⁾	426.5	317.0
Operating margin, percent	8.3	16.8
Operating margin excl. capital gain, percent ¹⁾	8.3	7.3
Capacity utilisation, percent	73.1	71.9
Profit after net financial items, MSEK	425.8	798.1
Employees (FTEs)	4,367	3,966
Equity per share, SEK	72.38	69.47
Equity/assets ratio, percent	59.4	59.8
Return on equity, percent	13.0	32.5
Return on equity excl. capital gain, percent ¹⁾	13.0	11.9
Earnings per share, before dilution, SEK	9.07	21.02
Earnings per share excl. capital gain, before dilution, SEK ¹⁾	9.07	6.55
Dividend per share, SEK	5.00 ²⁾	4.00

¹⁾ Excluding capital gain from sale of line of business.²⁾ Proposed dividend.

Group net sales (in millions of SEK)



Group operating profit and operating margin, excl. capital gain, MSEK ¹⁾



Dividend per share²⁾

¹⁾ Relates to sales of business.²⁾ A 2:1 share split was implemented on 2 June 2010. Comparative figures adjusted.³⁾ Proposed dividend.

ÅF shows strength in uncertain times

Meet ÅF CEO Jonas Wiström, who explains how ÅF continues to grow and maintain profitability despite the current widespread economic uncertainty. What challenges and opportunities does he see? In short, tomorrow's world needs more sustainable solutions and more skilled engineers, he says. Tomorrow needs ÅF.

Can you briefly summarise the past twelve months?

Despite all the uncertainty, 2011 was a good year for ÅF. The severe earthquake in Japan left the market subdued for the first few months of the year, and the focus then shifted to the escalating crisis in the eurozone. However, in spite of these problems and mixed signals about the state of the global economy, there was still strong demand for our services from industry and from a number of major infrastructure projects. As a result, we finished the year on a high note: our fourth-quarter performance was our best ever, and 2011 will also go down as a record year in terms of sales and employee numbers.

Organic growth was good throughout the year, and we recruited a large number of talented co-workers. We acquired Cityplan in the Czech Republic – a strategic acquisition that has greatly strengthened our presence in the Czech market following the company's integration into the Infrastructure Division. We also acquired a number of smaller companies in the Nordic region. However, the pace of acquisitions was somewhat slower than we had hoped for. We think the disparity between vendors' expectations and the financial realities of the stock market in 2011 was, in many instances, simply too wide. Nevertheless, there are signs that this is changing, and as we are in a strong position financially, we are optimistic that we will be able to accelerate the pace of acquisitions over the next few years.

What progress have the divisions made?

In the Energy Division, progress was slower than we have become accustomed to, partly as a consequence of the nuclear reactor

accident in Fukushima and partly because the eurozone crisis caused problems for ÅF's Swiss operations, with the Swiss franc rising sharply in value against the euro. The good news is that earnings remained stable in Energy's other markets and that we saw signs of a recovery in the nuclear power industry. The Industry Division continued to consolidate its position as the Nordic region's leading technical consulting resource, going from strength to strength during the year, winning important orders and capturing new market share in a number of areas. Things also went very well for the Infrastructure Division, with strong organic growth and a string of major, high-profile assignments, including projects for the E4 Stockholm Bypass and the New Karolinska University Hospital. The division has now established itself firmly as a key player in the Scandinavian infrastructure market. The Technology Division's adoption of a more systematic approach to sales led to strong organic growth and healthy increases in both earnings and margins.

Looking back over 2011, what pleases you most?

Our strong organic growth, our fourth-quarter earnings, Infrastructure's emergence as a market leader, and the fact that the close collaboration between different parts of the ÅF Group resulted in several projects that involve expertise right across the Group. These are all key factors in helping to create new values for our clients and shareholders in the years to come.

“Sustainability issues will continue to increase in importance – for the companies' profitability and for the way society as a whole develops.”

Tell us more about the collaboration and synergies.

The synergies between the divisions are strong and we are developing these further. One positive outcome from this in 2011 was the order from the Swedish Nuclear Fuel and Waste Management Company (SKB) for the storage of spent nuclear fuel, which we won by pooling resources from Infrastructure, Industry and Energy. These synergies are the result of what we call "One ÅF" – a strategy that focuses on the benefits of applying a resolute focus on sales and an entrepreneurial approach to our joint resources, shared methods and collective experiences.

What progress has been made towards ÅF's sales target of 1 billion euros by 2015 and its vision of becoming Europe's most profitable technical consulting company?

In terms of profitability, we are already one of the top performers among comparable companies in Europe, and our organic growth is outpacing the targets we set in pursuit of our objectives. Although, for reasons I mentioned earlier, we made fewer acquisitions than anticipated in 2011, we believe that the situation will gradually improve and that we will meet our targets here, too. In short, progress is looking good.

2012 is an Olympic year. What does that mean for ÅF?

ÅF is an Olympic Green Advisor. We advise the Olympic Committees in Sweden, Norway, Finland and Switzerland on sustainability issues. That strengthens our brand, helps us to develop our own operations and represents a unique opportunity to show potential clients what we can do. We will also be inviting co-workers who have done an exceptionally good job to take part in some of the festivities marking the Olympic Games in London. Our work as an Olympic Green Advisor is a key element of our ÅF Green Advisor concept, which includes sustainability consulting for all clients.

What are your priorities over the next few years?

Growth in countries where we already have a significant market share. That means that more ÅF operations will need to establish a presence outside Scandinavia. Sustainability issues will also continue to

increase in importance – for companies' profitability and for the way society as a whole develops. The world's need for new technology, ideas and political vision is probably greater today than it has ever been. ÅF is very well placed to continue to develop and deliver the very best solutions in terms of economic, environmental and social sustainability. And while we are looking to the future, let me emphasise once again that our strong financial position means we are ideally placed to grow through strategic acquisitions.

So, how would you sum all this up?

I'd say we were in excellent shape to face the future. While we have to expect continued economic uncertainty, we know that, when times are tough, ÅF shows its very best qualities. We are well prepared for what lies ahead.

I'm convinced that engineering expertise will realise many of the visions that society and business has for a greener, more efficient and more prosperous world. ÅF is now a very popular employer among young professional engineers, so we can be sure that we at ÅF, in close liaison with our clients, will be delivering solutions to many of tomorrow's challenges.

Finally, I would like to extend my heartfelt thanks to every one of our outstanding co-workers at ÅF. Your experience and your capacity to think innovatively mean that I can look to the future with great confidence.

Stockholm, Sweden – March 2012

Jonas Wiström
President and CEO



Mission, Vision, Objectives and Strategies

MISSION

ÅF's joint pool of expertise and experience 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 total independence from suppliers and other partners is every client's 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

MOTTO

Innovation by experience.

VISION

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.

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 database 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 in our projects and reduces costs for 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 total 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 the biggest names 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 make a positive contribution to our profitability and to the ÅF culture.

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 over a period of time, but net indebtedness shall not exceed 40 percent of equity.

Growth objective

Sales of 1 billion euros by 2015.

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 (based on resignations) to be 7–13 percent.

All employees to take part in a personal development review each year.

Sustainability objectives

ÅF works resolutely to become a more sustainable company. Three overarching sustainability objectives constitute the basis for the company's sustainability work:

By the year 2015 ÅF aims to:

- have halved its CO₂ emission (compared with the base year, 2009, per co-worker).
- always offer clients a “green” alternative in the form of a more sustainable solution to every assignment.
- be the technical consultant that clients consider can best solve the challenges of the future.

2011 saw the launch of ÅF's corporate sustainability policy and, based on that, a process framework for more sustainable projects and assignments.

Read more about ÅF's work with sustainability issues in the GRI report on pages 49–54.

Strategies

Business activities are conducted as decentralised operations

- 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 whenever viable opportunities for synergies present themselves, but expansion will not take place at the expense of profitability.

Business support and shared processes

ÅF is continuously developing its consulting business and its capacity to carry out its assignments in the best possible way. The ambition is clear: to safeguard successful, long-term sustainable development for ÅF's clients and for ÅF itself.

When a client assigns ÅF to carry out a project, it is more than likely that ÅF has already performed a similar assignment at some earlier date. For this reason, ÅF's business support system has been specially designed to ensure that the knowledge and experiences represented within the ÅF Group can be shared freely among ÅF employees. The Group's IT platform – ONE – facilitates this process. ONE acts as a driving force for collaboration within ÅF and with clients and subcontracted suppliers. ONE also guarantees an up-to-date approach to working with processes, projects and knowledge retrieval at ÅF, freeing up time for development and innovation in client assignments. ONE is a web-based tool, accessible throughout the ÅF Group that also serves as the ÅF intranet.

ÅF's central process framework has been designed to quality assure the activities of ÅF, ensure that they are environmentally adapted and that assignments are performed in a manner that complies with legal and other requirements. The process framework includes ÅF's business management and support systems with the routines, instructions and shared tools that make sure that business activities meet the criteria for certification for environmental and quality management in accordance with ISO 14001:2004 and ISO 9001: 2008.

A brand with magnetism

The ÅF brand has travelled a long way over the past few years. But what exactly has been happening?

In 2004 ÅF decided on new growth targets. There was a clear need to significantly increase the number of consultants in the organisation. This marked the start of several change processes. If ÅF was to attract and retain the very best people, the brand needed to be renewed, revitalised, updated. Employees, clients, students and young professionals, as well other stakeholders, should all feel that the new ÅF that was emerging resonated with the image of ÅF that was being portrayed to the rest of the world. The picture being painted had to be a real one.

Parallel with the work of restructuring the organisation from a large number of subsidiaries, each with their own interpretation of the brand, to four divisions all pulling together as “One ÅF”, the brand, too, was embarking on a journey of its own. The aim was for all parts of the Group to feel at home with the brand and to communicate the brand in the same way. A focused initiative was launched, and the icing on the cake was an official change of name in 2008, from Ångpanneföreningen to ÅF.

But what needed to be done to improve external awareness of the brand? After a number of in-depth interviews with internal and external parties, the long-term planning at last began to get off the ground. To stand out in the crowd, ÅF opted to focus whole-heartedly on just a few key brand-building initiatives, ultimately choosing sport as a way of reflecting the Group's winning mentality and team spirit.

It proved to be a good decision. Nine years on, ÅF is a modern, future-oriented company that ranks highly in leading surveys of the most popular employers. Employer branding specialist Universum declared ÅF to be second only to Google as the most popular employer among engineers working in Sweden in 2011.

Viktor Svensson is Executive Vice President Corporate Information. We asked what he was hoping to achieve when work began on the new brand.

“We had two main aims. To build a brand that bolstered pride within the company, and one that held greater appeal in the labour market. These were, and still are, the key aims in our branding work. Obviously, however, clients, investors and other stakeholders are also attracted to a stronger brand. So success can bring rewards in many different ways.”

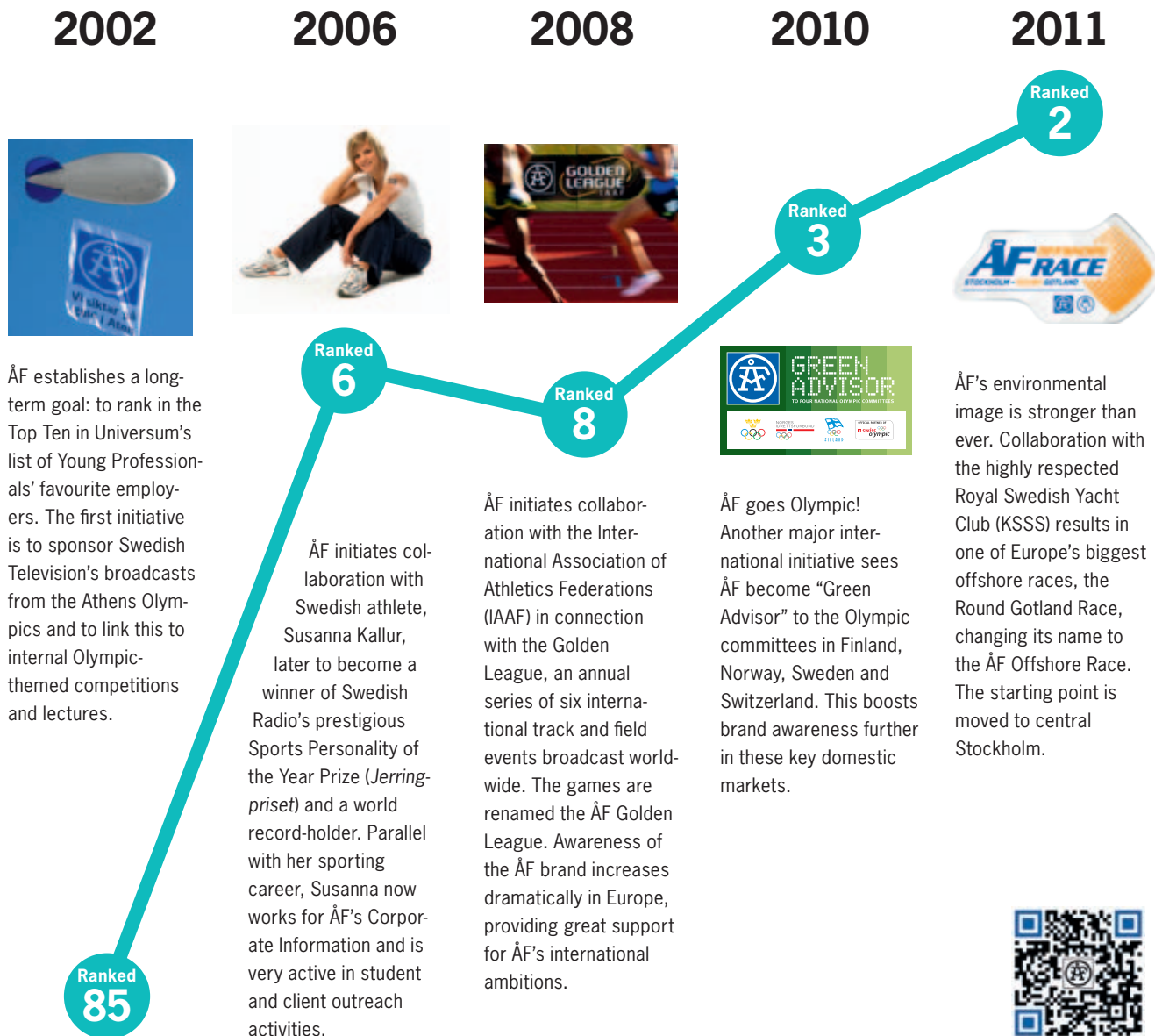
How would you summarise what ÅF stands for?

“ÅF stands for expertise, a unique combination of innovation and experience – and the will to win!”

What kind of a role does the ÅF brand play for employees in their day-to-day work?

“A big one! We represent and live with our brand every day. In a thousand and one different situations. That said, it's important to add that any brand transformation must be firmly grounded in the company's core values. We've been very careful about that throughout.”

Each year employer branding expert Universum conducts a survey to find the company that “young professionals”, engineers with up to eight years' working experience in Sweden, consider to be their ideal employer. ÅF has climbed rapidly in the rankings in recent years.





ÅF Offshore Race

Not only did the race change its name from the Round Gotland Race to the ÅF Offshore Race, but the start was moved to Stockholm. The result was an event with strong environmental overtones that attracted huge crowds.



Market trends and business review

ÅF's services in brief

ÅF is a leader in technical consulting. Our work focuses on energy and the environment, infrastructure and projects for industry.

Our base is in Europe, but our business and clients extend right across the globe. What makes us unique is our co-workers and the technical consulting industry's greatest bank of collective experience. It's all summed up in our corporate motto: "ÅF – innovation by experience."

ÅF comprises four specialist divisions

The Energy Division focuses on technical and financial consulting for the energy sector, from advice on business models to implementing investments in power plants and the numerous environmental issues associated with these.

The Industry Division is Northern Europe's leading industrial consultant offering services in process technology, automation, industrial IT, electrical power systems and mechanical engineering. In Scandinavia, the division is also responsible for ÅF's offers to the energy market.

The Infrastructure Division is a leader in the consulting industry for infrastructure development in Scandinavia and has clients in industry, the public sector and the property sector.

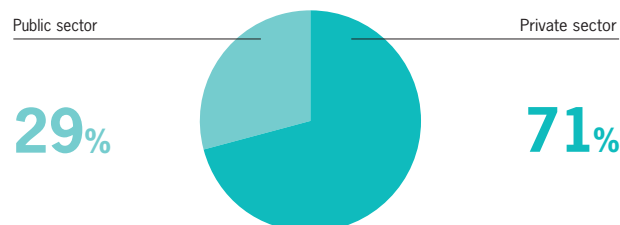
The Technology Division works mostly with assignments in Sweden, where it is a leading name in product development and defence technology. The division also enjoys a strong position in the market for telecommunications and IT consulting services.

Clients

Each year ÅF performs more than 30,000 assignments for some 10,000 clients. Assignments vary in length from just a few hours to hundreds of thousands.

ÅF's ten largest clients in 2011 together accounted for approximately 24 percent of total invoiced sales. They were Ericsson, the Swedish Transport Administration, Power Machines, Ringhals nuclear power plant, the Swedish Defence Materiel Administration (FMV), Alpiq, Scania, the Danish Road Directorate, Fortum and Siemens.

Client base – sales by sector 2011



Geographical spread of ÅF business

Number of employees per country, December 2011



ÅF's operations are becoming increasingly international. ÅF has offices in some 20 countries, but conducts business activities and attracts clients worldwide.

The market

2011 started with expectations of continued strong recovery in the wake of the financial crisis. However, the earthquake off Japan, which badly damaged the Fukushima nuclear power plant, impacted on many energy investments around the world. Decisions were postponed and regulations had to be reviewed, which affected many of ÅF's international energy projects. The situation deteriorated further towards the end of the year as the euro crisis posed an increasing threat to the economy and the investment climate.

However, the market elsewhere in Swedish and Norwegian industry gradually picked up as the year progressed. This recovery extended to most sectors and meant that ÅF was able to maintain good levels of capacity utilisation. Sustainability issues continue to drive growth, with the focus on using energy more efficiently and increasing production while reducing energy consumption. The big alternative energy projects require considerable engineering skill and also spawn further projects where the electricity network has to be adapted.

The market for technical services in the property and construction sectors also saw a gradual improvement in demand, with generally satisfactory capacity utilisation for ÅF. Large-scale public infrastructure projects continued to drive demand. In the property market, more and more clients showed an interest in energy efficiency.

2011 was a year of growth and healthy demand for ÅF's IT services. Strong global demand for mobile broadband continued to drive growth and helped generate new business, for example in the field of advanced test simulators for mobile systems. Demand also increased in the non-cyclical defence industry.

Outlook – the Nordic countries

Investments in the Nordic energy sector have held steady at around the same level for a couple of years and are expected to grow at about the same rate over the next few years. The market in Finland is being driven by the expansion of nuclear power and biofuel plants. A number of projects are underway in the Baltic countries, including the conversion of an oil shale plant to biogas combustion and a few other smaller district heating and biofuel projects.

Both the nuclear power sector and industry in general still have an urgent need for efficiency improvements, capacity increases and environmental improvements to existing plant. Nordic industry is at the forefront of sustainability improvements. This not only gives the region a competitive edge in the international market, but it also generates considerable demand for technical consulting services. The forestry industry is undergoing restructuring as more and more companies are broadening their business from solely pulp and paper to include biofuels and electricity. The mining sector also offers exciting growth opportunities.

Sweden continues to consolidate and build on its position as a leading industrial nation with exciting new industrial start-ups in several different sectors, primarily alternative energy, biotechnology and water treatment. Norway continues to lead the field in the oil, gas and marine sectors, while Denmark is the world leader in some segments of the food and pharmaceutical industries. ÅF is well established in all of these Nordic growth sectors and is continuing to build on its strengths in these markets.

Large-scale public investments in road and rail infrastructure continue to play an important role in fuelling demand. The whole of

Scandinavia is investing heavily in its roads and railways. The Scandinavian countries have strong finances and their infrastructures are becoming increasingly interconnected. The outlook remains very good, and demand for energy efficiency projects in the property sector is expected to remain high. The aim is to gradually broaden the ÅF offering in Norway and Denmark.

There are signs that the Nordic market for IT services – including those that form part of defence projects – is becoming increasingly integrated.

Outlook – other markets

Although many European and Russian energy investment projects have been affected by financial uncertainty, ÅF's strong position in these markets means that the outlook is nevertheless relatively stable from the Group's perspective.

Asia remains a strong driver for global growth. Demand for energy and natural resources is expected to hold at high levels, which means that the outlook for ÅF's services in the energy and mining sectors, for example, is good.

Demand for industrial projects that lead to environmental improvements and increase energy efficiency is still strong.

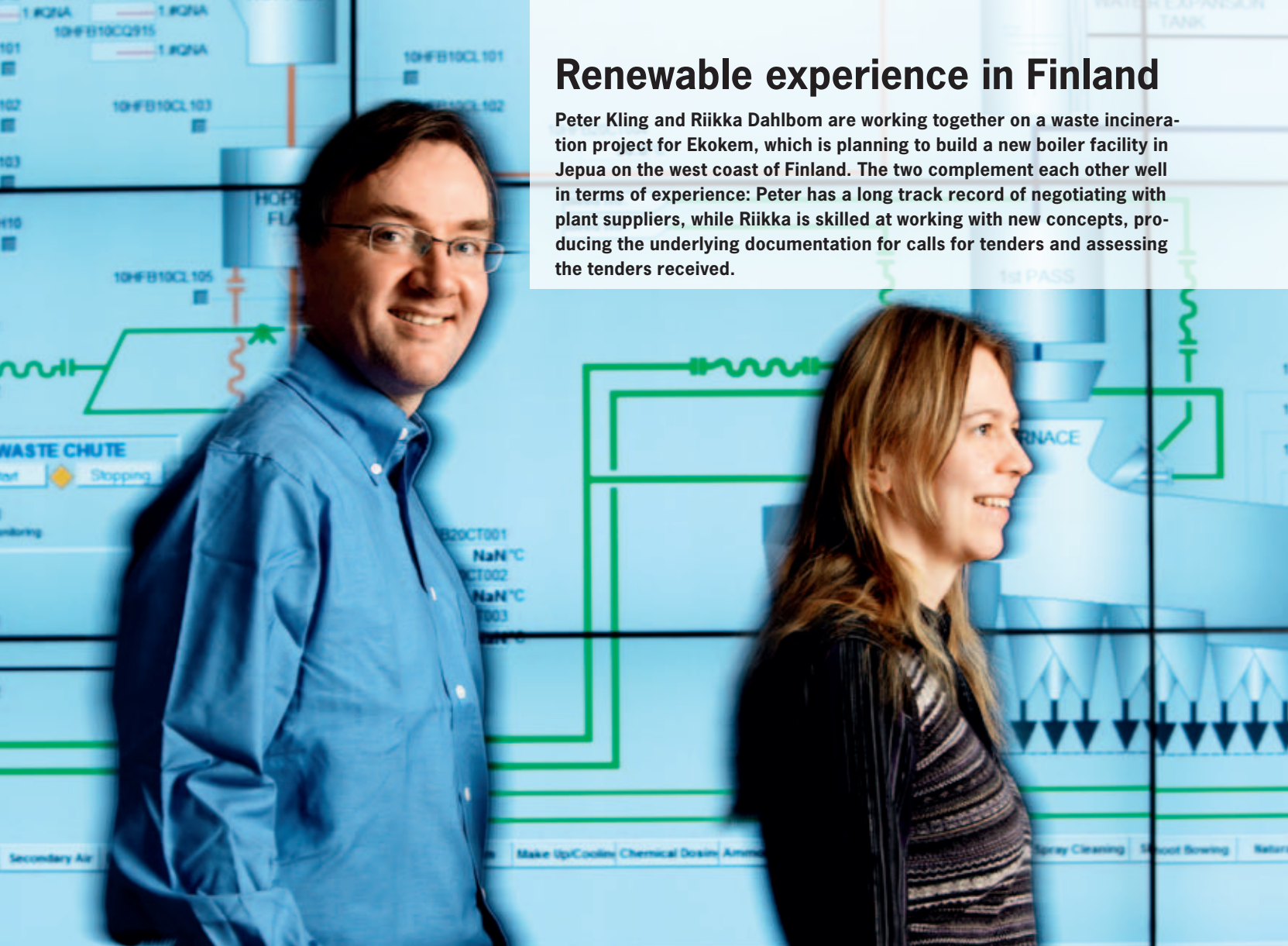
The growth potential for new plant in the pulp and paper sector is good, particularly in Asia, South America and Africa. Companies in Europe, however, are tending to invest in paper recycling processes, increasing the efficiency of existing plant and moving into power generation.

Increased internationalisation

In recent years ÅF has expanded through acquisitions and organic growth, becoming increasingly international. Parallel with this development, a great deal of effort has been made to standardise the structure of our competence development work, internal databases, intranet, and brand identity, and to establish an understanding within the organisation of our shared corporate values and aims. Each part of ÅF enjoys considerable autonomy, helping to secure strong local roots while the company's global structure contributes strength and stability.

Renewable experience in Finland

Peter Kling and Riikka Dahlbom are working together on a waste incineration project for Ekokem, which is planning to build a new boiler facility in Jepua on the west coast of Finland. The two complement each other well in terms of experience: Peter has a long track record of negotiating with plant suppliers, while Riikka is skilled at working with new concepts, producing the underlying documentation for calls for tenders and assessing the tenders received.



Peter Kling has a degree in energy technology and has worked with renewable energy for over 25 years, both as a consultant and on the supply side. Both he and Riikka joined ÅF in 2006 when ÅF took over the company they were working for. Peter enjoys the fact that his work is wide-ranging, and that assignments are both demanding and international. He likes to spend his leisure time out among the islands or walking in the mountains. He is also a keen runner and skier.

"Riikka is some 15 years younger than me and is full of amazingly effective new ideas and working methods. We spend a lot of time sharing knowledge here at ÅF, and our work on several similar projects over the last ten years has enabled us to create well thought-out concepts."

Riikka Dahlbom has a degree in energy technology and works as an energy consultant, specialising in waste and biofuel combustion. She is proud of the fact that ÅF leads the way in Finland when it comes to projects to convert waste to energy. In her spare time she likes to travel to exotic new places. Her latest hobby is diving – but only in warm tropical waters!

"Peter has taught me what it means to be passionate about your work, and how valuable it is to have a personal network. If Peter can't answer a question, he always knows someone who can."

Aiming to become number one in Europe

There is strength in ÅF's corporate culture and brand, and these are important building blocks given that the Group has set its sights on being a market leader in Europe. Only employers that offer the most exciting prospects can expect to be able to recruit and retain the most outstanding employees.

ÅF is home not only to engineers with many years' combined experience of technical problem-solving, but also to some of the very best educated young engineers in the business. The technical and commercial aspects of consulting work are evolving all the time, and the ongoing internationalisation of the Group means that the systems, routines and methods associated with HR issues are becoming increasingly international.

ÅF's corporate culture

ÅF employees are people who surpass client expectations with their solutions and their combination of technical expertise and business skills. They are also good communicators, team players and listeners. And they are positive in their attitude, keep their promises and show respect for clients.

A workplace where you can feel at home

ÅF has adopted a long-term, focused approach to HR issues at all levels of the company and uses regular employee surveys to assess the prevailing mood within the Group. Employees want to feel at home at work, to be able to take pride in what they do, have confidence in their managers and enjoy the team spirit that comes from working closely with their colleagues. These are demands that employees make on the modern employer. In response to the question of how much they enjoy working for ÅF, 79 percent of employees gave ÅF top marks.

In order to foster effective HR policies, salary-setting criteria, equal opportunities and a good working environment, ÅF has developed coordinated procedures, rules and values.

Balancing the gender mix

ÅF is working towards a balanced gender mix, with an initial target of 25 percent female representation among consultants and managers by 2015. At least one female candidate must be shortlisted every time a new managerial post is advertised. By the end of 2011:

- 20 percent (19) of ÅF consultants were female.
- 18 percent (17) of ÅF consultant managers were female.
- 25 percent (23) of the employees working for ÅF for less than a year were female.
- 23 percent (23) of all employees were female.
- Three – or 38 percent – of the eight elected members of the ÅF Board were female.

- **ÅF is an international workplace with offices in more than 20 countries.**
- **ÅF currently employs a total of 4,649 co-workers.**
- **In 2011 ÅF co-workers performed projects in more than 80 countries.**

Numerous development opportunities

Working as a consultant at ÅF offers considerable opportunities to develop, for example in different professional roles, at different levels of expertise, in a range of geographical locations and through international challenges. ÅF offers three distinct career paths: project manager, specialist/expert and manager. Each features a number of different roles, levels and stages. Whichever career path is chosen, there are huge opportunities for consultants to develop within their roles and also to switch between roles, for example between project manager and specialist.

Career paths provide support for creating individual targets and action plans, not least as part of the annual personal development reviews between managers and employees.

ÅF Academy

The ÅF Academy is ÅF's own training organisation, providing support for the ÅF career paths and the development of the consultant's role. This includes foundation courses as well as specialised advanced courses and training tailored to individual requirements, all firmly founded on the ÅF approach to sound entrepreneurial skills. Lecturers and facilitators come both from within ÅF and from external service providers. The 2011 programme comprised courses in leadership, sales training, commercial skills and service.

Certification

At the ÅF Academy, ÅF project managers undergo training to obtain certification in accordance with the European accreditation standard, IPMA. There are four different levels of certification – A, B, C and D – and ÅF has more IPMA certified project managers than any other company in Sweden.

TURNING MANAGERS INTO WINNERS

“Leadership in Our Time” is an obligatory management programme for all managers at ÅF. Launched in 2010, the programme is part of the work carried out by the ÅF Academy, where Tore Helgeson is principal.



Charlotte Witt, Director Human Resources, what are you hoping to achieve?

“We want to support managers in their role so that together we can realise the company's vision. As well as strengthening personal skills, we focus on teamwork and the “One ÅF” concept. We have a broad mix of participants from across the Group, which is why networking with colleagues is a very important part of the course.”



Tore Helgeson, what does the training involve?

“The focus is on giving participants better insights into good leadership and our structures, guidelines and core values. At the same time we improve their understanding of our business in general and stress to them the importance of knowing their own particular areas in detail. We do this through dialogue, lectures, group work and role play. The CEO always introduces the course with a talk on the theme of *Where are we headed, and why?*”

Business Executive Leadership Programme

ÅF's Business Executive Leadership Programme is a joint venture with IFL Executive Education that is aimed at selected managers in the Group. Training is spread over a 12-month period during which participants acquire a deeper understanding of ÅF as a company and better strategic planning, international leadership and communication skills. The programme generally runs every other year and is next due to start in 2012.

Education and training in nuclear power

The ÅF Nuclear Academy is a competence development initiative designed to prepare consultants to meet the increasingly stringent requirements of the nuclear power industry and its regulatory bodies. The course leads to certification at four levels and the initiative has attracted great interest and acclaim throughout the industry, while giving individual employees outstanding opportunities for professional development. The course is also open to clients and other industry stakeholders. A total of 82 people took part in this programme during the year.

New salary model

ÅF and the unions in Sweden have worked together to produce a new system to set salaries at a local level. The basic principle builds on the assumption that local managers have a clearer and fairer under-

standing of the scope for salary increases in the context of their own operation's profitability, the market situation, demand, performance and development than it has ever been able to achieve simply by sharing out a salary pool in line with directives from above. Salary-setting criteria, processes and schedules are very familiar to and broadly accepted by both employees and those managers who set salaries.

The result is that managers feel that they have greater responsibility to set salaries at levels that can be clearly motivated. The dialogue between employer and employee also improves, in part because the importance of annual personal development reviews increases.

However, this system requires careful monitoring functions, so ÅF has developed a wage audit system to support this work.

Variable salaries and Group bonus

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

To underline the relationship between the efforts made by each individual co-worker and the profitability of the ÅF Group both in the short term and the long term, a bonus model has been introduced. Under the current system, part of all profit generated at Group level is shared out in the form of a bonus payment that is the same for all co-workers in the company.



ARMADA

The Armada Careers Fair is Sweden's biggest careers fair for technology students. In 2011 ÅF and Tieto were joint main sponsors for the two-day event that attracted 10,000 students and was held at Sweden's Royal Institute of Technology (KTH.) The fair, which culminates with a banquet at the Globen Arena, is organised by the student union at KTH. Peripheral events in the run-up to the fair include various problem-solving competitions.



Other benefits

Other benefits open to ÅF employees vary from country to country depending on local practice and national tax regimes. Examples include occupational pensions, favourable insurance deals, company cars and various reductions. All ÅF Group employees, however, are entitled to rent one of the cottages or apartments that are owned, managed or leased by the ÅF Staff Foundation.

Talent Greenhouse

ÅF will be rolling out a new global recruitment system, Talent Greenhouse, during 2012. This will play an important role in meeting organic growth targets. The recruitment system will handle both external and internal recruitment. The ambition is that greater transparency within the internal labour market will stimulate internal mobility. External applicants will be able to see any vacancies at ÅF and also to subscribe to information about interesting jobs, register their interest and have their CV available on a database searchable by managers.

Stars and Rockets

Stars and Rockets is a competition to raise awareness of the importance of the commercial aspects of the company's business and of entrepreneurial skills and profit. In 2011 a total of 146 Swedish ÅF sections competed on growth and profitability. The winning teams from Åmål and Stockholm were rewarded with a trip to London to see the new Olympic stadium.

Recommend ÅF

The best consultants already work for ÅF, but to grow, the company needs to recruit even more top-class employees. On the basis that skilled people are likely to know other skilled people, ÅF launched its global recruitment campaign, "Recommend ÅF". The idea is for employees to sift through their own personal networks to find the right people to join ÅF on the company's journey forward. "Recommend ÅF" was run parallel with the Olympic Breakfast Tour. Anyone whose recommendations lead to the recruitment of new co-workers is eligible for a chance to win three tickets to the Olympic Games in London. The competition started in the autumn of 2011 and ran until the early spring of 2012.



OLYMPIC BREAKFAST TOUR

The Olympic Breakfast Tour visits some 20 locations in the ÅF world. Employees have the opportunity to meet well-known Olympic athletes who tell the audience about their goals and the background to how they achieved them. In Sweden Tomas Gustafson, Olympic gold medallist in speed skating, visited seven ÅF offices to share his inspirational message of how you can only win if you really put your heart into what you are doing.

ÅF seeks the top talents – top talents seek the best future

ÅF has ambitious growth targets so it needs to attract the most talented of the young engineers who are about to take their first steps into working life. That is why the ÅF Group has invested heavily in employer branding in recent years. This involves meeting students in the places where students can be found, and showing them why ÅF is a good employer and an interesting partner for a long-term career.

Employer branding at ÅF

Every year ÅF takes part in a large number of outreach activities at universities as part of an employer branding strategy that involves meeting potential co-workers and endeavouring to recruit the very best skills. Presenting an honest but appealing picture of what it is like to work for ÅF increases the likelihood of attracting people with the right competence who want to work for ÅF for the right reasons. These are co-workers who will enjoy their work and remain with ÅF. Another aim of ÅF's employer branding activities is to build the ÅF brand in a way that will appeal to potential clients and eclipse the company's competitors.

In 2011 ÅF was involved in a number of events for student job-seekers that advised students on the best ways of looking for jobs and how to prepare for an interview. Students were also given an opportunity to exercise their problem-solving skills by working on some of the real-life cases that had previously challenged the ingenuity of ÅF consultants.

This approach establishes good contacts with students for possible future employment, thesis projects, etc., while helping to provide them with some of the answers about careers in their specialist fields. For ÅF it is important to meet the needs of students and set up contacts as quickly as possible.

ÅF – SWEDEN'S BEST TECHNICAL CONSULTANT AND MORE POPULAR THAN EVER IN EUROPE

The Career Barometer is an annual attitude survey conducted by Universum Communications. All respondents are "young professionals" no more than 40 years old, with an engineering degree from a university or college plus one to eight years of working experience in their specialist area. More than 3,000 engineers took part in the Swedish survey, while the European survey canvassed 6,000 technology students.



Theresa Bauer, ÅF Communications Manager, and Viktor Svensson, Corporate Information Director, were on hand to receive the prize at Universum's annual awards ceremony, when ÅF was named as Sweden's second most popular employer among young professional engineers. The top spot in 2011 went to Google, which means that ÅF is Sweden's favourite employer among technical consultants.

ÅF is also strengthening its appeal in Europe as a whole. In the pan-European survey ÅF was ranked in 47th place (2010: 48).

Universum's Career Barometer 2011	Ranking
Google	1
ÅF	2
IKEA	3
Volvo Group	4
ABB	5

Age distribution

Age group, years	Percentage			
	2011 men	2011 women	2010	2009
-29	11.4	4.2	13.4	13.8
30-39	21.7	7.7	31.5	29.1
40-49	20.5	6.4	27.2	26.9
50-59	14.6	3.4	17.5	19.3
60-	8.4	1.7	10.4	10.9
Average age	42.8		43.3	43.4

Length of employment

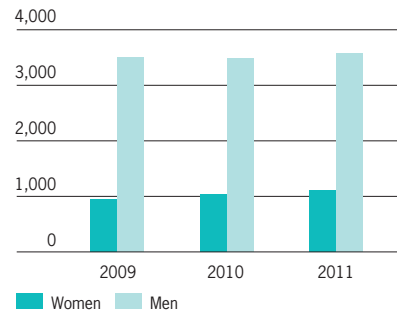
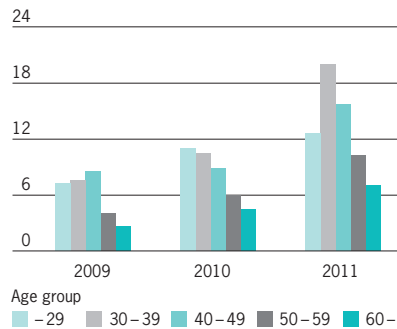
Years of employment	Percentage		
	2011	2010	2009
-2	30	22	26
3-5	27	33	27
6-10	17	18	19
11-20	16	16	17
21-	10	11	11
Average years of employment	7.5	7.9	7.9

Education, %

	2011	2010	2009
Postgrad. licentiate or Ph.D studies	3.7	3.8	3.3
University degree	54.1	52.6	46.8
Other post-secondary education	16.4	15.5	15.1
Secondary education	25.8	28.1	34.8

Sickness absence

Sickness absence among ÅF employees was 1.9 percent in 2011 (2.1).

Number of employees (all forms of employment)**Staff turnover (resignations), %**

Staff turnover based on resignations.
Total 2011: 14.6 percent (8.6).

The Energy Division offers technical consulting and advisory services for the energy sector. Operations cover large parts of the world and the division is a market leader in the Nordic region and Central and Eastern Europe, among other areas.

A platform for international expansion

Key figures	2011	2010
Operating income (in millions of SEK)	1,285.7	1,012.1
Operating profit (in millions of SEK)	75.0	83.1
Operating margin, %	5.8	8.2
Contribution to Group income, %	25	23
Number of employees (FTEs)	1,019	906
Operating profit per FTE (in thousands of SEK)	74	92

What we offer – consulting for the entire investment cycle

The Energy Division offers technical and management-oriented consulting services for the energy sector, including advice on different energy markets and on investments relating to the construction of new power plants. The division possesses specialist expertise in power generation and energy market issues, and seeks in all its technical assignments to ensure that client investments are carefully managed to achieve the desired results.

The division is a leader in selected markets and has grown rapidly in Russia and Central Europe in recent years. Towards the end of 2010, Energy acquired the Spanish-based consulting company Mercados, which was subsequently integrated into the ÅF Group in 2011. This acquisition has not only broadened the division's offer in energy market consulting services but also leveraged ÅF into a key position in a number of Asian markets, including India and Turkey.

MAJOR ORDER IN FINLAND

In January ÅF was appointed lead technical consultant for the construction of a new biomass-fuelled cogeneration (CHP) plant in Tolkkinen, Finland. The principal is Porvoon Energia Oy and the assignment includes project management, plant design, procurement and commissioning.

The Energy Division at a glance

- Consulting services for all types of energy.
- Global operations: over 1,100 co-workers in 17 countries.
- Major markets, where the division is already firmly established: Czech Republic, Finland, India, Russia, Spain, Switzerland and Turkey.
- Contribution to total Group sales: 25 percent.
- All assignments are conducted outside Sweden. (See Industry Division for energy assignments in Scandinavia.)

Contribution to Group sales

25%

Success factors

ÅF's Energy Division is the world's sixth largest international consulting company in its field. It is the market leader or among the top three in all the markets in which it operates.

Energy wins its principals' confidence thanks to its well-established local presence and its excellent insights into client needs. Other important success factors include in-depth knowledge of local energy markets, the capacity to manage projects from initial idea to implementation, and very high levels of service.

A few examples of services

The Energy Division offers a broad spectrum of services in technology, financing, management and energy consulting. Even when the economic climate is healthy, any client embarking on a major investment project needs answers to a host of questions. And whatever the economic climate, clients always need help with improving the efficiency and capacity of existing plant or with environmental and safety investigations, for example.

Energy's consultants offer support throughout the entire life cycle of a project: market analyses and feasibility studies in the initial stages, pre-engineering and engineering once the investment decision has been made, and project management during implementation. This involves services such as project steering, the basic design of process solutions, procurement negotiations, manufacturing, design and installation inspections and functionality testing. Once the plant is fully operational, consultants can also provide a wide range of other services, from troubleshooting to maintenance planning.

What makes your division unique?

"We offer full-service solutions that cover the entire life cycle of an investment, with all the technical and financial consulting support that our clients may need."

Can you give examples of synergies with other divisions?

"There are so many! We work closely with Infrastructure on tunnels, waterways and dams for various hydropower projects. And we collaborate with Industry on various projects relating to the use of every conceivable type of energy."

Looking back over 2011, what pleases you most?

"The fact that we have successfully consolidated our international acquisitions. We're now all working under the same brand in a global organisation. And our most recent acquisitions in the Czech Republic and Spain in 2010 are showing good results."



Eero Auranne,
President, Energy Division

MAJOR ENERGY PROJECT FOR HOLMEN IN ENGLAND

In April ÅF won a major consulting contract with Iggesund Paperboard Ltd (owned by the Swedish forest industry group Holmen), for the construction of a new biomass-fuelled CHP plant at the Workington paperboard mill in England. The old natural gas boiler will be replaced and the new plant will more or less eliminate the mill's carbon dioxide emissions. ÅF has been appointed lead technical consultant for the investment, which has an estimated total project value of SEK 1.1 billion.

Clients – close cooperation and a broad client base

Energy's clients are international energy companies, banks, financial institutions, energy-intensive industries and public authorities whose investments tend to be extensive and run over many years. This frequently leads to long-term client relationships characterised by a sense of partnership. As the division has a well-established presence in many different locations, geographical proximity to clients is good.

- The division currently has over 1,000 active clients.
- A large proportion of clients – including the very largest – generate repeat business.
- The ten largest clients account for approximately 41 percent of the division's sales and the 20 largest for just over half.
- Clients include major international companies such as ENDESA (Spain), Fortum (Finland) and the World Bank, as well as many national power companies worldwide.

Market and trends – Japan and the eurozone crisis unsettle the markets

At the start of 2011 expectations were high that the strong recovery after the global financial crisis would be sustained. However, the earthquake off Japan and the subsequent destruction of the Fukushima nuclear power plant had a negative impact on energy investments worldwide. Decisions were put on ice as national authorities were forced to reconsider current regulations, and the market for many of the Energy Division's services ground almost to a halt. The situation deteriorated further towards the end of the year as the eurozone crisis cast its long shadow over the general economic situation and threatened to plunge the investment climate back into gloom.

ÅF WINS ENVIRONMENTAL CONTRACTS IN VIETNAM

In the summer ÅF won the contract to serve as special technical advisor to the cities of Quy Nhon and Nha Trang in Vietnam. In two projects funded by the World Bank, ÅF will support managerial staff at the cities' utilities for waste management and water treatment. In another consulting assignment, also funded by the World Bank, ÅF will serve as advisor to Vietnam's Ministry of Finance to help secure the environmental and social compatibility of local infrastructure projects.

Despite these setbacks in Europe, Energy succeeded in maintaining satisfactory levels of capacity utilisation during the year. This was due in no small part to full order books and ongoing projects, particularly in the hydropower sector. Moreover, the uncertainty in the market had less of an impact on demand for services related to the energy sector and its regulatory regimes, while strong growth in South-East Asia helped offset the negative effects of the economic instability across Europe.

One very noticeable market trend is the impact of efforts to reduce carbon dioxide emissions: attention now focuses on how energy is consumed rather than on how it is produced. Making more efficient use of energy produces results more quickly and often without any state subsidies, in marked contrast to the costs and timeframe associated with major investments in new power plants for renewable energy.

Notwithstanding the downturn in the global economy, the world still has an immense need for energy. Existing facilities must become more efficient, supplying more energy yet also improving their environmental performance. Issues relating to the sustainable use of energy are increasingly important in more and more markets, so the Energy Division expects the energy sector to remain a growth area with considerable potential for a long time to come.

EXPANDED HYDROPOWER ORDER IN SWITZERLAND

In November ÄF won a substantial follow-up order for an ongoing hydropower project at the Nant de Drance power station in Switzerland, which is scheduled to be operational by the end of 2017. Following a decision to increase the capacity of the plant from 600 MW to 900 MW, ÄF has been contracted to provide additional support within the areas of design, project management and construction services. ÄF's reference portfolio for consulting services currently includes projects for some 300 hydropower plants and more than 100 dam constructions in over 30 countries.

Energy Division

EnerjiSA Başkent Electricity Distribution Co. is one of Turkey's biggest privately owned electricity companies with more than three million customers and a market share of just under 10 percent. The company sought ÅF's help to improve the quality of its services.

ÅF makes Turkish electricity more efficient





To strengthen its market position, EnerjiSA decided to invest in new management systems to deal with planning, monitoring, control and distribution. These new supervisory control and data acquisition (SCADA) systems will provide a platform for links to other key systems within the company. The assignment is an extensive one for ÅF: from defining the basic architecture of the system and determining the underlying functionality to calculating budgets and launching an international tender. Another important aspect of the assignment is to propose changes to the company's internal processes in order to exploit the full potential of the new system.

Gerhard Neubauer is CEO of EnerjiSA. We asked him to outline the greatest challenges of the project.

"One major challenge has been to work out the most suitable SCADA system for EnerjiSA's needs. Another was to prepare a specification that met requirements, yet still allowed for plenty of competition between potential suppliers."

Why did you choose ÅF?

"The decisive factors were ÅF's experience and the insights ÅF has into our company as a result of previous studies on our behalf. Plus, of course, the fact that their offer represented the best value for money."

How would you describe ÅF's services?

"We are fully satisfied with the services performed in the context of this contract – and ÅF's knowledge of the rules and regulations in our market has provided added value."

What are the people at ÅF like to work with?

"They're dedicated. The members of the team involved in this SCADA project have been hard-working and energetic."



Gerhard Neubauer

CEO of EnerjiSA Başkent Electricity Distribution Co.

The Industry Division is the leading technical consultant for industries in the Nordic region. Geographical proximity to clients, a comprehensive understanding of the sectors in which they work and experience gained from previous projects in these and other fields combine to make the division a key partner for clients seeking to invest in competitive industrial plants and processes. The division also enjoys a strong position in industrial automation, giving clients the means to improve profitability and reduce their environmental impact.

An all-round partner, improving profitability for all sectors of industry

What we offer – a one-stop technical partner for all industries

The Industry Division carries out assignments in all sectors of industry and is the largest independent consultant in its field in the Nordic region. Examples of the division's services include process and control technology, design and analysis calculations, industrial IT, automation, electrical power systems, mechanical engineering, piping design and inspections. Services in these areas cover everything from pre-studies and design concepts during the earliest phases of a project to implementation and commissioning prior to hand-over.

The division is a leader in industrial automation in Europe. Activities requiring the expertise of process engineers with special knowledge of a variety of industries and areas of technology were the fastest-growing part of the business in 2011.

The division is also responsible for ÅF's energy and nuclear power consulting assignments in Scandinavia, where it cooperates closely with the Energy Division. In all other sectors of industry the division operates worldwide.

Key figures	2011	2010
Operating income (in millions of SEK)	1,533.4	1,340.0
Operating profit (in millions of SEK)	177.9	119.9
Operating margin, %	11.6	9.0
Contribution to Group income, %	29	31
Number of employees (FTEs)	1,280	1,200
Operating profit per FTE (in thousands of SEK)	139	100

GROWTH – HYDROPOWER AND ELECTRICITY NETWORKS

Early in 2011 the newly acquired consulting company, Energo, was integrated into operations in Stockholm, Malmö and Helsingborg. This triggered strong growth in the division's hydropower consulting activities, as well as in dam safety, windpower, electricity networks and power supply assignments.

The Industry Division at a glance

- Engineering consulting services in all fields and in all sectors of industry.
- Responsible for energy and nuclear power assignments in Scandinavia and other industrial contracts worldwide.
- Approximately 1,300 co-workers in some 50 offices in Sweden, Norway, Denmark, Estonia and Spain.
- Contribution to total Group sales: 29 percent.
- Approximately 20 percent of assignments are conducted outside Sweden. Ongoing projects in more than 40 countries.

Contribution to Group sales

29%

Success factors

Clients in search of a reliable technical partner know that, with around ten percent of the Swedish market for technical consulting and a leading position in the Nordic region, ÅF has probably already successfully carried out a similar project. The Industry Division is geographically close to its clients, has excellent access to resources and is prepared to shoulder full responsibility for any specified operational function.

A few examples of services

The Industry Division offers services to companies with industrial plant and processing facilities. Many projects reflect the need to modernise existing production facilities and make them more efficient, but other assignments involve designing and developing brand new plants. Consultants can work as an integral part of the client's own organisation or, alternatively, the division can assume total responsibility for a specific function or delivery. Typically, the division's consultants are able to draw on experience from a broad spectrum of industries and can serve clients as process engineers, multidisciplinary project leaders for major projects, design and analysis engineers and technical specialists in a variety of areas.

Typical assignments include technology and financial impact assessments to produce documentation on which clients can base future investment decisions, new control technology for production lines, the integration of production systems and business management systems, and design engineering and mechanical engineering projects for power plants.

Sustainability is acquiring ever greater importance in the work the division does for its clients, in particular, measures to increase energy efficiency, improve resource management techniques and cut costs.

What makes your division unique?

"We have the breadth and depth needed to carry out projects for all sectors of industry. We can offer specialist skills to solve specific problems or take full responsibility for a specified function, using tried and tested solutions that we know will work. We are close to our clients, offer them quick response times and understand their processes and their plant."

Can you give examples of synergies with other divisions?

"Many of our major projects require a multidisciplinary array of skills that can only be assembled by working together with colleagues from other ÅF divisions. For example, we work with Infrastructure's mining engineers on mining industry assignments. In return, we share our expertise on major infrastructure projects and hospitals. For projects for manufacturing industry, we often liaise with the Technology Division's product development engineers. And, since many big energy companies are international, we perform most large-scale international energy projects together with Energy's consultants."

Looking back over 2011, what pleases you most?

"I'm extremely proud that our division has played such a key role in supporting and developing Swedish and Nordic industry. Helping our clients to become more profitable and more sustainable is good for them, for us and for society as a whole."

What are your priorities over the next three years?

"We are growing rapidly, deadlines are getting shorter and the pressure on prices is relentless, so it is more important than ever to maintain high quality in all that we do and to factor sustainability into our projects."



Per Magnusson,
President, Industry Division

Clients – more responsibility and low sensitivity to the economic cycle

There is a clear trend for clients to seek out reliable partners who combine extensive resources in many areas of technology with a strong local presence. As clients downsize their own in-house workforces, ÅF is increasingly being asked to assume responsibility for developing and delivering technical solutions, a role that previously fell to key individuals within a client organisation. The Industry Division is active in all sectors of industry and enjoys a particularly strong standing in energy, nuclear power, mining, food technology, pharmaceuticals, pulp and paper, and other process industries.

The strategy is for around 80 percent of the division's business to be generated by local clients, with the remaining 20 percent coming from joint projects with other units within the division or with other ÅF divisions. This also enables Industry to grow with its clients and to support them, for example, as they expand internationally.

- Industry has over 3,000 active clients.
- The ten largest clients account for 29 percent of the division's income.
- The largest single client accounts for 10 percent of income.
- Major clients include ABB, Bomhus Energi, Chr. Hanse, Eka Chemicals, Siemens, SSAB, Stora Enso, the municipal water utility Stockholm Vatten, and Sweden's nuclear power plants at Forsmark, Oskarshamn and Ringhals.

ÅF WINS MAJOR PROJECT WITH BOLIDEN

In May ÅF won the contract as lead technical consultant for the electrical power and automation work in connection with Boliden AB's investment in the expansion of its industrial operations at Garpenberg, with a new dressing plant, new shafts, underground facilities and site infrastructure. The contract is one of the largest that ÅF has secured to date with the Swedish mining industry. ÅF's part of the assignment is expected to run for approximately two years.

Market and trends – growth in sustainability

Demand from all sectors of industry grew stronger as the year progressed, leading to high levels of capacity utilisation at virtually all of Industry's offices.

The focus on sustainability continues to provide the driving force for development, with the main emphasis on measures to improve energy efficiency and reduce energy consumption. Large-scale projects involving alternative sources of energy make great demands in terms of engineering expertise, but they also create a number of follow-on assignments when electric grids need to be adapted.

Despite the uncertain financial climate, the export industry made good overall progress in 2011. As Nordic companies expand and establish new industrial plants in new locations across the world, ÅF is ready and willing to follow them – for example, by using industrial IT solutions to effectively coordinate and optimise production at different sites in different countries.

STORING SPENT NUCLEAR FUEL AT FORSMARK

In December ÅF won a contract with the Swedish Nuclear Fuel and Waste Management Company, SKB, for the storage of spent nuclear fuel at the Forsmark nuclear power plant. The Industry and Infrastructure Divisions are jointly responsible for managing the systems engineering project that will also involve resources and expertise from elsewhere in the ÅF organisation. ÅF won the order thanks to both a strong portfolio of references from major infrastructure and industrial projects and the company's world-class expertise in the nuclear power industry.

Industry Division

Boliden has made the decision to invest in increasing capacity at its Garpenberg mine from approximately 1.4 million tonnes of ore a year to 2.5 million tonnes. ÅF has been appointed lead technical consultant for the electrical power and automation work related to the construction of a new dressing plant on the site, new shafts, underground facilities and site infrastructure. The contract, one of the largest ever secured by ÅF with the Swedish mining industry, is expected to run for approximately two years.

Boliden extracts more ore at Garpenberg





Peter Richardson is project manager for Boliden's expansion plans at Garpenberg. We asked him what the project's greatest challenges are.

"As always in big projects like this, the toughest challenge is to deliver the specified functionality within the agreed price and deadline. For Boliden the concept of 'good performance' also includes very high demands in terms of environmental impact and the working environment."

Why did you choose ÅF?

"ÅF's experience of other mining projects was the deciding factor. ÅF is a company with good access to resources, but also a strong local presence."

What will ÅF be doing?

"ÅF is lead technical consultant for the electrical power and automation aspects of our investment. That involves power supply in general, lighting, low-voltage electricity, process control and instrumentation, networks for process control, internal television and fire alarms."

How would you rate ÅF's ability to deliver?

"So far, so good! It always takes time to get up to speed in a project as big as this, but ÅF has managed to meet all its delivery deadlines."

What are the people at ÅF like to work with?

"There's a good dialogue between us. I've always found the people at ÅF to be flexible whenever we have had to make any changes to our plans."



Peter Richardson
project manager, Boliden

The Infrastructure Division leads the Scandinavian market for technical solutions for infrastructure projects. Central to the division's work are its commitments to continuously develop new technical solutions and to create new consultant teams to improve clients' profitability and make it easier for them to achieve their ambitions.

A market leader developing rapidly and offering more sustainable solutions

Key figures	2011	2010
Operating income (in millions of SEK)	1,527.7	1,233.1
Operating profit (in millions of SEK)	116.2	69.0
Operating margin, %	7.6	5.6
Contribution to Group income, %	29	29
Number of employees (FTEs)	1,294	1,065
Operating profit per FTE (in thousands of SEK)	90	65

What we offer – competitive solutions with a focus on sustainability

The Infrastructure Division comprises five business areas: Lighting, Installations, Sound & Vibrations, Environment and Rail & Roads.

Over recent years Infrastructure has gradually consolidated its position in the market thanks to its ability to deliver solutions that combine creativity and advanced technology with sustainability and value for money.

Success factors

Infrastructure has a strong sales organisation, a sound commercial approach and a portfolio of services with a strong emphasis on sustainability. An international mix of consultants and partners contributes to the dynamism that characterises the division.

The Infrastructure Division at a glance

- Clients in the property market, construction and industrial plant, and the public sector.
- Services include both one-off projects and full-service solutions, from initial conceptualisation to implementation.
- Infrastructure planning and energy efficiency are top-priority growth areas.
- Approximately 1,400 members of staff in some 40 offices in the Czech Republic, Denmark, Norway and Sweden. Individual project activities are carried out all over the world, including Russia and China.
- Contribution to total Group sales: 29 percent.

Contribution to Group sales

29%

A few examples of services

ÅF is a leading name in Scandinavia for advisory services in lighting and for the design and project engineering of lighting solutions. Lighting designers, engineers, physicists, culture workers and communication specialists collaborate to create functional, aesthetically appealing and environmentally friendly lighting systems that take full account of the users' needs and lifestyles.

Installations is the largest of the division's business areas and Sweden's number one technical consultant for qualified construction and modernisation services for commercial, industrial and public-sector premises. Improving functionality, reducing operating costs and enhancing environmental performance are key factors in many of Installations' assignments.

Sound & Vibrations has unique cutting-edge expertise in noise control, acoustics and vibrations to meet needs within industry, infrastructure planning, property management and product development.

Environment offers services related to environmental impact assessments and licensing procedures to clients in all of the fields in which ÅF is active.

Rail & Roads offers everything from surveys and investigations to more technically oriented assignments. In the field of Roads, the division's services extend from land improvements, geotechnical and rock engineering assignments to investigations and analyses of traffic solutions and other infrastructure planning projects in which roads play an important part. For Rail, the focus is on track-laying, electrical and signalling systems, and traffic communications.

What makes your division unique?

"We have been able to create a new position for ourselves in the Nordic infrastructure market by involving more of our international ÅF colleagues in our projects. We offer clients expertise in state-of-the-art technology together with an ever wider choice of sustainable solutions."

Can you give an example of synergies with other divisions?

"There are lots, but if I have to choose just one, it's the close collaboration with the Industry Division, which has helped us create a really strong offer for the nuclear power sector. The contract we won with SKB in 2011 for the storage of spent nuclear fuel at Forsmark would have been totally beyond our capacity without ÅF's unique ability to make use of the collective breadth of experience and expertise within the company."

Looking back over 2011, what pleases you most?

"Our growth! ÅF is an attractive employer and I'm delighted that we are now able to capitalise on that to recruit the best co-workers in the business."

What are your priorities over the next three years?

"We need to continue to surprise our clients with unique, new offers, so that they always perceive ÅF as the best possible choice."



Mats Pålsson,
President, Infrastructure Division

Clients – large-scale, long-term projects over business cycles

Infrastructure's clients are often large companies – market leaders involved in publicly financed projects. One of the division's many clients in the property sector is Skanska, which has engaged ÅF's engineering expertise for project engineering assignments on some of the more complex aspects of the construction of the New Karolinska University Hospital in Solna.

Many of the division's assignments are long-term investment projects funded by the public sector, so sensitivity to business cycles is relatively limited and the division has a better long-term overview of orders than other areas of operations. However, competition in the market is steadily increasing and the number of players is rising as cross-border business within the EU expands.

Other factors that reduce the division's sensitivity to market fluctuations are its very broad client base and the fact that many projects are driven by the need to improve efficiency, which is always high on corporate and public sector agendas, regardless of the state of the economy.

- The division serves approximately 5,200 clients.
- Around half of our clients are from the public sector and half from the private sector. Many private sector clients are, in turn, working on publicly funded investments.
- Between them, the ten largest clients account for approximately one third of the division's earnings.
- Major clients include the Swedish Transport Administration, Skanska, Stockholm's regional transport authority (SL) and the Danish Road Directorate.

MAJOR CONTRACTS FOR THE E4 STOCKHOLM BYPASS

In summer 2011 work for the Swedish Transport Administration began on the E4 Stockholm Bypass after a delay to allow appeals to be heard. For ÅF's part, the assignment involves project planning and project engineering work on the interchanges at Akalla and Häggvik and the rock tunnels between Skärholmen and Häggvik.

Market and trends – growth in a steadily improving market

Underpinned by a number of major public sector investment projects, demand improved steadily in 2011, ensuring satisfactory levels of capacity utilisation for Infrastructure's resources throughout the year. Many new consultants were recruited to meet increased demand from both road and rail and the property sector, where increasing numbers of clients are seeking help to optimise the energy efficiency of their premises. The order books for 2012 are well filled.

To summarise, the long-term outlook for growth looks good, particularly given the current levels of interest in environmental investments and energy-efficiency projects. And with a large number of major, long-term public sector investment decisions to improve the Nordic road and rail networks, demand for the division's services seems set to remain brisk for several years to come.

EXPANSION IN THE CZECH REPUBLIC

In October ÅF acquired the Czech technical consulting company, Cityplan. The Prague-based company has approximately 70 members of staff and works mainly in infrastructure consulting, where its core expertise is in energy and the environment, transport and infrastructure security. The acquisition has catapulted ÅF into a leading position in the Czech Republic's technical consulting industry.

Infrastructure Division

The E4 Stockholm Bypass is a new stretch of motorway west of Stockholm that will make travel easier and facilitate the future development of this dynamic and rapidly expanding region. ÅF and the technical consulting company URS have won contracts for project planning and project engineering of the interchanges at Akalla and Häggvik and the rock tunnels. The principal is the Swedish Transport Administration.

Stockholm traffic to bypass the city centre

The new motorway will link the northern and southern outskirts of Stockholm, reducing traffic on the busy Essingeleden link and in the city centre and minimising the risk of major disruptions to the city's traffic flow. Just over 18 kilometres of the 21-kilometre stretch of new road will be housed in tunnels. Transit time for the full 21 kilometres is expected to be around 15 minutes. Construction is scheduled to start in 2013 and the project will take eight to ten years to complete.



Alexandra Stassais Söderblom is the Swedish Traffic Administration's project manager for the E4 Stockholm Bypass between Akalla and Häggvik. We asked her what the project's greatest challenges are.

"The E4 Stockholm Bypass is the Swedish Transport Administration's biggest ever infrastructure project. ÅF and URS share two major assignments in the project – the rock tunnels and the Akalla and Häggvik interchanges. It is a daunting challenge for any consultant to submit a tender that meets the quality criteria within the right timeframe at the right cost. It requires a great deal from all those involved if such a huge project is to run like clockwork. But we have already got off to a very good start."

Why did you choose ÅF?

"The Swedish Transport Administration operates a public procurement policy and ÅF/URS met our criteria while offering what we assessed to be the greatest value added at the lowest cost."

How will ÅF's services meet your needs?

"We need skilled consultants who are receptive to our needs and input. ÅF goes a long way towards meeting these criteria. ÅF's services are complemented by URS's to create a team that can meet all our requirements in a highly complex project."

Anything else you'd like to add?

"Yes! Things are running very smoothly. It's stimulating for us to work with a new partner, and the fact that ÅF is collaborating with URS on this project means we can benefit from input from elsewhere in Europe."



Alexandra Stassais Söderblom

**project manager, E4 Stockholm Bypass,
Swedish Transport Administration**

The Technology Division continues to strengthen its position in the Swedish market, where it is already a leading name in IT, product development and defence technology. ÅF's strong standing in sustainable solutions together with its stability, experience and long track record of success has helped to increase the division's market share.

A reliable partner, expanding rapidly in high-tech IT

Key figures	2011	2010
Operating income (in millions of SEK)	891.0	719.3
Operating profit (in millions of SEK)	96.1	69.1
Operating margin, %	10.8	9.6
Contribution to Group income, %	17	17
Number of employees (FTEs)	699	616
Operating profit per FTE (in thousands of SEK)	138	112

What we offer – extensive experience of high-tech solutions

The Technology Division is active in the fields of telecommunications, defence and product development. Almost a third of revenue is generated by the telecom industry and, with no signs of a slow-down in the division's organic expansion, the market is beginning to recognise Technology as one of the major names in IT consulting.

Success factors

Technology is a secure and reliable partner; client surveys show that it keeps its promises on quality and delivery capacity. In recent years the division has worked hard to improve its ability to create attractive offers that enable clients to achieve their aims and exceed their expectations.

IMPORTANT NEW ASSIGNMENTS

ÅF won several substantial orders from the Swedish Defence Materiel Administration (FMV) during 2011 for mobile command centres, procurement, technical investigations and project planning services. Technology also won new contracts for projects with Volvo, Scania and Bombardier.

The Technology Division at a glance

- Clients in the defence sector, telecommunications, the engineering and automotive industries and medical technology.
- Assignments include everything from one-off projects to full-service undertakings. The number of projects incorporating sustainable solutions is increasing across the board.
- Approximately 800 co-workers at 12 offices, most of them in Sweden's expansive metropolitan regions around Stockholm, Gothenburg and Malmö.
- Contribution to total Group sales: 17 percent.

Contribution to Group sales

17%

A few examples of services

Within the field of IT the division provides support ranging from coordinating major projects to providing highly specialised state-of-the-art services. The aim is to support a client base that includes major telecom operators, network owners, municipal authorities and automotive companies by offering solutions that are both sustainable and profitable. Typical assignments include conducting technical IT security analyses, procuring and implementing new communications solutions, and planning and project engineering mobile and fixed broadband networks. Technology also develops and operates customised IT solutions for the Swedish export industry, government authorities, etc.

The Defence business area offers supplier-independent services in civil security and maintenance technology to public and private sector clients who are looking for help with problem-analysis assignments, support during the procurement process and expert assistance to adapt systems. Examples of current projects include the development of warning systems, the installation of mobile command centres and research into the effect of offshore wind farms on radar stations.

Product Development offers services for the entire product development chain from pre-studies to the serial production of, for example, embedded systems and mechanical engineering innovations, as well as programming and product care.

What makes your division unique?

"We offer the entire collective expertise of the ÅF organisation to the hi-tech IT industry. There is a wealth of experience at ÅF that clients can benefit from."

Can you give an example of synergies with other divisions?

"One among many is our extensive collaboration with the Industry Division on automation projects, where we are able to contribute our expertise in developing business support systems and logistics systems. Another is our work with Infrastructure to develop sophisticated IT systems for infrastructure planning and rail traffic: passenger information systems and control systems, for example."

Looking back over 2011, what pleases you most?

"That we have grown organically by around 20 percent – without compromising our profitability! That owes much to our brand-building work and to setting clear goals for our recruitment campaigns."

What are your priorities over the next three years?

"We must be even better at creating solutions that improve profitability for our clients. That means learning how to sell our services, recruiting the best co-workers and sharing experiences to leverage our position. After all, our declared aim is 'To be the best partner for the best clients.'"



Johan Olsson,
President, Technology Division

Sometimes the focus is on systems components, sometimes complete products, but the assignment itself can deal with anything from pacemakers to 4G base stations or train control systems.

Since the manufacturing process usually accounts for the major part of the life cycle environmental impact of a product, it is important to factor sustainability into the equation right from the start. In 2011 Technology launched a service to certify that a client's choice of components complies with the specified sustainability criteria. This was an initiative of the ÅF EcoDesign Center, which specialises in offering eco-friendly product development services, such as energy-efficiency solutions. The results of experiences gained in the ÅF EcoDesign Center can be seen in many of the division's other product development activities.

Clients – long-term partnerships

The Technology Division has a broad client base in the light engineering and automotive industries, the defence sector, medical technology and life sciences. In many instances, especially in the defence sector, collaboration is particularly close, with business relationships that take the form of long-term partnerships.

Users of the division's product development services range from the R&D departments of big companies to small innovation companies that choose to outsource their development activities.

There is a clear trend, across the board, towards bigger assignments and full-service undertakings. Thanks to long years of experience across a broad spectrum of industries, the Technology Division is often able to produce the right offers for the often increasingly complex procurements and project assessment programmes that we are currently seeing.

BREAKTHROUGH IN THE FINNISH DEFENCE INDUSTRY

Early in 2011, work started on an assignment from Patria in Finland relating to the development of armoured personnel carriers for the Swedish Armed Forces.

ÅF is renowned for its ability to recruit the very best consultants in the business, so clients can be certain that ÅF has the right expertise and resources for the job.

- The division has around 350 clients.
- The ten largest clients together account for just over two thirds of sales.
- Key clients include Atlas Copco, Bombardier, Electrolux, Ericsson, GE Healthcare, Patria, SAAB, Scania, the Swedish Defence Materiel Administration (FMV) and Volvo.

Market and trends – sound market, strong organic growth

2011 was a year of growth and brisk demand in all areas of the market. Strong global demand for mobile broadband continued to fuel growth and generated new business, for example in advanced test simulators for mobile systems. Demand from the defence sector, which is largely unaffected by the state of the economy, also accelerated.

The division as a whole is more or less immune to fluctuations in the business cycle. The defence sector is governed by other variables, and clients' needs for product development and, more specifically, assistance with product care activities are not dependent on the state of the economy.

Over the past 12 months or so demand has been especially strong for engineers with specialist competence in the fields of communication solutions and software development. Technology met its clients' increased needs by recruiting a large number of new employees. Organic growth within the division was 20 percent over the year.

Environmental adaptations were once again the motor driving much of the division's growth.

ASSIGNMENTS IN A MAJOR INTERNATIONAL PROJECT

In November ÅF signed a framework agreement with ESS AB (the European Spallation Source) in Lund, Sweden. ESS is a pan-European project involving 17 partner countries. The aim is to build the world's foremost neutron source for materials science research in Lund. This multidisciplinary research facility will open up new potential for researchers in health science, environmental science, energy, climate, transport, engineering, pharmaceuticals and archaeology.

Technology Division

Hertz Nordic is a franchisee within the Hertz organisation, the world's biggest car rental company. When the company needed to strengthen its IT strategy resources, it asked ÅF to help develop and operate its IT system. ÅF has been involved in a long-term partnership agreement since 2007 aimed at improving Hertz's business potential.

Why the world's biggest car rental company chose ÅF





What were the project's greatest challenges?

"We used to have internal resources to manage and develop our IT systems, but then we decided to transfer that responsibility to ÅF. One of the biggest challenges was to make the transfer as seamless as possible. ÅF's consultants had experience of similar handovers, so they were able to manage the process expertly by making sure that people with the right skills took care of all the key functions."

Why did you choose ÅF?

"ÅF has an industrial approach to IT projects that suits us well. Its people clearly understood the core aspects of our business, which is, of course, absolutely crucial to developing the right solutions for a business support system."

How would you rate ÅF's ability to deliver?

"An ability to deliver is really all about two things: having the resources to do the job, and doing the job in a way that guarantees the quality of the end result. ÅF meets both criteria in an exemplary way. Our IT system is more stable now than it has ever been."

Any other comments about your collaboration with ÅF?

"It's a partnership that works and is developing all the time. ÅF understands what's special about our business, which requires a feel both for the rapid changes taking place in the travel sector and for long-term trends in the industry. I also think that people on both sides derive personal pleasure from our cooperation. Our working relationship is characterised by an air of relaxed professionalism."



Niklas Siljeblad

**CEO of Hertz Denmark and IT Manager
of Hertz Nordic**

ÅF shares

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 Nasdaq OMX exchange's Mid Cap list under the 'AF B' ticker symbol. At the end of 2011 the combined market capitalisation of the company's shares, including class A shares, was SEK 3,781 million (4,743).

Share movements and turnover

The AF B share was valued at SEK 111 at the end of 2011, a fall in value of 20 percent during the year. During the same period the Stockholm OMXSPI all-share index fell by 17 percent and the Mid Cap index fell by 25 percent.

During the year a total of 11,710,508 shares (15,325,671) were traded for an aggregate value of SEK 1,238 million (2,197). This means that turnover per trading day averaged SEK 5.3 million (8.3).

The share was traded on 100 percent (100) of trading days.

Dividend policy and dividend

The ÅF Board has adopted a dividend policy according to which the dividend corresponds to approximately 50 percent of the consolidated profit after tax excluding capital gains.

For the company's operations during 2011 the Board of Directors proposes a dividend of SEK 5.00 per share (4.00).

Share buy-backs 2011

ÅF holds a total of 384,000 of the company's class B shares relating to the performance-related share programmes for 2009, 2010 and 2011. A total of 100,000 ÅF shares were purchased over the course of 2011.

Investor relations

Interest in the ÅF share remained strong in 2011. The company adopts a long-term approach to its communication with the capital market. In September the year's Capital Market Day focused on the ÅF Vision for 2015 and included an in-depth look at the Technology Division. The event, hosted by ÅF at its head office in Stockholm, attracted around 40 investors, financial analysts and media representatives. The President/CEO, CFO and Executive Vice President Corporate Information also took part in a number of "IR Road Shows" in 2011, including a visit to London. In addition almost 50 individual investor meetings were held at the ÅF head office in Stockholm during the year.

Analysts who regularly monitor ÅF

Johan Dahl, Erik Penser Bankaktiebolag

Daniel Djurberg, Nordea

Mats Liss, Swedbank Markets

David Jacobsson, Öhman Pareto

Viktor Lindeberg, Carnegie

Anders Tegeback, Handelsbanken Capital Markets

“The company’s work with HR issues, communication and investor relations is world-class”

Daniel Djurberg, a senior analyst with Nordea, monitors many companies in the technology sector.

How would you describe ÅF’s development?

“The company has managed to successfully transform itself into a more efficient, progressive and environmentally aware business. Its work on HR issues, communication and investor relations is world-class – and one step ahead of its competitors. There is still some way to go in terms of internal efficiency – for example, with the company’s sales processes – but ÅF is addressing these issues. It was unlucky in 2011 when the ‘aftershocks’ following the Fukushima disaster and the strong Swiss franc had a very negative impact on the Energy Division. However, the outlook is much brighter as we move into 2012.”

ÅF still has its sights set on rapid expansion and profitable growth.

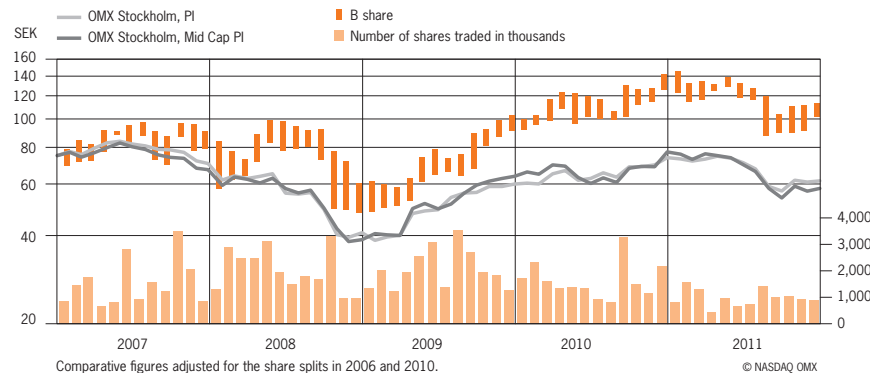
What is your opinion of this?

“To date the ÅF management team has not forced through any acquisitions on unfavourable terms, and has succeeded in finding companies that add extra markets or expertise. As someone who was around during the IT frenzy of the last decade, I feel that it’s only natural for growth to be profitable and for acquisitions to add to earnings per share as quickly as possible.”

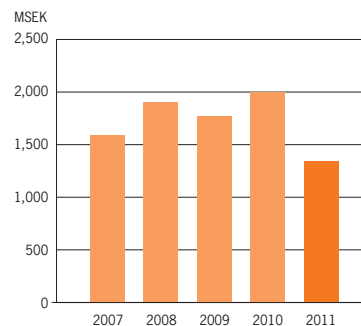
Who should consider ÅF for their investment portfolio?

“ÅF’s good potential for stable growth over time, and its attractive valuation, make the company an interesting long-term investment. Short-term investors should be more cautious, however, as trading in ÅF and many similar companies has limited liquidity. In an unstable market this can lead to fluctuations in share price, although the effects are normalised over time.”

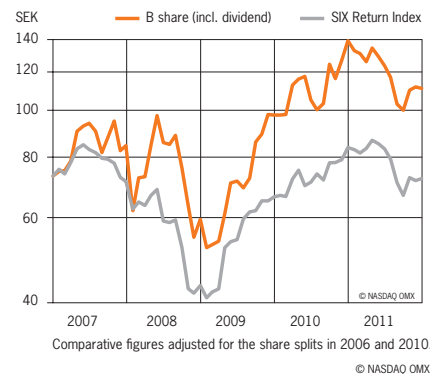
ÅF share – 5-year trend



Annual turnover in ÅF class B shares



Total yield – 5 years



SUCCESSFUL IR WORK

For the third consecutive year the high quality of ÅF’s investor relations work was officially recognised when Viktor Svensson, ÅF’s Executive Vice President Corporate Information, was voted the Nordic Region’s top Investor Relations manager from Mid Cap companies in the industrial sector. The annual survey, conducted by Regi Research & Strategi and the Swedish daily newspaper *Dagens industri*, is based on interviews with a large number of Swedish and European financial analysts.

Historical development of share capital

Year	Quota value	Change	Change in number of shares		Numbers of shares		Share total	Share capital
			A shares	B shares	A shares	B shares	Total	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 2:1	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
2010	5	Split 2:1	804,438	16,225,063	1,608,876	32,450,126	34,059,002	170,295
2011	5		804,438	16,225,063	1,608,876	32,450,126	34,059,002 ¹⁾	170,295

¹⁾ Of which 384,000 are held by the company

Shareholders in Sweden and abroad

31 December 2011	Percent of capital
Sweden	65.0
Other Nordic countries	6.0
Rest of Europe	14.7
USA	12.7
Others	1.6

The number of shareholders fell by 396 during 2011 to a total of 6,295.

Shareholder categories

31 December 2011	Percent of capital
Foreign owners	40.4
Swedish owners	59.6
of which:	
Institutions	48.1
Private individuals (incl. close companies)	11.5

Size of shareholding

31 December 2011		
Number of shares	Shareholders	Holding, percent
<500	4,016	2.2
500–5,000	1,993	9.1
>5,000–	286	88.7
Total	6,295	100.0

The ten largest owners on 31 December 2011

Owner	A shares	B shares	Holding %	Votes %
Ångpanneföreningen's Foundation for Research & Development	1,602,876	3,832,576	16.0	40.9
Nordea Investment Funds	0	3,005,432	8.8	6.2
Swedbank Robur investment funds	0	2,746,269	8.1	5.7
Capman Public Market Investment S.A.R.L.	0	2,000,000	5.9	4.1
Afa Försäkring	0	1,332,793	3.9	2.8
NTC Various Fiduciary Capacit	0	1,014,520	3.0	2.1
SHB: Odin Sverige Aksjefondet	0	818,707	2.4	1.7
SSB CL Omnibus AC OM09 (30 PCT)	0	726,126	2.1	1.5
Mellon US Tax Exempt Account	0	704,328	2.1	1.4
Åfond Foundation (ÅF Group Trust)	0	549,269	1.6	1.1
Total, 10 largest owners	1,602,876	16,180,751	53.8	67.5
Total, other owners	6,000	16,269,375	46.2	32.5
Total 31 Dec 2011	1,608,876	32,450,126	100.0	100.0

Key ratios per share¹⁾

SEK	2011	2010	2009	2008	2007
Share price, 31 Dec.	111.00	139.25	97.75	59.50	84.50
Pre-tax profit	12.38	23.34	10.87	13.42	9.63
Profit after tax	9.07	21.02	7.93	9.54	6.58
Profit after tax, after dilution	9.02	20.95	7.91	9.54	6.56
Equity, excluding non-controlling interests	72.38	69.47	53.68	49.73	39.41
Yield, percent	4.5 ²⁾	2.9	4.1	5.5	3.8
Dividend	5.00 ³⁾	4.00	4.00	3.25	3.25
Market capitalisation (MSEK)	3,780.5	4,742.7	3,329.3	2,026.5	2,862.1

¹⁾ A 2:1 share split was implemented on 2 June 2010. Comparative figures adjusted.

²⁾ Based on proposed dividend.

³⁾ Proposed dividend.

Experience – capital that grows when shared

Sara Haack and Jonas Nilsson are both part of a mentor programme in the Technology Division. Sara is the mentee and Jonas the mentor. One of the programme's aims is to share experience between project managers. ÅF has amassed a wealth of experience, so whenever a project manager is faced with a new assignment, it is likely that the company will already have been involved in something similar. Experience is, therefore, valuable capital that must be used effectively.



Sara Haack is a graduate engineer and project manager in the Technology Division. She joined ÅF in 2010, after having project managed the development of industrial vacuum products. She was attracted to ÅF by the opportunity to work with colleagues with a broad spectrum of experience, and to face constantly changing challenges from many different sectors. Sara has two children – and an Icelandic horse which she rides a couple of times a week.

"The mentor programme gives me access to a colleague with experience, someone to test my ideas on and who can broaden my insights into the professional challenges I face. It also gives me an insight into myself in terms of my knowledge, personal strengths and the areas where I need to delve deeper. It's an ego boost that everyone deserves!"

Jonas Nilsson is a graduate engineer and project manager in the Technology Division. After working on software and IT, he joined ÅF in 2010, attracted by the breadth of assignments and the corporate culture of openness. When he's not working, he likes to run and snowboard, and also enjoys music, both on vinyl and live at festivals.

"Being a mentor has given me the opportunity to reflect on the experience I've gained. The dialogue prompts me to reflect on ideas that I can use in my own day-to-day work. For me, sharing knowledge is not just about teaching; it's also about listening and being inspired. It's stimulating to work with younger colleagues. They introduce new ways of looking at things into the company."

A new sustainability policy



Meet ÅF Quality Manager Peter Levin and Sustainability Director Alice Bah Kuhnke as they discuss the new ÅF Sustainability Policy.

ÅF launched a sustainability policy in 2011.

How will this impact on ÅF's projects and assignments?

Peter: "It provides support for colleagues working on projects in areas that often have sustainability issues that need addressing. But it applies equally to colleagues working on conventional projects, who are not usually faced with these issues. It means that all ÅF's employees are aware of what ÅF is trying to do in this area, and of the foundations on which our work must build."

How does the sustainability policy work in practice?

Alice: "We've developed tools linked to the policy, including a risk assessment that must be carried out during the tendering phase of every project. Issues to be assessed include technology, organisation, financing, the environment and social responsibility. If an assessment results in any uncertainty about factors that are crucial to the project, decisions are required from higher up in the organisation before ÅF can take the project further."

Peter: "In rare cases where there is a risk that it will not be possible to comply with the ÅF sustainability policy, the Quality Manager or Sustainability Director carries out a more detailed analysis of specific sustainability issues, and the decision whether or not to proceed with the project is taken by the ÅF Group management."

How do you ensure compliance with the policy?

Peter: "Follow-ups are the key, of course. We can't just rely on active internal audits, even if these are organised centrally and are completely independent, with reports made directly to the ÅF Audit Committee. We also need a system for monitoring and transparency, so internal auditing is very much a hands-on activity that entails a thorough review of a project, project portfolio or entire operation. Each section within ÅF can expect to be audited once every three years. High-profile projects or those involving significant risks are audited at least once during the project cycle."

Alice: "We're also working on direct communication with project managers and the operational business management teams that own projects where there are specific sustainability factors to be taken into account. In addition, we have an advisory function for designing checklists and the tools needed to analyse and follow up sustainability issues."

Peter: "We've set up a whistleblowing channel, as well. Every employee at ÅF can report a breach of the law, an activity that is harmful to the environment, or anything that poses a risk to somebody else's life or health. The communication channel leads directly to the head of internal auditing in a process designed to protect the identity of the whistleblower."

How have you spread the word about the policy?

Alice: "We were aware of the fact that communication is as difficult as it is important when it comes to implementing change, so we produced a long-term communication plan and started by sending out information in batches to all managers for them to pass on to employees, which they dutifully did during the year. But the communication plan extends over several years and involves various types of activity. Our managers, of course, have a central role in our work with the sustainability policy, as they are responsible for many of the assessments made and decisions taken."

Have you seen any results yet?

Peter: "Yes, we have. The tools linked to the policy have already been put into use. The first projects to require a specific sustainability analysis have been identified and the results forwarded to the Sustainability Director to be actioned."

Sustainability report

ÅF never tires in its efforts to become a more sustainable company that seeks actively to observe and balance the three dimensions of sustainability – environmental, social and economic – in everything it is and does.

This is the second year that ÅF has chosen to report on its sustainability performance in accordance with the level C guidelines issued by the Global Reporting Initiative (GRI).

One of the cornerstones of ÅF's work in this area is the company's three sustainability goals, which were launched in 2010. The company has undertaken to halve its CO₂ emissions by 2015 (base year 2009, per individual), to always offer clients a more sustainable alternative in project tenders, and to be perceived by clients as the technology consultant that best solves the challenges of the future. The launch of these goals was preceded by a pilot study. This used an initial analysis of the current situation and a reference group of employees from different positions in different parts of the company to produce three sustainability goals as an important milestone on the journey towards a more sustainable ÅF.

One of the keys to becoming a more sustainable company is to encourage and ensure that ÅF's core business activities – the projects and assignments performed for the company's clients – are carried out in accordance with its sustainability goals. A sustainability policy was therefore launched in 2011, based on the UN Global Compact's ten principles for international businesses. This serves as a tool to set limits and provide guidance in every ÅF project. A whistleblowing channel was also initiated to coincide with the launch of the sustainability policy.

The various stakeholders in ÅF have been identified and are constantly taken into account in the company's sustainability work. Owners, the board, employees, clients, the local community and global society make up the key stakeholders. The essence of the company's sustainability reporting and the choice of indicators for which reports are filed are based on ÅF's overall objectives for 2010–2015, the dialogue with stakeholders and the results of work on the sustainability policy. ÅF is an international company with subsidiaries in over 20 countries, seven of which have more than 100 ÅF employees (the Czech Republic, Denmark, Finland, Norway, Russia, Sweden and Switzerland). Conditions in these countries form the basis for what is considered relevant in terms of reporting.

ÅF works continuously to improve the quality of its sustainability reporting. The potential for improvement has been identified and involves increasing the number of indicators and, more importantly, strengthening the validity of reporting by developing group-wide follow-up systems. Undeveloped systems for data collection in sustainability reporting are a clear limitation for the GRI indicators for the company's CO₂ emissions (EN16, EN17 and EN18).

Economic indicators of sustainability

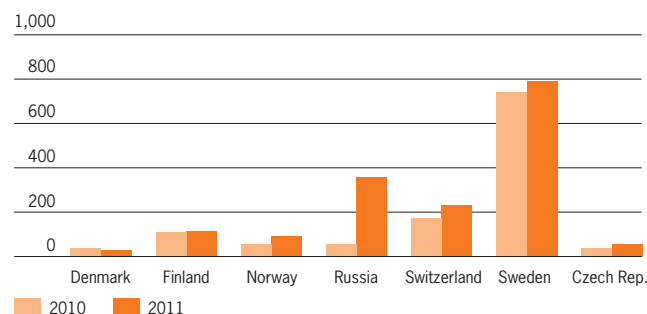
For ÅF, the process of becoming a more sustainable company is predicated on being a profitable company. One of the challenges of economic sustainability is to make sure that the company's profitability is the result of striking a long-term balance between individual, environmental and financial interests.

EC 1: Direct economic value generated and distributed

The table below shows the economic value generated by ÅF in a selected number of areas. The information has been compiled from the audited annual accounts for 2011, which include all significant financial reporting.

Direct economic value generated, (in millions of SEK)	Stakeholder	2011	2010
Operating income	Clients	5,131	4,796
Operating costs, incl. depreciation/amortisation	Suppliers	-1,815	-1,469
Employees' wages and benefits	Employees	-2,391	-2,106
Income tax and employer's contributions	State	-613	-504
Economic value retained	Owners	312	717

Indirect emissions – tonnes of CO₂ equivalents per country*



*Indirect emissions from ÅF's energy consumption. As ÅF neither owns nor controls any sources of greenhouse gas emissions, no direct GHG emissions are reported.

Environmental performance indicators

For ÅF, the challenge that environmental sustainability poses is to make sure that the company contributes to the long-term conservation of the ecosystem's production capacity and of eco-diversity. This includes all of Earth's biological environments, including the seas and lakes, as well as the forests and open landscapes.

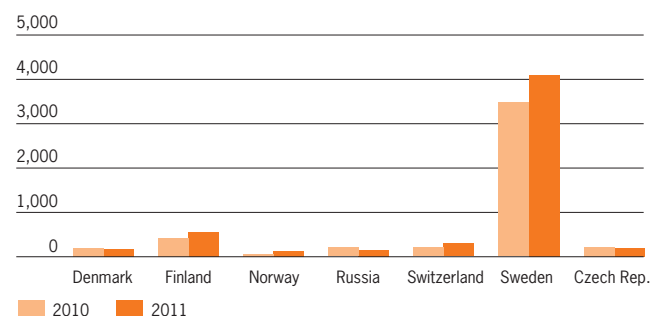
EN 16 and EN 17: Total direct and indirect greenhouse gas emissions by weight and other relevant indirect greenhouse gas emissions by weight

See diagrams below: Indirect emissions in tonnes of CO₂ equivalents per country and Other relevant emissions in tonnes of CO₂ equivalents per country.

EN 18 Initiatives to reduce GHG emissions and reductions achieved

ÅF's vehicle policy governs the vehicle purchases of the company's Swedish organisation. The policy formulates a clear ambition to achieve a significant reduction in emissions of greenhouse gases by 2015 by progressively reducing emission limits per gram for vehicles leased through the company by ÅF employees who need use of a car to carry out their assigned duties.

Other relevant emissions – tonnes of CO₂ equivalents per country*



*Indirect energy use from ÅF travel/transport.

ÅF's video conferencing system was launched in 2010. By the end of 2011 the system was in use in nine countries. Systems for monitoring and calculating the impact of the video conferencing system on the company's carbon dioxide emissions are currently under development.

EN 28 Non-compliance with environmental laws and regulations

No fines or penalties have been reported during 2011 for non-compliance with environmental legislation and regulations.

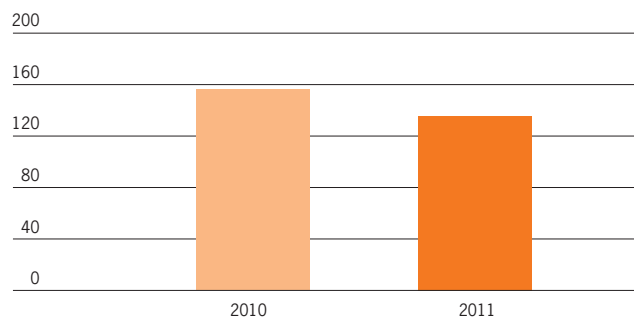
Social performance indicators

For ÅF, the challenge that social sustainability poses is to make sure that the company contributes to every human being's right to a decent life and to the process of creating societies in which fundamental human needs and rights are respected.

LA 1: Total workforce

The total number of employees in ÅF at the end of 2011 was 4,649. The distribution of employees in the seven countries that form the basis of this report is shown in the diagram on the right (Total number of employees, 31 Dec 2011).

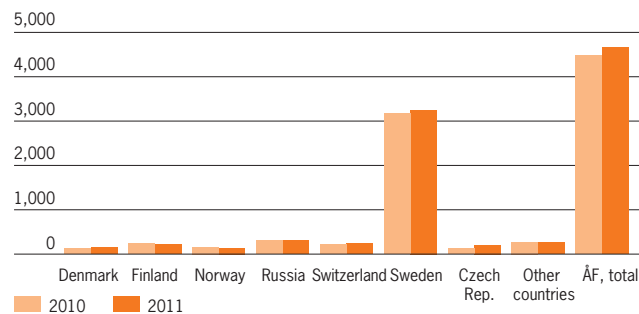
CO₂ emissions per new vehicle, g/km



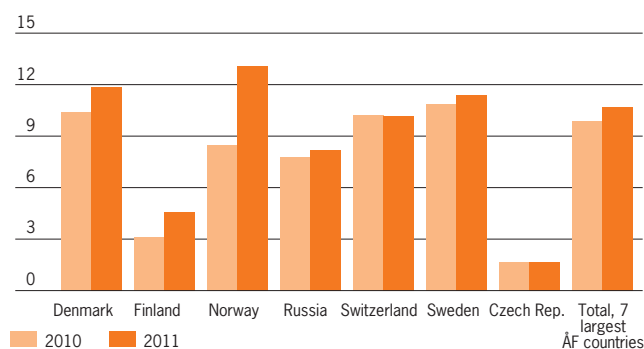
LA 2: Employee turnover

Employee turnover as a result of resignations in the seven countries where ÅF has the largest numbers of employees was 15.4 percent in 2011. A total of 603 people (136 women and 467 men) left the company. Employee turnover for the different countries is shown in the diagram below (Employee turnover by country, %).

Total number of employees, 31 Dec 2011



Employee turnover by country, %



LA 7: Work-related injuries and sick days

Absence due to sickness is very low at ÅF. For 2011, it was 1.9 per cent. The number of work-related injuries and days lost through injury are shown in the diagrams below (Number of work-related injuries and Working days lost through injury).

LA 10: Annual hours of training per employee by employee category

Competence development is crucial for the continued success of ÅF. Training for new employees, various types of managerial training courses and training in new legislation, regulations and directives

are conducted continuously. During the reporting period, each employee received an average of 33 hours' training. (See Number of hours of training per employee.)

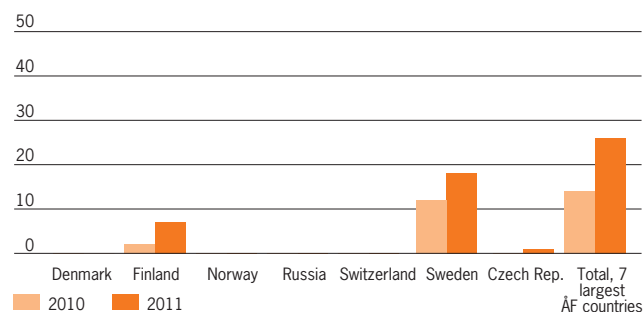
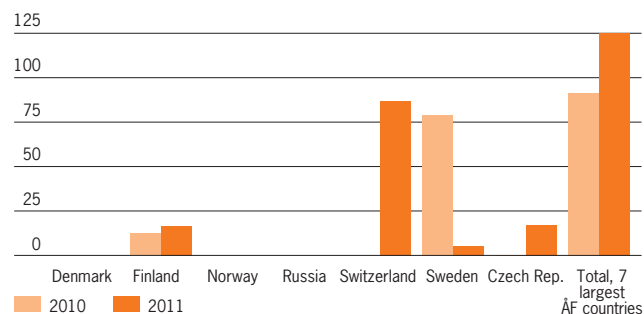
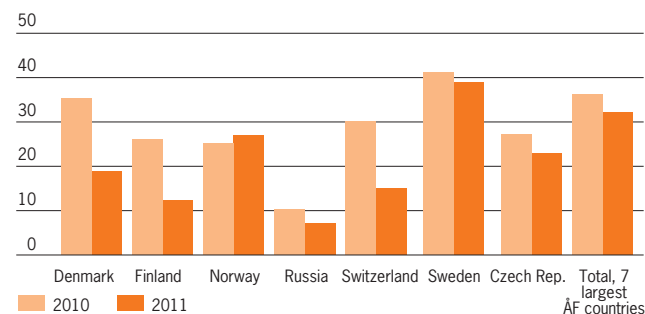
Number of hours of training per employee, total

	2011	2010
Education (hours)	145,889	150,234
Number of employees, FTEs	4,367	3,966
Number of hours of training/employee	33	37

LA 13: Composition of Board and Group management

ÅF is a technical consulting company and therefore most of its employees are engineers.

In 2011 ÅF's Group management team comprised 2 women and 8 men (20 percent female representation, the same figure as in 2010). Of the directors of the company elected by the Annual General Meeting, 3 are women and 5 are men (38 percent female representation, the same figure as in 2010).

Number of work-related injuries**Working days lost through injury****Number of hours of training per employee**

About the Sustainability Report

This is the second year that ÅF has chosen to report on its sustainability performance as an integral part of the Group's annual report with reference to the guidelines formulated by the Global Reporting Initiative (GRI). The report follows the criteria for GRI application level C. ÅF's ambition is to develop the Group's sustainability work and to expand the scope of its reporting over the next few years. For further information about GRI and a full explanation of the guidelines and indicators, please see www.global-reporting.org.

Contact
The contact person for the ÅF Sustainability Report is Alice Bah Kuhnke, Sustainability Director at ÅF AB. Email: alice.bah.kuhnke@afconsult.com or tel. +46 10 505 00 00.

Application level		C	C+	B	B+	A	A+
Obligatory	Self-assessment		Report externally assured		Report externally assured		Report externally assured
	Third-party declaration						
Voluntary	Inspected by GRI						

Reporting with reference to GRI guidelines must be done in accordance with the criteria laid down for application level C, B or A, whichever is relevant. Please refer also to the GRI Index.

GRI Index

Below is a list of all the disclosures that are mandatory for level C reports and of the relevant performance indicators that ÅF has chosen to report. The listing also specifies whether the report is full ● or

partial ◐ with reference to the GRI guidelines for each individual indicator, and shows where to find this information in the annual report.

GRI index	status	page
1.0 Strategy and Analysis		
1.1 Statement from the CEO, strategy, vision and key issues	●	2
2.0 Organisational Profile		
2.1 Name of the organisation	●	114
2.2 Primary brands, products/services	●	10
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2.4 Location of organisation's headquarters	●	114
2.5 Countries in which the organisation operates	●	10
2.6 Ownership structure and legal form	●	66
2.7 Markets served	●	10
2.8 Size of the company	●	1
2.9 Significant changes during the reporting period	●	90
2.10 Awards received during the reporting period	—	18
3.0 Report Parameters		
3.1 Reporting period	●	53
3.2 Date of most recent previous report	●	53
3.3 Reporting cycle	●	53
3.4 Contact person for issues relating to the Sustainability Report	●	53
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	status	page
4.0 Governance, Commitments and Engagement		
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4.14 List of stakeholder groups engaged by the company	●	49
4.15 Basis for identification of stakeholders with whom to engage	●	49

Economic Sustainability

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Environmental Sustainability

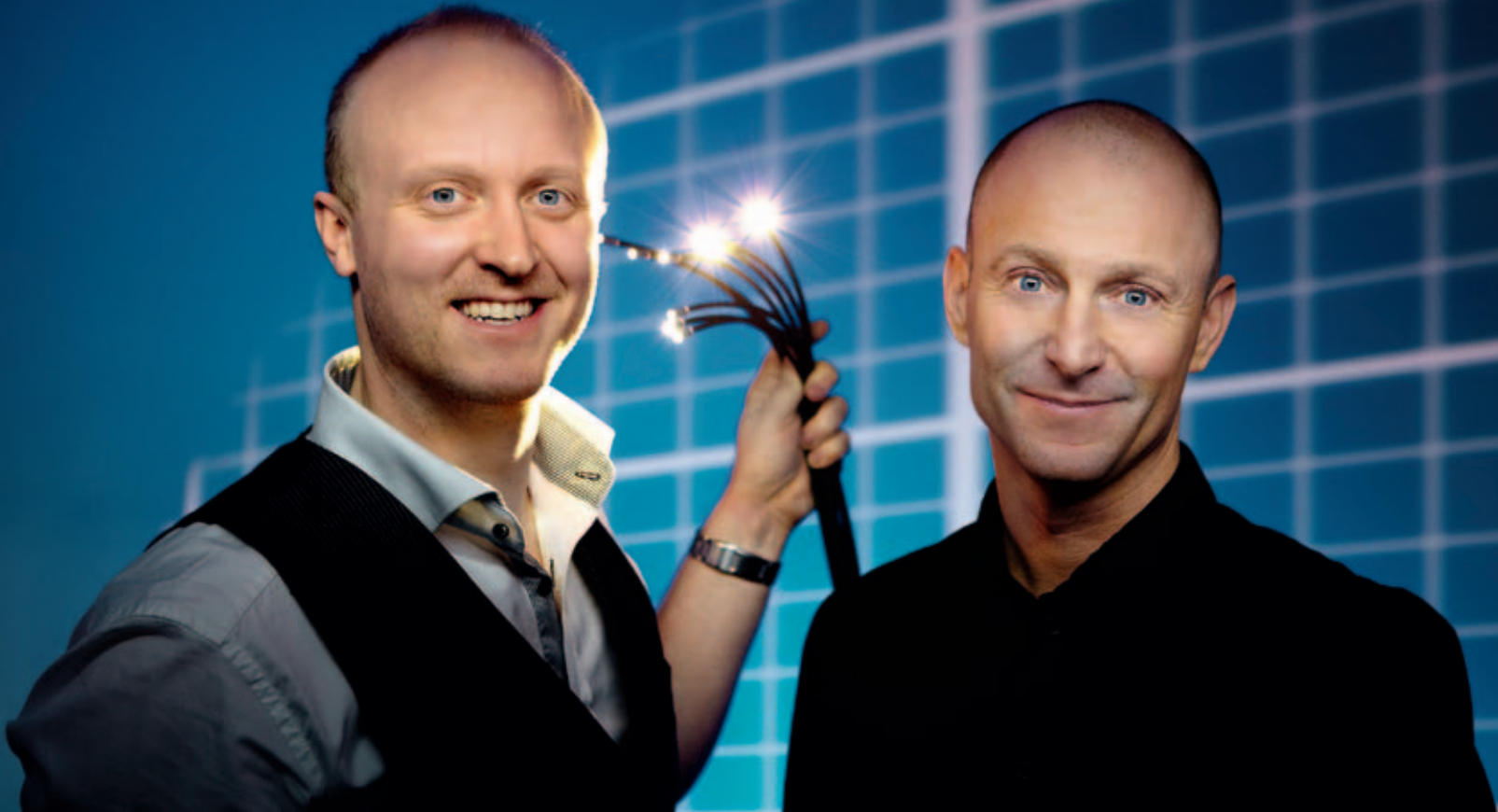
EN16	Total direct and indirect greenhouse gas emissions	●	50
EN17	Other relevant indirect greenhouse gas emissions	●	50
EN18	Initiatives to reduce greenhouse gas emissions	●	50
EN28	Fines and other sanctions for non-compliance with environmental laws and regulations	●	51

Social Sustainability

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LA2	Employee turnover	●	51
LA7	Work-related injuries and days lost to sickness	●	52
LA10	Hours of training per employee	●	52
LA13	Total workforce	●	124

Seeing the world in a new light

Allan Ruberg and Daniel Strömberg are working to develop ÅF's offer in lighting. The aim is to build up a first-class international centre of expertise offering innovative and unique solutions. As such, the Lighting business area is moving away from classic, technology-based engineering solutions towards a far broader concept: a design-oriented, holistic approach to what people will want and need in the future.



Daniel Strömberg is a graduate engineer with a Master's in Architectural Lighting Design. He joined ÅF in 2009 and was quickly made responsible for building up ÅF's rapidly expanding Swedish operations in Lighting. Daniel lives in Stockholm and enjoys skiing, golf and making his own furniture. As a former Swedish badminton champion, he has a keen winning instinct.

"Lighting has a unique holistic approach to technology and design. Over many years Allan has built up an operation that has made a big impression on the market. His experience gives us the right degree of gravitas and credibility to attract both customers and potential co-workers. We offer a unique combination – not only expertise and experience, but also the ability to challenge ingrained thinking and ways of acting."

Allan Ruberg is an engineer and heads the ÅF Lighting business area. He spent over 15 years working for Danish technical consultancy Hansen & Henneberg in their legendary lighting department. Allan joined ÅF in 2007 when ÅF acquired Hansen & Henneberg as part of a drive to create groundbreaking lighting solutions for the future. He lives in Copenhagen with his family and has a summer home in southern Sweden. He enjoys kayaking in his spare time.

"Daniel and I work together specifically to develop Lighting's unique mix of expertise and build the brand. He has a real grasp of client needs in his market and can pass these on to me when I meet clients in Stockholm, for example. He's also pulled off a few recruitment coups recently, which have added real muscle to our organisation."

Risk management and sensitivity analysis

In 2011 ÅF continued its work to integrate risk management into the Group's strategic planning processes. The risk management programme was also reflected further in the Group's operational activities insofar as risk management models were reviewed and supplemented with sustainability-related risks.

Risk management at ÅF seeks not only to minimise risks but also to make sure that the company makes the best possible use of the opportunities that present themselves. ÅF's risk management programme – Enterprise Risk Management (ERM) – aims to integrate risk management into day-to-day activities by linking it to the strategic and operational objectives that the company has set up.

The risk management process (see figure 1) starts with the demands and expectations at ÅF in terms of risk management. The next step is to set targets for risk management, after which risks are identified and decisions are made on how they are to be managed. The process concludes with a summary and a report to the management, committees and the Board of Directors, as well as a follow-up and assessment of whether the risk management work has met the targets set.

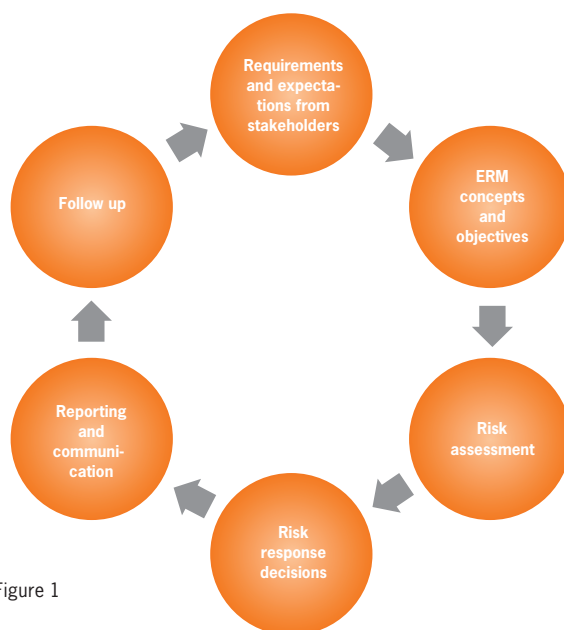


Figure 1

Industry and market

Business cycle, trends and development

The Nordic region is ÅF's largest market, where clients operate in a number of industries, including the energy sector, the public sector, industry, property and construction.

This means that ÅF is dependent on reasonably stable trends in these areas to achieve its targets and that the risks inherent in the business cycle and structural changes, new trends in the market and the rapid pace of technological progress and commercial development must be regularly assessed and managed. ÅF's diversification over a number of markets and in areas that experience different business cycles reduces the overall risk. Together with regular and systematic evaluations of the company's own situation in relation to external events, this gives a good level of risk preparedness.

Competition

ÅF is in competition with a number of major international players as well as various smaller local players in each market. This constitutes a risk in the form of fierce competition for the most attractive projects and the most skilled employees. A recurring assessment of the competition in every local market and at all levels of the operation is an absolute must. ÅF's breadth and combined expertise, along with accurate assessments of every location where competition exists, serve to increase the company's competitiveness.

Media exposure

The risk of exposure to negative publicity and negative public opinion has increased as ÅF has consolidated its position in the energy sector and the public sector. In view of this, every tender is preceded by an assessment of the risk of negative publicity and the risk that public opinion will prevent the work from being carried out. This also falls under the scope of the sustainability work that is high on the ÅF agenda.

Commercial risks

The commercial side of ÅF's business is exposed to risks in many different areas, which arise at many different levels in the company and during numerous different phases of the actual project process.

Business model and pricing

A carefully considered and effective business model is a key factor for a consulting company's ability to generate a profit, and a high invoiced-time ratio plays an important role here. Every percentage point difference in the invoiced-time ratio equates to a rise or fall of around SEK 45 million in ÅF's annual earnings. The hourly rate itself is another essential component of the profitability of a consulting company, and increasing the hourly rate by SEK 10 would improve profits for ÅF by some SEK 54 million a year, provided the invoiced-time ratio remained unchanged. Various approaches are adopted to reduce sensitivity, including employing sub-consultants, broadening expertise and market share, and increasing the variable component in salaries.

Contractual conditions

Various different commercial terms are applied to consultancy services.

For carefully specified services a fixed-price contract 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 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 ÅF's case this can lead to reduced margins and profits. Training and tuition in factors such as project management and the formulation of appropriate terms and conditions are the key to reducing the risks associated with this kind of agreement. Continuous monitoring and evaluation of the amount of work remaining in fixed-price contracts also reduce this risk.

Subcontractors (sub-consultants)

ÅF is increasingly taking over the management of large-scale projects for its clients and liaising directly with subcontractors with regard to the detailed project planning and engineering services that are necessary during the various phases of the project.

There are clearly risks in adopting this approach. ÅF needs to ensure that all projects involving sub-consultants match the quality of projects carried out by ÅF itself in terms of the service offered, and that sub-consultants are given the same opportunities as our own consultants to do an excellent job. Tools are available to assess and evaluate sub-consultants project by project, so reducing risk exposure.

Insurance

Consultant liability for the provision of a service and/or function is worth viewing as a risk. In order to reduce this risk, ÅF has insurance protection that covers the liability involved in any given project.

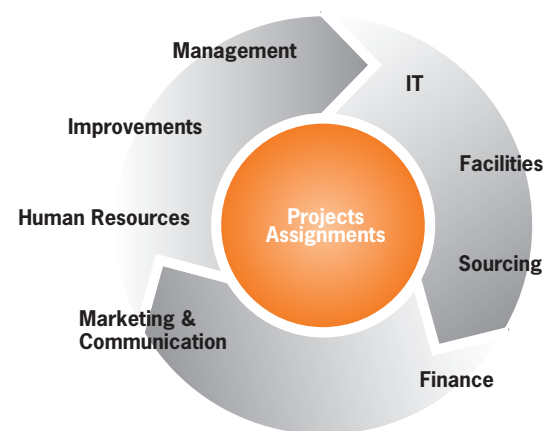


Figure 2

ÅF has a high level of insurance protection in general and is covered for loss of contribution and for additional costs in the event that its premises are damaged or its equipment is stolen or damaged.

Operational risks*Organisational structure and process framework*

ÅF is currently organised as four divisions which, in turn, have been divided into different business areas/business units and market areas. Where necessary, organisational changes are made to meet the needs of the market or to adapt to business cycles.

ÅF's process framework comprises eight support processes and one main process (see figure 2). These processes are evaluated annually by ÅF's quality organisation. Conclusions and recommendations are presented to the management, and changes are made when these are deemed necessary in terms of competitiveness and the ability to deliver.

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 highly competent 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 skilled colleagues. A situation like this could make it difficult for ÅF to deliver the services it is contracted to supply and lead to 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 also the company's ambition to conduct a personal development review with each employee once a year to discuss and draw up an individual development plan.

It is highly unusual for large numbers of employees in key positions to leave the ÅF Group, and annual co-worker 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 many potential 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 devotes substantial resources each year to recruitment and induction activities.

Sustainability

ÅF's geographical spread and its increasingly prominent position in the energy sector and the public sector entail risks related to sustainability factors such as human rights, labour conditions and the fight against corruption.

ÅF has reduced its exposure to these risks through a widely communicated and accepted sustainability policy, as well as an updated code of conduct. The policy also has checklists to ensure that these important matters are discussed and assessed when tenders for projects are being prepared.

A whistleblowing channel that gives all employees the opportunity to anonymously report criminal activities, activities that damage the environment, or behaviour that endangers people's lives and health, has further strengthened ÅF's position in terms of these risks.

IT systems and applications

It is crucial that the IT infrastructure at ÅF is operationally reliable since unplanned outages inevitably mean loss of income. Most of ÅF's IT support is outsourced to reputable suppliers, with agreed times for repairing faults and incentives to prevent problems from arising. ÅF has ensured that suppliers have access to sufficient resources and that external personnel working on ÅF's IT support possess the relevant skills and have documented expertise.

The ONE application is an important platform for internal communication (intranet), processes and projects at ÅF. ONE is used to communicate important news effectively and to store the process descriptions, procedures, instructions and tools used by employees in their work. Each project also has dedicated space in ONE for project-related information.

ÅF ensures that sufficient resources are allocated to system ownership and management, and that provision is made for training and development.

Acquisition risks

Recent years have seen consolidation in the technical consulting sector. This is an ongoing trend, and were ÅF to neglect to take part in this process, there is a risk that the Group would lose some of its competitiveness.

However, acquisitions also entail risks – both before and after the acquisition has been announced. These risks can be minimised through a systematic approach and a well thought-out acquisition and integration process.

In order to ensure that ÅF adopts a forward-looking and systematic approach to acquisitions and start-ups in new geographical markets, decisions on all acquisitions are made by the Group management and the Board of Directors. An annual review of recent acquisitions is carried out by the Board of Directors.

Legislation and other requirements

Business support system

ÅF has its own business support system for the internal control, management and follow-up of operations and operational projects. This system has been certified under ISO 9001:2008 (quality) and ISO 14001:2004 (environment), and is published on ONE.

Operational compliance with the business support system is monitored continuously by the internal audit team and by externally conducted annual audits of the quality and environmental management systems.

Environmental risks

Under the provisions of current environmental legislation the ÅF Group does not require any environmental permits, nor does it have any obligations to report on its activities. The business's environmental risks are restricted to the possible consequences of contravening existing environmental legislation. However, sophisticated follow-up procedures have been built into ÅF's 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.

Disputes

ÅF's business activities do involve a risk of dispute. Disputes may arise if ÅF disagrees with a client about the conditions that pertain to a certain assignment. Disputes can also arise in conjunction with takeovers. Drawing up contracts for all assignments with terms appropriate to the project in hand reduces the risk. Legal advice is always sought in more complex transactions.

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 earnings 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's accounting and reporting 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. Seen as a whole, 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 transaction exposure and translation exposure.

Transaction 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 are invoiced 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.

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

Financing risk

The financing risk faced by the Group is the risk of not being able to raise new loans or refinance existing ones. To avoid this happening there is a routine in place to ensure the availability of appropriate lines of credit at all times.

Liquidity risk

Liquidity risk, in other words the risk of not being able to meet the Group's immediate need for capital, is reduced by maintaining sufficient liquid funds and by having an authorised but unused credit facility which can be used unconditionally.

Interest rate risk

Interest rate risk is 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. ÅF has a strong balance sheet with a low level of borrowing, which makes for a low interest rate risk. With current borrowing requirements, the effect on the Group's profit/loss of a change of one percentage point in interest rates is in the region of SEK 1 million. ÅF's policy is for liquid funds to be deposited in bank accounts.

*Credit risks***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 credit-worthy counterparties and the capping of involvement with each counterparty.

Client credit 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. All new clients are vetted for creditworthiness and project services are invoiced on a pay-as-you-go basis to minimise the risk of bad debts. ÅF's ten largest clients, who account for a total of 24 percent of Group sales, are all large listed companies or publicly owned institutions. As business is conducted with clients in many different countries, ÅF is occasionally exposed to a political risk (country risk) in addition to the normal commercial risks of bad debts (client credit risk), etc. Political risk may take the shape of, for example, an embargo on transferring funds or the unfavourable outcome of newly imposed regulations that affect a particular contract.

Sensitivity analysis

Factor	Change (all other factors unchanged)	Effect on earnings EBIT, MSEK
Capacity utilisation	1%	45.2
Hourly rate	1%	38.2
Payroll costs	1%	28.0
Overheads	1%	7.2
Number of co-workers (FTEs)	1%	4.3

Pooling resources for better hydropower

Tomas Ekström and Johan Blomdahl are working together on measures to increase dam safety at the Degerforsen power station. This includes producing project engineering documentation for a new spillway large enough to make sure that surplus water can bypass the power station when flows are high.



Tomas Ekström has a PhD in Engineering. He lives in Lund and has worked for many years on the design of industrial facilities, bridges and hydro-power plants. He joined ÅF in 2010 as a result of ÅF's acquisition of Energo. He spends his leisure time with his family, at home, travelling and in sporting activities, especially cycling.

"It's fun working with Johan. He's always brimming over with enthusiasm. He's also always up to speed with all the newest tools, which gives me a push in the right direction."

Johan Blomdahl has a degree in infrastructure planning and works as a designer and project manager. He joined ÅF in 2010 and lives in Stockholm. He likes the fact that there are lots of people working with hydropower at ÅF – a good mix of young consultants and experienced old hands who work side by side, sharing their knowledge. Johan is a keen skier, a passion that culminates each year in his participation in the Vasaloppet cross country marathon.

"Working with Tomas helps me to think and act like a designer. It also teaches me the importance of communication for the success of a project. This is particularly relevant as ÅF's hydropower experts are so spread out geographically. We also work a lot with other departments and divisions."

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/assets 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 non-interest-bearing liabilities and net deferred tax.

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'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'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.

Capacity utilisation rate

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 for only part of the year.

Five-year financial summary, SEK

Values in millions of SEK unless otherwise stated	2011	2010	2009	2008	2007
Operating income and profit					
Operating income	5,131	4,796	4,692	4,570	3,862
Operating profit	426	806	388	479	332
Operating profit excluding capital gain ¹⁾	426	317	380	478	331
Profit after net financial items	426	798	377	461	322
Profit for the year	312	717	275	328	220
Capital structure					
Non-current assets	2,040	2,016	1,733	1,728	1,320
Current assets	2,083	1,934	1,850	1,882	1,476
Equity including non-controlling interests	2,450	2,361	1,827	1,699	1,339
Non-current provisions	246	177	120	190	90
Non-current liabilities, excluding provisions	51	8	41	183	186
Current provisions	16	14	31	8	10
Current liabilities, excluding provisions	1,360	1,392	1,564	1,530	1,171
Balance sheet total	4,123	3,950	3,583	3,610	2,796
Equity (average)	2,409	2,205	1,740	1,482	1,200
Total capital (average)	3,957	3,678	3,518	3,090	2,487
Capital employed (average)	2,682	2,508	2,192	1,921	1,579
Key figures					
Operating margin, percent	8.3	16.8	8.3	10.5	8.6
Operating margin excluding capital gain, percent ¹⁾	8.3	7.3	8.1	10.5	8.6
Profit margin, percent	8.3	16.6	8.0	10.1	8.3
Equity/assets ratio, percent	59.4	59.8	51.0	47.1	47.9
Current ratio, times	1.5	1.4	1.2	1.2	1.2
Return on equity, percent	13.0	32.5	15.8	22.1	18.3
Return on total capital, percent	11.0	22.0	11.1	15.6	13.8
Return on capital employed, percent	16.3	32.2	17.8	25.2	21.8
Interest cover, times	37.3	31.1	30.0	21.5	19.9
ÅF share²⁾					
Earnings per share, SEK	9.07	21.02	7.93	9.54	6.58
Earnings per share after dilution, SEK	9.02	20.95	7.91	9.54	6.56
Yield, percent	4.5	2.9	4.1	5.5	3.8
Equity per share, SEK	72.38	69.47	53.68	49.73	39.41
Equity per share after dilution, SEK	71.82	69.25	53.53	49.65	39.40
Cash flow from operating activities per share, SEK	12.26	5.96	9.02	9.46	9.47
Cash flow from operating activities per share after dilution, SEK	12.20	5.94	9.00	9.44	9.42
Buying rate 31 December, SEK	111.00	139.25	97.75	59.50	84.50
Market capitalisation	3,781	4,743	3,329	2,027	2,862
Ordinary dividend per share, SEK	5.00 ³⁾	4.00	4.00	3.25	3.25
Other					
Capacity utilisation rate, percent	73.1	71.9	71.3	74.1	75.1
Investment in equipment, excluding leasing ⁴⁾	32	40	40	96	54
Investment in property ⁴⁾	1	5	3	38	102
Investment in intangible assets ⁴⁾	34	434	68	196	253
FTEs excluding associates	4,367	3,966	4,182	3,948	3,623

¹⁾ Refers to the sale of business operations.

²⁾ A 2:1 share split was carried out on 2 June 2010. The comparative figures have been adjusted.

³⁾ Proposed dividend.

⁴⁾ Including acquired businesses.

Five-year financial summary, EUR

Values in millions of EUR unless otherwise stated	2011	2010	2009	2008	2007
Exchange rate at the end of the reporting period	8.94	9.00	10.35	10.94	9.47
Average exchange rate	9.03	9.54	10.62	9.61	9.25
Operating income and profit					
Operating income	568	503	442	476	418
Operating profit	47	84	37	50	36
Operating profit excluding capital gain ¹⁾	47	33	36	50	36
Profit after net financial items	47	84	35	48	35
Profit for the year	35	75	26	34	24
Capital structure					
Non-current assets	228	224	167	158	139
Current assets	233	215	179	172	156
Equity including non-controlling interests	274	262	176	155	141
Non-current provisions	28	20	12	17	9
Non-current liabilities, excluding provisions	6	1	4	17	20
Current provisions	2	2	3	1	1
Current liabilities, excluding provisions	152	155	151	140	124
Balance sheet total	461	439	346	330	295
Equity (average)	267	231	164	154	130
Total capital (average)	438	385	331	322	269
Capital employed (average)	297	263	206	200	171
Key figures					
Operating margin, percent	8.3	16.8	8.3	10.5	8.6
Operating margin excluding capital gain, percent ¹⁾	8.3	7.3	8.1	10.5	8.6
Profit margin, percent	8.3	16.6	8.0	10.1	8.3
Equity/assets ratio, percent	59.4	59.8	51.0	47.1	47.9
Current ratio, times	1.5	1.4	1.2	1.2	1.2
Return on equity, percent	13.0	32.5	15.8	22.1	18.3
Return on total capital, percent	11.0	22.0	11.1	15.6	13.8
Return on capital employed, percent	16.3	32.2	17.8	25.2	21.8
Interest cover, times	37.3	31.1	30.0	21.5	19.9
ÅF share²⁾					
Earnings per share, EUR	1.00	2.20	0.75	1.00	0.71
Earnings per share after dilution, EUR	1.00	2.20	0.75	1.00	0.71
Yield, percent	4.5	2.9	4.1	5.5	3.8
Equity per share, EUR	8.09	7.72	5.19	4.55	4.16
Equity per share after dilution, EUR	8.03	7.69	5.15	4.54	4.16
Cash flow from operating activities per share, EUR	1.36	0.62	0.85	0.99	1.03
Cash flow from operating activities per share after dilution, EUR	1.35	0.62	0.85	0.98	1.02
Buying rate 31 December, EUR	12.41	15.47	9.44	5.44	8.92
Market capitalisation	423	527	322	185	302
Ordinary dividend per share, EUR	0.56 ³⁾	0.44	0.39	0.30	0.35
Other					
Capacity utilisation rate, percent	73.1	71.9	71.3	74.1	75.1
Investment in equipment, excluding leasing ⁴⁾	4	4	4	10	6
Investment in property ⁴⁾	0	1	0	4	11
Investment in intangible assets ⁴⁾	4	45	6	20	27
FTEs excluding associates	4,367	3,966	4,182	3,948	3,623

¹⁾ Refers to the sale of business areas.

²⁾ A 2:1 share split was carried out on 2 June 2010. The comparative figures have been adjusted.

³⁾ Proposed dividend.

⁴⁾ Including acquired businesses.

Administration Report

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 2011. ÅF AB, which has its registered office in Stockholm, is the parent of the ÅF Group.

Group and Parent

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 in fields of expertise that include industrial processes, infrastructure projects and the development of products and IT systems. The Group's operational base is in 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 industrial plant, processes, machinery and buildings, as well as infrastructure projects. The majority of projects originate in Swedish and international industrial companies, service companies, government authorities and the real estate sector.

Sales and earnings

Net sales for the year totalled SEK 5,124 million (4,334). This is an increase of 18 percent compared with the previous year, and just over half of this increase is organic growth. Structural growth relates mainly to the acquisitions of Energo, the consulting operations of Göteborgs Gatuaktiebolag and the energy consultant, Mercados in 2010. The effect of exchange rates was negative and amounted to just under 1 percent.

Operating profit ¹⁾ for the period was SEK 426 million (317). The previous year's accounts included a capital gain of SEK 488 million in conjunction with the sale of ÅF Kontroll and ÅF TÜV Nord. As a result, operating profit for 2010 including capital gains was SEK 806 million. The exchange rate had a negative effect on earnings equivalent to SEK 4 million compared to the previous year.

The operating margin ¹⁾ for the reporting period was 8.3 percent (7.3).

The capacity utilisation rate was 73.1 percent (71.9).

Profit after net financial items was SEK 426 million (798). The improvement in net financial income of SEK 7 million is due primarily to the effect of defined benefit pension plans. Profit after tax was SEK 312 million (717). Earnings per share before dilution were SEK 9.07 (21.02).

Divisional performance

Operations are divided into four divisions. Activities are conducted in legal corporate entities in the respective countries.

Energy

The Energy Division is a leading consultant in the energy sector with ongoing assignments in some 40 countries worldwide.

Energy noted a dip in the market in 2011, particularly in the market for international nuclear energy projects, where demand fell sharply in the wake of the accident at Japan's Fukushima reactor. The market for hydropower remained strong, however, and while demand for thermal and renewable energy projects was somewhat lower than in 2010, this sector also picked up as the year drew to a close.

Reduced demand from the nuclear power industry and a steep rise in the exchange rates for the Swiss franc combined to prevent Energy from achiev-

ing a satisfactory level of profitability for the year as a whole. As the strength of the Swiss franc undermined profitability for ÅF's Swiss subsidiary, which accounts for 30 percent of Energy's sales, the best earnings for 2011 were reported by the division's operations in Finland, the Czech Republic and Spain.

Sales growth was attributable to the effects of the acquisition of the Spanish management and technical consulting company AF-Mercados EMI and to increased project volumes in Russia.

ÅF's current expectation is that 2012 will see an upturn in the market for international nuclear power. This positive vision of the future was affirmed in January 2012 when ÅF won a tender to serve as lead technical consultant for the construction of a new nuclear power facility in Brazil.

Industry

The Industry Division is the leading industrial consultant in Northern Europe.

For the Industry Division demand remained good in most areas of operations throughout 2011, particularly from Swedish industrial clients. This resulted in improvements in both capacity utilisation and earnings.

A slight slackening in demand from the steel industry was offset by an increase in orders from the pulp and paper industry in Sweden and abroad. New contracts were won with Stora Enso, Smurfit Kappa and other major clients during the year.

Levels of activity in the Swedish power sector remain high and the division is involved in large-scale projects for the nation's hydropower and nuclear power industries. Order volumes from Sweden's nuclear power operators increased quarter by quarter throughout 2011.

Towards the end of 2010 the division's offer had been reinforced following the acquisition of Energo and its 80 hydropower specialists, and this contributed to the increased volumes of business during the year. Organic growth also rose, and the division added a total of more than 300 new engineers to its workforce in 2011, specialists qualified in all areas of technology and all spheres of industry.

Infrastructure

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

The market for Infrastructure's services remained strong during the year, driven by substantial investments in new public infrastructure in Sweden and sustained interest in making all types of premises more energy efficient. Capacity utilisation rose, thanks chiefly to increased levels of activity in conjunction with the E4 Stockholm Bypass project and greater volumes of business in the west of Sweden.

The division continued to build on its portfolio of long-term orders. One example of these is the contract secured at the end of the year with the Swedish Nuclear Fuel and Waste Management Company, SKB, for project management services in conjunction with the storage of spent nuclear fuel. The division's track record of expertise in technical installations played an important role in winning this contract. The brisk inflow of orders and good growth in 2011 are evidence of the fact that Infrastructure is continuing to take new shares of the market.

The scope of ÅF's involvement in planning the technical installations for the New Karolinska Hospital in Stockholm also expanded during the year. This helped to ensure that the division's largest business area, Installations with some 750 employees, reported a good result. Also, there was a turn-around in operations in Norway where the losses of 2010 were reversed and a profit was reported for 2011.

¹⁾Excluding capital gain from sale of line of business.

The division's other business areas also reported improvements in earnings. Results for the Sustainability business area showed a clear improvement after a prolonged period of poor profitability.

Technology

The Technology Division holds a leading position in Sweden in the fields of Communication and Software Development for technical applications.

The Technology Division reported an increase in profitability and continued high levels of growth. Organic growth for the year topped 15 percent. In line with the target set at the start of the year, the division recruited more than 200 new employees in 2011. The improvement in profitability is due to sustained good levels of capacity utilisation, reductions in costs and the positive results of the initiative to increase the proportion of project business.

Technology continues to enjoy a strong position in the telecom industry, which accounts for half of the division's sales. Growth was yet again driven by the increase in demand for mobile broadband, which led to a number of new contracts for ÅF, particularly for test systems for mobile systems. Demand was also good from the defence industry, where the division won new contracts with clients that include Saab and the Swedish Defence Materiel Administration, FMV.

Throughout 2011 the Technology Division maintained its strategic focus on offering a greater number of sustainable solutions as part of its Eco Design concept. Towards the end of the year this resulted in new orders from Scania, Bombardier and others, as well as an order from Thule for an "ÅF – Green Business Screening" process.

Acquisitions, disposals and alliances

ÅF acquired 100 percent of the shares in the Czech technical consulting company, CityPlan. The Prague-based company, established in 1992, works mainly with infrastructure consulting and has 70 members of staff. CityPlan specialises in the fields of Energy and Environment, Transport and Infrastructure Security. One third of the company's earnings are generated by public investments in infrastructure.

CityPlan's annual sales total approximately SEK 30 million with an operating margin of 10 percent. The purchase price was SEK 15 million, together with an additional consideration to be based on the company's operating profit for the period 2011–2013.

Following the acquisition of CityPlan, ÅF now has a total of 200 consultants in the Czech Republic. This makes ÅF one of the country's leading technical consulting companies. CityPlan will be organised as part of ÅF's Infrastructure Division. Other operations in the Czech Republic are organised under the Energy Division.

Goodwill

When consulting businesses are acquired, the payment does not relate only to the carrying amount of tangible assets in the company, but also includes a premium to reflect, for example, the benefit of acquiring relations with new clients and with expert, well-qualified and experienced consultants. The premium in the form of human capital, which is not recorded as an asset in the acquired company, is recognised primarily as goodwill in the ÅF Group. Goodwill amounted to SEK 1,651 million (1,626) at the end of the reporting period. SEK 22 million relates to companies acquired during the year. For further information about goodwill and other intangible assets, please see Note 12.

Cash flow and financial status

Cash flow from operating activities for the full year totalled SEK 414 million (201). Cash flow is, in general, proportional to growth in earnings. It should be noted that, despite organic growth of 10 percent, working capital has fallen. One reason for this is the increase in the proportion of projects involving payment in advance.

Total cash flow amounted to SEK 18 million (–10). Corporate acquisitions and additional considerations amounted to SEK 44 million (513). Dividends to ÅF's shareholders were SEK 135 million (135), and the net of loans taken out and amortised affected cash flow by SEK –163 million (–150). Cash flow in the preceding year had a positive contribution of SEK 624 million from the disposal of ÅF Kontroll and ÅF TÜV Nord.

The consolidated cash and cash equivalents at the end of the reporting period totalled SEK 345 million (328). The consolidated net cash balance was SEK 131 million (35). ÅF AB had credit facilities amounting to SEK 1,000 million, all unutilised at the end of the reporting period.

Equity at the end of the reporting period was SEK 2,450 million (2,361), equivalent to equity per share of SEK 72.38 (69.47). The equity/assets ratio was 59.4 percent (59.8).

Investment

Not taking into account acquisitions of lines of business, gross investment in tangible and intangible assets during the year totalled SEK 38 million (34).

Parent

The parent's operating income during 2011 amounted to SEK 358 million (330), relating primarily to intra-Group services.

Profit after net financial income/expense was SEK 406 million (1,021). Dividends from subsidiaries and associates, plus Group contribution received, totalled SEK 455 million (673). In the preceding year, the parent made a financial gain on the sale of ÅF Kontroll and ÅF TÜV Nord of SEK 501 million.

Cash and cash equivalents amounted to SEK 42 million (54), and gross investment in equipment to SEK 12 million (7).

Sustainability work

Together with its stakeholders and society in general, ÅF has an important duty to work towards more sustainable development. In many instances, ÅF is tasked with introducing new and better technology, implementing rationalisation measures and reducing emissions, but also with providing analyses and helping government authorities and other governing bodies to understand the challenges that we are all facing. 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 long-term sustainable development.

For ÅF's Sustainability Report, please see pages 49–54 of the annual report.

Employees

The number of FTEs was 4,367 (3,966).

The total number of employees at the end of the reporting period was 4,649 (4,475): 3,235 (3,148) in Sweden and 1,414 (1,327) outside Sweden.

ÅF adopts an active, long-term perspective to HR work in order to attract and retain skilled employees. This approach involves marketing ÅF as an employer externally, but also providing clear information about the various career paths and opportunities for development available at ÅF, and offering all employees the kind of work that develops them as individuals. ÅF improved its market

standing in 2011, particularly in the field of infrastructure, and maintained its strong appeal as an employer. In Universum's annual Career Barometer survey of some 3,500 practising engineers, ÅF secured overall second place among Swedish companies in the "Ideal Employer" rankings. ÅF works hard with employer branding activities to market itself as a good employer among potential co-workers and to bolster the company's image in general. During the year a number of outreach activities were conducted at universities and technical colleges. ÅF also works to achieve a good gender balance within the company. Whenever a managerial post becomes vacant, at least one woman must be selected as a possible candidate. At the end of the reporting period, women constituted 20 (19) percent of the total number of consultants in the company.

The "Five of Five Thousand" project has identified and defined three main career paths within ÅF: specialist/expert, project manager and manager. Parallel with this, the internal training organisation, ÅF Academy, has been established to support 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 on entrepreneurial skills. For further details about ÅF's work with human resources, please see pages 14–17 in the Group's annual report.

Risk management and sensitivity analysis

In 2011, ÅF continued to integrate risk management into the Group's strategy process. The overall risk management programme is further reflected in operating activities, as the risk management models were revised, with risk management linked to sustainability. Risk management at ÅF aims to minimise risks, while ensuring that opportunities are exploited as effectively as possible. ÅF's risk management programme, Enterprise Risk Management (ERM), is intended to make risk management an integrated part of the operation and to link risk management to the company's strategic and operational goals.

Market and operational risks

Market and competition: ÅF is exposed to the business cycle, structural changes and changes in market trends. The company is also exposed to competition from a number of major international players, as well as several smaller, local competitors in each individual market.

Business model and pricing: A high capacity utilisation rate is crucial to the earning power of a consulting firm. Every percentage point change in the capacity utilisation rate affects ÅF's profit or loss by around SEK 45 million. The hourly rate is also a significant performance factor for a consulting firm. A change in the hourly rate of SEK 10, with an unchanged capacity utilisation rate, is equivalent to a change in profit or loss of around SEK 54 million.

Contracts and terms of agreement: ÅF operates under a range of commercial terms. For a precisely specified consulting assignment, a fixed-price arrangement may be advantageous for both the client and for ÅF. A fixed-price assignment may, however, involve an increased risk of an incorrect estimate of the time required to complete the assignment.

Subcontractors: ÅF leads and manages client projects, and, on occasion, collaborates with subcontractors. Projects in which subcontractors are used involve a risk that the subcontractors may not maintain a sufficiently high level of quality in their deliveries.

Personnel and co-workers: For the company to achieve its objectives, it is essential that co-workers are motivated and have appropriate skills and knowledge. There is always a potential risk that competent co-workers may leave ÅF and move to competitors or clients, or start their own business. There is a further risk that such co-workers, who know the company well, may take other valuable co-workers with them.

Sustainability: ÅF's geographical spread and strong position in the energy and public sectors carry risks related to typical sustainability factors such as human rights, working conditions and the fight against corruption.

Acquisitions: Acquisitions of other companies always involve risks: the acquired company may not achieve set targets, the integration process may fail or co-workers may leave.

Disputes: In ÅF's business operations, there is a risk of disputes arising. Disputes can arise through disagreements with the client over the terms that apply to the assignment. Disputes may also arise, for example, on the acquisition of operations.

Financial risks

The ÅF Group is exposed to financial risks in the course of its operations. Financial risks refer to fluctuations in the company's profit or loss and cash flow in consequence of changes in exchange rates, interest rate levels and credit risks.

Currency risk: Currency risk refers to changes in exchange rates which have a negative impact on the consolidated income statement, balance sheet and cash flow.

Interest rate risk: Interest rate risk is the risk of changes in interest rates having a negative impact on the Group's net interest income/expense and/or cash flow.

Financial credit risk: ÅF's financial transactions give rise to credit risks in respect of financial counterparties.

Client credit risk: The credit risk consists of outstanding accounts receivable and uninvoiced consulting assignments.

For a more detailed description of the risks to which the company is exposed, and how these are managed, please see pages 56–61 in the annual report.

Shares

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

ÅF shares traded at SEK 111 at the end of 2011, a fall of 20 percent in value over the year. The Stockholm OMXSPI all-share index fell by 17 percent during the same period. The Mid Cap index fell by 25 percent.

ÅF's market capitalisation as at 31 December 2011 was SEK 3,781 million (4,743).

During the year there was a turnover of 11,710,508 (15,325,671) shares, valued at a total of SEK 1,238 million (2,197). The average turnover per trading day was SEK 5.3 million (8.7). Shares were traded on 100 percent (100) of trading days.

The total number of ÅF shares on 31 December 2011 amounted to 34,059,002, of which 1,608,876 were class A shares and 32,450,126 were class B shares. On 31 December 2011 ÅF AB held 384,000 of its own class B shares.

The ten largest shareholders in ÅF are listed on page 46 of the annual report. The largest single shareholder is Ångpanneföreningen's Foundation for Research & Development, which holds 1,602,876 class A shares and 3,832,576 class B shares: this equates to 16.0 percent of the total number of shares and 40.9 percent of the voting rights in the company.

The 2011 Annual General Meeting of shareholders authorised the Board of Directors to buy back shares so that the company's own holding amounts to a maximum of 10 percent of the shares in the company. The board was also authorised to issue new shares that correspond to an increase of a maximum of SEK 15,000,000 in the company's share capital.

In accordance with the authorisation granted by the shareholders' meeting, a total of 100,000 ÅF shares were bought back during 2011. The aim of the buy-back is to hedge the company's obligations in respect of the Performance-related Share Programme for 2011 approved by the shareholders' meeting.

There are no limitations, neither in law nor in the company's articles of association, relating to the transfer of shares.

Performance-related Share Programme (PSP) 2011

At the Annual General Meeting held on 2 May 2011 shareholders in ÅF AB resolved to implement a new three-year performance-related share savings programme for up to 100 key individuals in the company, including the President/CEO.

Participants in the programme were given the opportunity to reserve a sum corresponding to a maximum of 5 percent of their gross salary for the purchase of ÅF shares on the Nasdaq OMX Exchange (Mid Cap) in Stockholm over a 12-month period from the date of implementation of the programme. On expiry of the application period, 95 ÅF senior officers of the company and employees in key positions had expressed an interest in purchasing approximately 30,000 shares for the entire 2011 programme.

In the event that the preset performance targets are met in full, some 155,000 shares will be transferred to these employees through matching and free of consideration between 2011 and 2014. This can lead to dilution of a maximum 0.5 percent of earnings per share.

Board of Directors

Following the recommendation of the Nomination Committee eight directors (without deputies) were elected by the Annual General Meeting: Ulf Dinkelspiel, Patrik Enblad, Eva-Lotta Kraft, Björn O Nilsson, Helena Skåntorp, Anders Snell and Lena Treschow Torell were re-elected, and Anders Narvinger was elected to serve a first term as a director of the company.

Ulf Dinkelspiel was re-elected as Chairman of the Board. At its inaugural meeting following the AGM, the board elected Lena Treschow Torell as its Deputy Chair.

Patrik Tillack and Fredrik Sundin are employee representatives on the board.

Please turn to pages 124–125 in the annual report for a more detailed presentation of board members and directors.

Work of the Board of Directors

During the 2011 financial year, the board held nine meetings, one of which was the board's inaugural meeting. The work of the board focuses chiefly on strategic issues, business plans, financial statements, major investments and take-overs 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 is 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 September a strategy seminar was arranged which included a thorough review of each division.

Other ÅF employees have participated in board meetings to present reports. Viktor Svensson, 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 119–123 in the annual report.

Group management

In 2011 the ÅF Group management team comprised Jonas Wiström (President and CEO), Jonas Ågrup (CFO), who was succeeded by Stefan Johansson in November, Viktor Svensson (Executive Vice President Corporate Information), Charlotte Witt (Director Human Resources), Jacob Landén (General Counsel) and the Divisional Presidents, Eero Auranne, Per Magnusson, Mats Pålsson and Johan Olsson. Marie Edman is the secretary to the Group management team. Since 1 January 2012 Roberto Gerosa has also been a member of the Group management team and the Group's Manager for International Business Development.

Please turn to pages 126–127 for a presentation of the senior executives in the company.

Guidelines for the remuneration of the senior executives of the company

The 2011 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 amended after the AGM. By "senior executives of the company" is meant the President/CEO and other members of the Group management team.

ÅF Group policy is that remuneration should be on competitive market terms, as this will facilitate recruitment and enable the Group to retain senior executives with the requisite skills and experience. ÅF applies the "grand-father principle", according to which remuneration terms must always be approved by each manager's immediate superior.

The remuneration package for senior executives consists of basic salary, a variable salary element, pension, use of a company car, other remuneration and long-term incentive programmes.

Remuneration is based on factors such as duties, expertise, experience, position and performance. The apportionment between basic salary and variable remuneration is also related to the executive's position and duties. The annual variable element for the CEO is a maximum of 65 percent of the fixed annual salary, and for other executives a maximum of 60 percent of the fixed annual salary. The fixed annual salary is the current monthly salary multiplied by 12.2. The variable remuneration paid is the amount after the deduction of social security contributions. The variable element is based on outcomes in relation to targets. The targets and salary for the CEO are determined by the Board of Directors. Targets and salary for other senior executives are set by the CEO in consultation with the Remuneration Committee.

Senior executives have defined-contribution pension plans with market contributions. All pension benefits are vested, and are not, therefore, dependent on future employment. The retirement age for the CEO is 60, and for other senior executives, 65. For information regarding previously approved remuneration which has not become due for payment, please refer to Note 7 in this annual report.

The Board of Directors proposes that the 2012 Annual General Meeting resolves that the principles for remuneration and other conditions of employment for Group management for 2012 shall be in line with the principles that have been applied during 2011.

Dividend

The Board of Directors proposes a dividend for 2011 of SEK 5.00 per share (4.00).

Prospects for 2012

ÅF has begun 2012 in a strong position, thanks in particular to its well-filled order books, strong brand and highly qualified workforce. The immediate prospects remain somewhat uncertain in the wake of the debt crisis in Europe, but ÅF's most important objective is to continue to generate levels of profitability that place us among the very best performers in our industry – regardless of the state of the economy.

At the end of 2011 the company had more than 4,600 highly qualified employees, and our ambition is to continue to grow, both organically and through acquisitions, without compromising profitability. With good cash flows and a strong balance sheet ÅF is well placed to build upon and advance its market positions even further in 2012.

Proposed appropriation of profits

Non-restricted profits of SEK 2,168,934,755 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 5.00 per share	168,375,010
To be carried forward	2,000,559,745
Total, SEK	2,168,934,755

The board's explanation of 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 millions of SEK)	Note	2011	2010
Operating income			
Net sales	2	5,124.1	4,334.1
Other operating income	5	6.7	461.8
		5,130.8	4,795.9
Operating expenses			
Other external costs	6, 25	-1,754.9	-1,430.5
Personnel costs	7	-2,890.1	-2,528.7
Depreciation/amortisation and impairment of tangible and intangible assets	12, 13	-54.6	-50.8
Other operating expenses	8	-4.1	-13.1
Profit attributable to participation in associates	14	-0.6	33.1
Operating profit	2	426.5	805.8
Result from financial investments			
Financial income		17.2	13.5
Financial expenses		-17.9	-21.3
Net financial items	9	-0.7	-7.7
Profit after financial items		425.8	798.1
Tax	21	-113.6	-80.9
Profit for the year		312.2	717.2
Attributable to:			
Shareholders in the parent		306.0	709.9
Non-controlling interest		6.1	7.3
		312.2	717.2
Earnings per share with regard to profit attributable to shareholders in the parent	11		
before dilution (SEK)		9.07	21.02
after dilution (SEK)		9.02	20.95

Statement of consolidated comprehensive income

1 January – 31 December (in millions of SEK)	2011	2010
Change in translation reserve for the year	-0.2	-43.6
Change in value of cash flow hedging	-1.8	2.1
Pensions (actuarial gains and losses)	-91.1	-4.4
Tax	19.2	0.5
Other comprehensive income	-73.9	-45.4
Profit for the year	312.2	717.2
Total comprehensive income for the period	238.3	671.8
Attributable to:		
Shareholders in the parent	232.2	665.9
Non-controlling interest	6.0	5.9
	238.3	671.8

Consolidated balance sheet

As at 31 December (in millions of SEK)	Note	2011	2010
Assets	3, 4		
Intangible assets	12	1,695.2	1,677.0
Tangible assets	13	285.9	292.7
Participations in associates	14	5.3	5.9
Financial investments	15	0.9	0.7
Non-current receivables		18.6	18.5
Deferred tax asset	21	34.2	21.7
Total non-current assets		2,040.1	2,016.4
Accounts receivable	23	1,006.2	1,078.3
Revenue generated but not invoiced		556.5	370.8
Current tax assets	21	4.5	19.0
Other receivables		102.6	64.7
Prepaid expenses	16	68.2	73.4
Cash and cash equivalents		345.3	327.9
Total current assets		2,083.3	1,934.0
Total assets		4,123.4	3,950.4

Consolidated balance sheet (continued)

As at 31 December (in millions of SEK)	Note	2011	2010
Equity and liabilities			
Equity	17		
Share capital		170.3	170.3
Other contributed capital		468.4	469.8
Reserves		80.3	81.9
Retained earnings including profit for the year		1,718.5	1,624.4
Equity attributable to shareholders in parent		2,437.5	2,346.3
Non-controlling interest		12.7	14.4
Total equity		2,450.2	2,360.7
Liabilities	3, 4		
Liabilities to credit institutions	18, 24	49.5	6.5
Provisions for pensions	19	145.3	62.8
Other provisions	20	64.8	68.0
Deferred tax liabilities	21	35.9	45.9
Other liabilities		1.3	1.3
Total non-current liabilities		296.9	184.5
Liabilities to credit institutions	18, 24	19.6	224.1
Work invoiced but not yet carried out		397.5	252.9
Accounts payable – trade		320.0	293.5
Current tax liability	21	27.7	4.0
Other liabilities		178.9	237.8
Accrued expenses and prepaid income	22	416.7	379.4
Provisions	20	15.8	13.6
Total current liabilities		1,376.3	1,405.2
Total liabilities		1,673.1	1,589.7
Total equity and liabilities		4,123.4	3,950.4

For information about the Group's pledged assets and contingent liabilities, please refer to Note 26.

Statement of change in equity for Group

In millions of SEK	Equity attributable to shareholders in the parent						Non-controlling interest	Total equity
	Share capital	Other contributed capital	Reserves	Profits brought forward incl. profit for the year	Total			
Equity brought forward 1 Jan 2010	170.3	467.7	122.4	1,052.6	1,813.0	13.6	1,826.6	
Other comprehensive income	—	—	-40.6	-3.5	-44.0	-1.3	-45.4	
Profit for the year				709.9	709.9	7.3	717.2	
Total comprehensive income for the period	—	—	-40.6	706.4	665.9	5.9	671.8	
Dividends				-135.1	-135.1	-4.2	-139.3	
Acquisition of non-controlling interest				0.5	0.5	-0.9	-0.4	
Share savings programmes		2.0			2.0		2.0	
Equity carried forward 31 Dec 2010	170.3	469.8	81.9	1,624.4	2,346.3	14.4	2,360.7	
Equity brought forward 1 Jan 2011	170.3	469.8	81.9	1,624.4	2,346.3	14.4	2,360.7	
Other comprehensive income	—	—	-1.6	-72.2	-73.8	-0.1	-73.9	
Profit for the year				306.0	306.0	6.1	312.2	
Total comprehensive income for the period	—	—	-1.6	233.8	232.2	6.0	238.3	
Dividends				-135.1	-135.1	-7.1	-142.2	
Gradual acquisition of non-controlling interest				-4.5	-4.5	-1.6	-6.1	
Non-controlling interest in acquired companies					—	0.9	0.9	
Share savings programmes		8.5			8.5		8.5	
Share buy-backs		-9.9			-9.9		-9.9	
Equity carried forward 31 Dec 2011	170.3	468.4	80.3	1,718.5	2,437.5	12.7	2,450.2	

For supplementary information, please see Note 17.

Statement of cash flows for Group

1 January – 31 December (in millions of SEK)	Note	2011	2010
Operating activities	30		
Profit after financial items		425.8	798.1
Adjustment for items not included in cash flow and other		56.1	-456.3
Income tax paid		-78.2	-117.1
Cash flow from operating activities before changes in working capital		403.7	224.7
Cash flow from changes in working capital			
Change in operating receivables		-138.8	-71.2
Change in operating liabilities		149.0	47.8
Cash flow from operating activities		413.9	201.3
Investing activities			
Acquisition of tangible assets		-31.8	-27.9
Disposal of tangible assets		0.1	—
Acquisition of intangible assets		-6.0	-6.4
Acquisition of business operations	4	-19.1	-391.1
Additional consideration paid and gradual acquisitions		-24.5	-122.4
Disposal of business operations	3	—	624.5
Acquisition of financial assets		—	-0.5
Disposal of financial assets		—	1.2
Cash flow from investing activities		-81.3	77.4
Financing activities			
Proceeds from borrowing		3.1	0.3
Amortisation of loans		-166.0	-150.0
Dividend paid to parent shareholders and non-controlling shareholders		-142.2	-139.3
Share buy-backs		-9.9	—
Cash flow from financing activities		-315.0	-289.0
Cash flow for the year		17.6	-10.3
Cash and cash equivalents brought forward		327.9	344.7
Exchange difference in cash/cash equivalents		-0.2	-6.5
Cash and cash equivalents carried forward		345.3	327.9

Parent income statement

1 January – 31 December, MSEK	Note	2011	2010
Operating income			
Net sales		244.8	225.1
Other operating income	5	113.5	104.5
		358.3	329.6
Operating expenses			
Other external costs	6, 25	-181.3	-159.1
Personnel costs	7	-81.2	-66.2
Depreciation/amortisation and impairment of tangible and intangible assets	12, 13	-12.7	-10.5
Other operating expenses	8	-122.6	-110.5
Operating loss		-39.5	-16.7
Result from financial investments			
Result from shares in Group companies and associates	9	454.5	1,042.5
Interest income and similar profit/loss items	9	3.6	2.0
Interest expense and similar profit/loss items	9	-12.6	-7.2
		445.5	1,037.3
Profit after financial items		406.0	1,020.7
Appropriations	10	-5.5	-8.0
Pre-tax profit		400.5	1,012.6
Tax	21	-89.7	-60.8
Profit for the year		310.8	951.8
Other comprehensive income		—	—
Comprehensive income for the period		310.8	951.8

The 2010 figures are adjusted due to changes to the rules governing the treatment of Group contribution.

Parent balance sheet

As at 31 December (in millions of SEK)	Note	2011	2010
Assets			
Non-current assets			
Intangible assets	12	4.9	4.7
Tangible assets	13	57.1	55.4
Participations in Group companies	28	2,445.1	2,356.8
Participations in associates	14	7.3	7.3
Receivables from Group companies	27	8.6	4.5
Non-current receivables		16.8	15.2
Total non-current assets		2,539.8	2,443.9
Current assets			
Accounts receivable		2.9	3.3
Receivables from Group companies	27	476.6	271.8
Receivables from associates	27	0.2	0.1
Revenue generated but not invoiced		3.6	2.7
Current tax assets	21	—	12.1
Other receivables		23.6	15.8
Prepaid expenses	16	45.8	41.1
Total current receivables		552.7	346.9
Cash and bank balances		41.7	53.7
Total current assets		594.4	400.6
Total assets		3,134.2	2,844.5

Parent balance sheet (continued)

As at 31 December (in millions of SEK)	Note	2011	2010
Equity and liabilities			
Equity	17		
<i>Restricted equity</i>			
Share capital (1,608,876 class A shares and 32,450,126 class B shares: total 34,059,002 shares with a quota value of SEK 5)		170.3	170.3
Statutory reserve		46.9	46.9
<i>Non-restricted equity</i>			
Share premium reserve		431.1	441.0
Profit brought forward		1,427.1	603.5
Profit/loss for the year		310.8	951.8
Total equity		2,386.2	2,213.5
Untaxed reserves	29	29.6	28.4
Provisions			
Provisions for pensions and similar obligations	19	26.9	26.2
Other provisions	20	70.8	69.8
Total provisions		97.7	96.0
Non-current liabilities			
Liabilities to Group companies	27	0.2	0.2
Total non-current liabilities		0.2	0.2
Current liabilities			
Liabilities to credit institutions	18, 24	—	100.0
Accounts payable – trade		67.3	69.0
Liabilities to Group companies	27	511.1	311.2
Current tax liability	21	17.0	—
Other liabilities		1.4	2.2
Accrued expenses and prepaid income	22	23.8	24.0
Total current liabilities		620.6	506.4
Total equity and liabilities		3,134.2	2,844.5
Pledged assets and contingent liabilities for the parent			
Pledged assets	26	None	None
Contingent liabilities	26	115.0	114.9

The 2010 figures are adjusted due to changes to the rules governing the treatment of Group contribution.

Statement of change in equity for parent

(In millions of SEK)	Restricted equity		Non-restricted equity			Total equity
	Share capital	Statutory reserve	Share pre-mium reserve	Profit brought forward	Profit for the year	
Equity brought forward 1 January 2010	170.3	46.9	441.0	734.8	—	1,393.1
Profit for the year					951.8	951.8
Total profit for the period	—	—	—	—	951.8	951.8
Dividends				—135.1		—135.1
Share savings programme				3.7		3.7
Equity carried forward 31 December 2010	170.3	46.9	441.0	603.5	951.8	2,213.5
Equity carried forward 1 January 2011	170.3	46.9	441.0	1,555.3		2,213.5
Profit for the year					310.8	310.8
Total profit for the period	—	—	—	—	310.8	310.8
Dividends				—135.1		—135.1
Share buy-back			—9.9			—9.9
Share savings programme				6.9		6.9
Equity carried forward 31 December 2011	170.3	46.9	431.1	1,427.1	310.8	2,386.2

For supplementary information, please see Note 17.

The 2010 figures are adjusted due to changes to the rules governing the treatment of Group contribution.

Statement of cash flows for parent

1 January – 31 December (in millions of SEK)	Note	2011	2010
Operating activities	30		
Profit/loss after financial items		406.0	1,020.7
Adjustment for items not included in the cash flow and other		–383.6	–620.6
Income tax paid		–60.7	–59.3
Cash flow from operating activities before changes in working capital		–38.3	340.8
Cash flow from changes in working capital			
Change in operating receivables		–30.9	44.1
Change in operating liabilities		411.0	–46.1
Cash flow from operating activities		341.8	338.8
Investing activities			
Acquisition of tangible assets		–11.6	–6.7
Acquisition of intangible assets		–2.8	–3.1
Acquisition of financial assets		–94.4	–607.8
Disposal of financial assets		—	575.3
Cash flow from investing activities		–108.8	–42.3
Financing activities			
Amortisation of loans		–100.0	–111.6
Dividends paid		–135.1	–135.1
Share buy-backs		–9.9	—
Cash flow from financing activities		–245.0	–246.7
Cash flow for the year		–12.0	49.8
Cash and cash equivalents brought forward		53.7	3.9
Cash and cash equivalents carried forward		41.7	53.7

The 2010 figures are adjusted due to changes to the rules governing the treatment of Group contribution.

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Notes with accounting principles and comments

Financial values in the tables of accounts are in millions 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 (Supplementary Accounting Rules for Groups) has been applied.

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

1.2 Basis of preparation of the parent and consolidated financial statements

The parent's functional currency is the Swedish krona (SEK), which is also the reporting currency for the parent and the Group. This means that the financial statements are presented in SEK.

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.

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 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 32.

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, subsidiaries and the inclusion of associates in the consolidated accounts.

The annual report and consolidated financial statements were approved for release by the Board of Directors on 9 March 2012. The consolidated income statement and balance sheet and the parent income statement and balance sheet will be put forward for adoption at the Annual General Meeting on 7 May 2012.

1.3 Amendments to accounting policy and disclosure requirements

1.3.1 Amended and new accounting policies for the year

No new standards affecting the Group came into force during 2011.

1.3.2 Future amendments in accounting policies

IAS 1 Presentation of other comprehensive income – amended (adoption by EU expected in Q2 2012)

IAS 1 will be applicable to annual periods beginning on or after 1 July 2012. The amendments revise the grouping of transactions in other comprehensive income. Items that are reclassifiable to profit or loss are to be presented separately from items that are not. The proposal does not alter the actual content of other comprehensive income, but solely the presentation.

IFRS 9, Financial Instruments: Recognition and Measurement

(Not yet adopted by the EU. No timetable for adoption currently in place)

This standard is part of a project to replace the current IAS 39. The standard reduces the number of valuation classifications for financial assets, so that the primary classifications for measuring financial assets and liabilities are amortised cost and fair value through profit or loss. For certain investments in equity instruments, there is an option for them to be measured at fair value in the balance sheet, with value changes reported in other comprehensive income, where there is no transfer to profit or loss for the period on disposal. In addition, new rules have been introduced concerning the presentational changes in own credit spreads when liabilities are measured at fair value. The standard will be supplemented with rules on impairment and hedge accounting.

IFRS 11 Joint arrangements, IAS 28 Associates and Joint Ventures (adoption by EU expected in Q4 2012)

IFRS 11 will be applicable to annual periods beginning on or after 1 January 2013. IFRS 11 prescribes the accounting of joint arrangements, which are defined as a contractual arrangement of which two or more parties have joint control. IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It is essential to determine whether a party has control over another party or, rather, significant influence or joint control. In the last-mentioned case, a joint arrangement exists, which may involve either a joint operation or a joint venture. For jointly owned assets and joint operations, each joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement. Joint ventures, in which the venturer owns an interest in the net assets of the company, are no longer to be consolidated using proportional consolidation, but using the equity method.

IAS 19 Employee benefits - amendments (adoption by EU expected in Q2 2012)

IAS 19 will be applicable to annual periods beginning on or after 1 January 2013. The amendments alter the accounting treatment of defined-benefit

Note 1 cont'd

plans. This includes the elimination of the option of deferring actuarial gains and losses using the "corridor method". They are to be recognised on a current basis in other comprehensive income. This change in the rules does not affect ÅF, since the Group does not apply the "corridor method". Sensitivity analyses are to be carried out in respect of reasonable changes in all the assumptions made in calculating pension obligations.

1.4 Segment reporting

Segment reporting is based on operating segments which consist of the Group's four divisions. This corresponds to the structure for the Group management team's monitoring and management of operations.

1.5 Classification, etc.

In the financial statements for both the parent and the ÅF Group, 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 acquisition 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, impairment or reversal of fair value adjustments, is recognised in the consolidated income statement under "Share of associates' 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 profit or loss. 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.

The functional currency is the currency of the primary economic environments in which the companies in the ÅF Group operate. The parent's functional currency and reporting currency is the Swedish krona (SEK). The ÅF 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 other comprehensive income. 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 profit or loss on the basis of the stage of comple-

Note 1 cont'd

tion at the end of the reporting period. The stage of completion of an assignment is determined by comparing the expenditure at the end of the reporting period with estimated total expenditure. 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. For joint risk projects AF recognises only its own share of the income.

1.9 Operating expenses and financial income and expenses**1.9.1 Operating lease agreements**

Payments under operating leases are recognised in profit or loss 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 that 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 profit or loss 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.

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, please see Note 23.

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 ineffective part of the hedge is recognised in the same way as changes in the value of a derivative which is not used for hedge accounting.

1.10.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments 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 of assets described as "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, associates or joint ventures are recognised here. Assets in this category are valued at fair value, with changes in value recognised in other comprehensive income, 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 other comprehensive income 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.

Note 1 cont'd

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 profit or loss 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 in foreign currencies. Derivatives used for hedging future cash flows are recognised in the balance sheet at fair value. The changes in value are recognised in other comprehensive income 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 profit or loss on the same date as gains and losses on the hedged items are recognised.

1.12 Tangible assets**1.12.1 Owned assets**

Tangible 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. 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.

Depreciation principles

Linear depreciation is applied over the estimated useful life of the asset. Land is not depreciated. The ÅF 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:

IT 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.

Note 1 cont'd

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 groups of 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 an 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 profit or loss 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 below) and impairment losses (see §1.14 below).

Costs incurred in respect of internally-generated goodwill and internally-generated trademarks are recognised in profit or loss 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 an expense as it is incurred.

1.13.5 Amortisation

Amortisation is recognised in profit or loss 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	1–10 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 associates

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. For an asset which does not generate cash flows that are essentially independent of other assets, the value in use 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 profit or loss.

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 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 via profit or loss. The impaired value is the value

Note 1 cont'd

from which subsequent revaluations are made, and these are recognised in other comprehensive income. Impairment losses on interest-bearing instruments designated as available-for-sale financial assets are reversed in profit or loss 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 ÅF 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.

Actuarial assumptions represent the company's best assessment of the different variables which determine the costs involved in providing the benefits. Since actuarial assumptions are used, the actual outcome may differ from the estimated outcome, and the actuarial assumptions may change from one period to another. These differences constitute actuarial gains and losses. They may be caused, for example, by a change in expected lifespans, changes in salaries, changes in the discount rate and differences between actual and estimated returns on plan assets. Actuarial gains and losses are recognised in other comprehensive income for the period in which they arise. The Group's net liability, as shown in the balance sheet, for each defined-benefit plan is the present value of the obligations minus the fair value of the plan assets. If the value of the plan assets exceeds the amount of the obligations, a surplus arises, which is recorded as an asset under other non-current receivables.

When the benefits in a plan are improved, the proportion of the increased benefits attributable to the employees' service in previous periods is recognised as an expense in profit or loss, allocated on a straight-line basis over the average period until the benefits are fully vested. If the benefits are fully vested, the expense is recognised immediately in profit or loss.

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

1.16.3 Share-related remuneration

Under the share savings programme adopted by the AGM, employees are eligible to receive performance-related matching shares for shares which they have themselves purchased under the programme. The total number of matching shares issued for each share purchased is dependent on the employee remaining with the Group for three years after the investment date, the shares concerned not being sold and the achievement of other parameters stipulated in advance. For these share programmes, salary expenses for matching

shares are recognised during the vesting period (3 years) based on the fair value of the shares on the date on which the employee purchased shares under the programme. When the shares are matched, social security contributions will be paid in certain countries on the value of the benefit to the employee. During the vesting period, provisions are made for these estimated social security contributions. The buy-back of shares to meet obligations under outstanding share programmes is recognised in equity.

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 that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability.

Provisions for restructuring are recognised 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 profit or loss except where the underlying transaction is recognised in other comprehensive income, in which case the associated tax effect is also recognised in other comprehensive income.

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, 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.

Note 1 cont'd

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'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 matching shares in the savings programme.

1.22 Parent accounting policies

The parent 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 (Accounting for Legal Entities). RFR 2 requires that the parent'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 Pension Obligations Vesting Act (*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 are presented below.

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

Differences between accounting policies for the Group and the parent**1.22.1 Subsidiaries and associates**

Shares in subsidiaries and associates are recognised in the parent using the acquisition method. Dividends received are recognised as income.

1.22.2 Tangible non-current assets**Leased assets**

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

1.22.3 Intangible assets**Research and development**

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

1.22.4 Non-current assets held for sale

The parent applies IFRS 5 with the exceptions set out in RFR 2. 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 the form of 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's financial guarantee contracts consist primarily of guarantees for the benefit of subsidiaries and associates. 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 applies RFR 2, which involves a relief compared with the provisions of IAS 39 in respect of financial guarantee contracts issued for the benefit of subsidiaries and associates. The parent 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 applies a different basis for the calculation of defined-benefit plans to that set out in IAS 19. The parent complies instead with the provisions of the Pension Obligations Vesting Act (*Tryggandelagen*) and the regulations of *Finansinspektionen*, the Swedish financial supervisory authority, 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 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 contribution and shareholders' contributions to legal entities

Group contributions provided by the parent to a subsidiary are recognised in the parent as an investment, or, depending on the relationship between accounting and taxation, in the income statement under the Appropriations item. Group contributions from a subsidiary to the parent are recognised in the parent on the same principle as ordinary dividends from the subsidiary, i.e. as financial income. Subsidiaries and sister companies recognise Group contributions made and received directly in non-restricted equity.

Shareholder's contributions are recognised directly in equity by the recipient and are capitalised as participations by the contributor, insofar as impairment is not required.

The 2010 figures for the parent are adjusted due to the amended rules relating to accounting for Group contribution.

2 Segment reporting

	Energy		Industry		Infrastructure		Technology		Others & elim. ¹⁾		Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Income												
Sales to external clients	1,265	1,000	1,497	1,297	1,497	1,210	864	715	1	113	5,124	4,334
Other operating income	1	2	1	1	0	0	0	0	5	458	7	462
Sales between segments	20	11	35	41	31	23	27	4	-113	-80	—	—
Total income	1,286	1,012	1,533	1,340	1,528	1,233	891	719	-107	491	5,131	4,796
Operating expenses	-1,193	-913	-1,350	-1,215	-1,400	-1,155	-793	-648	85	-8	-4,651	-3,939
Amortisation and impairment of intangible assets	-7	-4	-2	-1	-5	-1	-1	-1	-3	-2	-18	-10
Depreciation and impairment of tangible assets	-11	-12	-3	-4	-7	-8	-1	-2	-14	-16	-36	-41
Operating profit/loss	75	83	178	120	116	69	96	69	-39	465	426	806
Operating margin, %	5.8	8.2	11.6	9.0	7.6	5.6	10.8	9.6			8.3	16.8
Assets and liabilities												
Intangible assets	669	664	582	579	353	330	86	99	5	5	1,695	1,677
Tangible assets	176	177	12	12	24	27	5	10	69	67	286	293
Other assets	872	713	682	575	678	566	289	371	-379	-244	2,142	1,981
Total assets	1,717	1,553	1,276	1,166	1,055	923	380	481	-305	-173	4,123	3,950
Equity	47	96	164	71	310	175	142	191	1,787	1,827	2,450	2,361
Total liabilities	1,670	1,457	1,112	1,096	745	747	238	289	-2,092	-2,000	1,673	1,590

¹⁾ Figures for 2010 include the Inspection Division which was sold in March 2010.

Operating segments

The Group's operating structure and internal reporting to Group management and the board is based on accounting by divisions. The aim is to classify the divisions on the basis of their clients and their own expertise. Intra-group sales between segments are based on an internal market price, calculated on an arms-length basis, i.e. as between parties who are mutually independent, well-informed and with an interest in completing the transactions.

All of the Group's operating assets and liabilities have been placed directly in divisions or allocated by division. The accounting policies governing operating segments are the same as those applied in the Group in general. There are no individual clients whose sales amount to 10 percent or more of the Group's total sale.

	Sweden		Outside Sweden		Total	
By geographical area	2011	2010	2011	2010	2011	2010
Sales to external clients	3,371	2,928	1,753	1,406	5,124	4,334
Assets	2,137	2,170	1,986	1,780	4,123	3,950

3 Sale of business operations

Net assets of companies disposed of on date of disposal

	2011	2010
Intangible assets	—	15.9
Tangible assets	—	30.3
Financial assets	—	4.1
Accounts receivable and other receivables	—	85.5
Cash and cash equivalents	—	10.8
Accounts payable and other liabilities	—	-60.7
Net identifiable assets and liabilities	—	85.9
Consolidated goodwill	—	68.1
Adjustment for capital gain or loss	—	488.9
Adjustment for realised translation differences	—	-0.4
Selling price	—	642.5
Deduct:		
Cash balance (disposed)	—	10.8
Selling expenses	—	7.2
Net cash inflow	—	624.5

Disposals in 2010 refer to ÅF-Kontroll AB and ÅF-TÜV Nord AB.

4 Business combinations

Acquisitions 2011

In 2011, ÅF acquired Elektroprojektering Uppsala, Eriksson Sprinklerkonsult, CityPlan spol s.r.o. and Oy Vesirakentaja. The number of employees in the acquired companies' business operations was 86. For more information about the year's acquisitions, please see page 67.

The acquisition of Elektroprojektering Uppsala and Eriksson Sprinklerkonsult took the form of acquisitions of business operations. In the other companies, shares were acquired.

Effects of acquisitions

The table below shows the effect of the acquisitions on the consolidated assets and liabilities. The acquisition analyses are provisional since the assets of the acquired companies have not yet been finally analysed.

The consideration on reported acquisitions was greater than the carrying amount of the assets in the acquired companies, as a result of which the acquisition analysis gave rise to intangible assets. On the acquisition of a consulting firm, the primary acquisition is, in fact, human capital in the expertise of the staff, for which reason the majority of the assets of the acquired company are attributable to goodwill. The other intangible assets identified in the acquisition consist mainly of orders on hand and customer relationships.

Total of net assets of acquired companies as per acquisition date

2011	Identifiable assets and liabilities	Fair adjustment value	Fair value recognised in Group
Intangible assets	0.3	1.2	1.5
Tangible assets	1.5	—	1.5
Accounts receivable and other receivables	8.9	—	8.9
Cash and cash equivalents	6.2	—	6.2
Non-current provisions	—	-0.2	-0.2
Accounts payable and other liabilities	-5.7	—	-5.7
Net identifiable assets and liabilities	11.2	1.0	12.2
Consolidated goodwill			21.9
Non-controlling interest			-0.9
Acquisition cost including estimated consideration			33.1
Deduct:			
Cash (acquired)			6.2
Estimated additional consideration ¹⁾			7.8
Net cash outflow			19.1

¹⁾ The agreed additional consideration in the acquired companies relates to the performance of the respective companies over the next two to three years. The total additional consideration for the acquired companies will not exceed SEK 8 million.

If the above acquisitions had been completed on 1 January 2011, consolidated income would have been SEK 5,158 million and operating profit SEK 427 million as at 31 December 2011.

Note 4 cont'd

Acquisitions 2010

In 2010, ÅF acquired FastTech, Meacont s.r.o, VVS Energi i Borås AB, VPC Mining i Skellefteå, Gatubolaget Konsult i Göteborg, Platom AB, Energo AB and Mercados EMI S.A. The total number of employees in the companies/business operations acquired was 555.

The acquisitions of FastTech, VPC Mining i Skellefteå and Gatubolaget Konsult i Göteborg took the form of acquisitions of business operations. In the other companies, all shares were acquired.

Total of net assets of acquired companies as per acquisition date

2010	Identifiable assets and liabilities	Fair adjustment value	Fair value recognised in Group
Intangible assets	3.1	35.9	39.0
Tangible assets	17.2		17.2
Accounts receivable and other receivables	138.1		138.1
Cash and cash equivalents	14.6		14.6
Non-current provisions	-4.6	-8.7	-13.3
Interest-bearing liabilities	-64.1		-64.1
Accounts payable and other liabilities	-75.4		-75.4
Net identifiable assets and liabilities	28.9	27.2	56.1
Consolidated goodwill			396.6
Acquisition cost including estimated consideration			452.7
Deduct:			
Cash (acquired)			14.6
Estimated additional consideration ¹⁾			62.2
Additional:			
Part of additional consideration allocated as blocked funds			15.2
Net cash outflow			391.1

¹⁾ The agreed additional consideration in the acquired companies relates to the performance of the respective companies over the next two to three years. The total additional consideration for the acquired companies will not exceed SEK 83 million.

If the above acquisitions had been completed on 1 January 2010, consolidated income would have been SEK 5,243 million and operating profit SEK 831 million as at 31 December 2010.

5 Other operating income

Group	2011	2010
Gain on disposal of business operations	—	457.9
Other	6.7	3.9
	6.7	461.8

Other operating income of SEK 113.5 million (104.5) in the parent relates to the invoicing of rental charges, chiefly to subsidiaries.

6 Fees and remuneration of auditors

	Group		Parent	
	2011	2010	2011	2010
<i>Accountants</i>				
<i>Ernst & Young</i>				
Audit assignments	3.7	3.1	0.7	0.7
Tax advice	0.1	0.1	—	0.1
Other assignments	0.7	0.8	0.3	0.6
	4.5	4.1	1.0	1.4
<i>Other accounting companies</i>				
Audit assignments	0.5	0.3	—	—
Tax advice	0.3	0.1	0.1	0.1
Other assignments	0.2	0.3	—	—
	1.0	0.7	0.1	0.1

“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.

7 Employees and personnel costs

Total remuneration is included in profit or loss under the heading "Personnel costs".

Average number of employees by gender

	2011		2010	
	Women	Men	Women	Men
Parent				
Sweden	55	21	50	20
Subsidiaries				
Sweden	515	2,512	459	2,268
Finland	37	168	33	181
Norway	25	85	28	101
Denmark	14	94	13	89
Switzerland	45	149	49	158
Czech Rep.	15	109	10	89
Russia	186	134	163	121
Estonia	6	26	6	28
Lithuania	6	23	9	23
Spain	12	22	—	—
Turkey	2	13	—	—
India	9	48	4	36
Others	4	29	5	24
Group total	933	3,434	829	3,137
Total average number of employees		4,367		3,966
Total for associates		30		38
Total average number of employees including associates		4,397		4,004

Gender distribution – directors and Group management

Group	Women, %	
	2011	2010
Directors	38	38
Group management	20	20

Salaries, other remuneration and payroll overheads

Group	2011		2010	
	Salaries and remunerations	Social costs	Salaries and remunerations	Social costs
Board of Directors and senior executives	26.8	14.3	22.0	12.7
(of which annual variable remuneration)	5.1	—	3.8	—
(of which pension expenses) ¹⁾	—	6.5	—	5.7
Other employees	2,016.6	741.2	1,781.0	644.0
(of which annual variable remuneration)	58.1	—	53.7	—
(of which, pension expenses) ¹⁾	—	249.9	—	228.2
	2,043.4	755.5	1,803.0	656.7

¹⁾ Including statutory charges.

Parent	2011		2010	
	Salaries and remunerations	Social costs	Salaries and remunerations	Social costs
Board of Directors and President/CEO	8.5	4.5	7.2	4.0
(of which annual variable remuneration)	1.7	—	1.3	—
(of which, pension expenses) ¹⁾	—	1.8	—	1.7
Other employees	40.4	22.6	34.6	16.9
(of which annual variable remuneration)	3.2	—	2.2	—
(of which, pension expenses) ¹⁾	—	9.9	—	7.6
	48.9	27.1	41.8	20.9

¹⁾ Including statutory charges.

Remuneration to senior executives

See page 69 for guidelines for remuneration of senior executives.

Remuneration to the directors of the company approved by the 2011 AGM

The AGM held on 2 May 2011 approved remuneration totalling SEK 1,850,000 for the work of the board in 2011. The Chairman received SEK 450,000 and members of the board not employed in the Group received SEK 200,000 each.

In addition, it was resolved to pay fees for committee work of SEK 45,000 to each member of the Audit Committee not employed in the Group, of SEK 35,000 to each member of the Remuneration Committee not employed in the Group, of SEK 90,000 to the Chair of the Audit Committee, and of SEK 50,000 to the Chair of the Remuneration Committee. The total remuneration payable to the board is thus SEK 2,150,000, of which SEK 1,850,000 is for the ordinary work of the board and SEK 300,000 for committee work.

Remuneration to the directors of the company in 2011

Remuneration to the board is payable quarterly. This means that the remuneration to the board was at the rate determined by the AGM in 2010 for the first two

Note 7 cont'd

quarters and at the rate determined by the AGM in 2011 for the remaining two quarters of the year.

During 2011 a total of SEK 2,150,000 (1,802,500) was recognised as an expense for remuneration to the board in the parent accounts. In addition, the employee representatives on the board received a total of SEK 40,000 (40,000).

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 directors of the company in 2011

Remuneration in SEK

Director	Board	Committee	Total
Ulf Dinkelspiel	450,000	95,000	545,000
Patrik Enblad	200,000	—	200,000
Eva-Lotta Kraft	200,000	45,000	245,000
Anders Narvinger	100,000	17,500	117,500
Björn O. Nilsson	200,000	—	200,000
Jon Risfelt	100,000	17,500	117,500
Helena Skåntorp	200,000	90,000	290,000
Anders Snell	200,000	—	200,000
Lena Treschow Torell	200,000	35,000	235,000
Total	1,850,000	300,000	2,150,000

Information relating to remuneration to directors of the company in 2010

Remuneration in SEK

Director	Board	Committee	Total
Ulf Dinkelspiel	400,000	85,000	485,000
Patrik Enblad	175,000	—	175,000
Eva-Lotta Kraft	175,000	35,000	210,000
Björn O. Nilsson	87,500	—	87,500
Jon Risfelt	175,000	35,000	210,000
Helena Skåntorp	175,000	75,000	250,000
Anders Snell	175,000	—	175,000
Lena Treschow Torell	175,000	35,000	210,000
Total	1,537,500	265,000	1,802,500

Cost of remuneration of the President/CEO and other Group management

	2011			2010		
	President/CEO	Other Group management	Total	President/CEO	Other Group management	Total
Salaries	4.1	13.6	17.7	3.9	12.0	15.9
Provisions for annual variable remuneration earned during the current year	1.7	3.4	5.1	1.3	2.5	3.8
Provisions for non-current variable remuneration	0.6	1.3	1.9	0.1	0.4	0.5
Pension expenses ¹⁾	1.8	4.7	6.5	1.7	4.0	5.7
Other social security expenses	2.0	5.1	7.2	1.7	4.7	6.4
Total	10.3	28.1	38.4	8.7	23.5	32.3

¹⁾ Including statutory charges.

President/CEO

Annual variable remuneration is based on the Group's results, as well as a number of preset targets, and may amount to a maximum of 65 percent of fixed basic salary. The fixed basic salary of the President/CEO for 2011 was SEK 4.1 million (3.9). The President/CEO also has the use of a company car.

The period of notice for the President/CEO of the parent is two years from the company's side. From the President/CEO's side, a period of six months' notice applies. The retirement age for the President/CEO is 60. The President/CEO's retirement benefit plan is defined-contribution, and an annual provision equivalent to 35 percent of the year's basic salary is made for this. Full salary continues to be payable during the period of notice. An obligation to work during the period of notice may apply for a maximum of one year.

ÅF Group management, excluding the President/CEO

The ÅF Group management team consists of nine (nine) individuals excluding the President/CEO. With effect from 2012 the Group management team will include one additional member.

Annual variable remuneration may amount to a maximum of 60 percent of fixed basic salary. Members of the ÅF Group management team have the use of company cars.

For members of the Group management team, the period of notice from the company's side is normally 12 months. Full salary continues to be payable during the period of notice. From the individual's side, a period of six months' notice applies.

One of the members of the ÅF Group management team 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 to 30 percent of basic salary is allocated annually.

Determination of remuneration

The level of remuneration paid to the President/CEO for financial year 2011 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 Remuneration Committee.

Note 7 cont'd

Annual variable remuneration

Within ÅF's divisions, there are different systems of variable remuneration for co-workers. Remuneration may either be based on the division's performance or linked directly to individual performance.

To demonstrate clearly the crucial importance of the efforts of co-workers to the Group's results in both the long and the short term, a Group bonus has been introduced. The model is based on part of profit that is generated at Group level being shared out in the form of bonus payments that are the same for co-workers in all parts of the Group.

Non-current variable remuneration

Performance-related share savings programme (PSP)

General conditions

The first performance-related share savings programme (performance share plan: PSP) for key members of staff was introduced in 2008. PSPs current at the end of the reporting period relate to 2009, 2010 and 2011.

The aim of the programmes is to encourage continued loyalty and excellent performance, and also to make the ÅF Group even more attractive as an employer.

To participate in the programmes, employees must invest their own money. Employees who participate in the performance-related share savings programmes may save an amount equivalent to a maximum of 5 percent of their fixed salaries. Senior managers, including the Group management team, have been selected and allocated four, five or six shares (matching shares) for every share they buy under the programme. To qualify for performance matching, the individual concerned must also have been employed during the entire three-year period from the beginning of the respective programme.

A condition for performance matching is that ÅF's average annual percentage increase in earnings per share meets certain targets. (See the table for each share savings programme.) The base value for the calculation of the increase in earnings per share is the total of earnings per share for the four quarters immediately preceding the implementation of a new share savings programmes.

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 performance targets may not be revised after the end of the three-year period. If the minimum performance has not been achieved, no performance matching shares will be issued.

The expense is arrived at by periodising a straight-line estimated expense over three years.

Specific conditions

2009

The terms for performance matching are also based on the company's operating margin before extraordinary items in relation to a basket of comparable companies.

2010 and 2011

In addition to performance matching, employees will be allocated a number of class B shares free of charge, equivalent to the number saved.

	Share savings programme (PSP)			Total
	2009	2010	2011	
Base value earnings per share, SEK ¹⁾	8.70	7.03	7.76	
Target for annual average increase in earnings per share, %	5–15	5–15	5–15	
Number of participants in the allocation	110	98	95	
Allocation of matching shares, number ²⁾	0–4	0–4	0–4	
	0–5	0–5	0–5	
	0–6	0–6	0–6	
Allocation of number of free shares per share saved	—	1	1	
Maximum number of matching shares	123,000	163,000	189,000	475,000
Maximum dilution of earnings per share, %	0.3	0.5	0.6	1.4
Provision for the year, MSEK	–2.3	8.2	4.9	10.8
Accumulated provision, MSEK	0	12.8	4.9	17.7
Minimum cost, MSEK	0	4.9	5.6	10.5
Maximum cost, MSEK	16.5	25.5	29.4	71.4
Savings period	July 2009– June 2010	July 2010– June 2011	July 2011– June 2012	

¹⁾ Total for four quarters up to 30 June of the plan year.

²⁾ Senior managers may have the right to performance matching of up to four shares, the Group management team up to five shares, and the President/CEO up to six shares for each share purchased.

8 Other operating expenses

Group	2011	2010
Exchange losses	4.1	13.1
	4.1	13.1

Other operating expenses of SEK 122.6 million (110.5) in the parent relate to rental charges.

9 Net financial income/expense

Group	2011	2010
Interest income ¹⁾	11.9	11.0
Profit on sale of current investments, etc.	0.0	—
Exchange gains	5.3	2.5
Financial income	17.2	13.5
Interest expense ¹⁾	–11.7	–10.3
Exchange losses	–6.2	–11.0
Financial expense	–17.9	–21.3
Net financial expense	–0.7	–7.7

Parent	2011	2010
Interest income, Group companies	0.5	0.1
Interest income	0.6	1.5
Gain on disposals of Group companies and associates	—	500.8
Exchange gains	2.5	0.4
Dividends from Group companies and associates	58.0	413.0
Group contributions	396.5	260.3
Financial income	458.1	1,176.1
Interest expense, Group companies	–3.6	–0.6
Interest expense ¹⁾	–5.2	–5.6
Impairment of shares in subsidiaries	—	–131.6
Exchange losses	–3.8	–1.0
Financial expense	–12.6	–138.8
Net financial income	445.5	1,037.3

¹⁾ Includes interest on pension provisions.

The 2010 figures are adjusted due to changes to the rules governing the treatment of Group contribution.

10 Appropriations

Parent	2011	2010
Difference between recognised depreciation/amortisation and depreciation/amortisation according to plan	–1.1	–2.7
Group contribution paid	–4.4	–5.3
	–5.5	–8.0

The 2010 figures are adjusted due to changes to the rules governing the treatment of Group contribution.

11 Earnings per share

SEK	Before dilution		After dilution	
	2011	2010	2011	2010
Earnings per share	9.07	21.02	9.02	20.95

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 2011 is based on the profit for the year attributable to the parent's ordinary shareholders amounting to SEK 306.0 million (709.9) and on a weighted average number of outstanding shares that amounted to 33,757,373 during 2011 (33,775,002).

Weighted average number of outstanding ordinary shares, before dilution

	2011	2010
Total number of ordinary shares 1 January	33,775,002	33,775,002
Effect of share buy-backs in 2011	–17,629	—
Weighted average number of ordinary shares during the year, before dilution	33,757,373	33,775,002

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 programme.

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

	2011	2010
Profit attributable to the parent's ordinary shareholders	306.0	709.9

Weighted average number of outstanding ordinary shares, after dilution

	2011	2010
Weighted average number of ordinary shares during the year, before dilution	33,757,373	33,775,002
Effect of outstanding share savings programmes	174,446	106,701
Weighted average number of ordinary shares during the year, after dilution	33,931,819	33,881,703

12 Intangible assets

Group	Goodwill	Development expenditure	Other intangible assets	Total
Accumulated acquisition cost				
Balance brought forward 1 Jan 2010	1,340.4	24.0	53.4	1,417.8
Corporate acquisitions	396.6	2.4	41.5	440.5
Change in additional consideration	-8.4	—	—	-8.4
Acquisitions	—	0.4	4.4	4.8
Assets developed in-house	—	1.6	—	1.6
Disposals and retirements	-68.1	-14.4	-8.5	-91.1
Exchange differences	-31.8	-1.4	-3.3	-36.5
Balance carried forward 31 Dec 2010	1,628.7	12.6	87.4	1,728.7
Balance brought forward 1 Jan 2011	1,628.7	12.6	87.4	1,728.7
Corporate acquisitions	21.9	0.1	2.8	24.8
Change in additional consideration	4.5	—	—	4.5
Acquisitions	—	0.8	5.2	6.0
Disposals and retirements	—	-8.3	-7.9	-16.2
Exchange differences	-1.2	—	-0.3	-1.5
Balance carried forward 31 Dec 2011	1,653.9	5.2	87.2	1,746.3
Accumulated amortisation and impairment				
Balance brought forward 1 Jan 2010	-2.7	-11.1	-34.2	-48.0
Corporate acquisitions	—	-0.3	-4.4	-4.7
Amortisation	—	-0.4	-9.6	-10.0
Disposals and retirements	—	0.6	6.4	7.1
Exchange differences	—	1.3	2.7	4.0
Balance carried forward 31 Dec 2010	-2.7	-9.9	-39.1	-51.7
Balance brought forward 1 Jan 2011	-2.7	-9.9	-39.1	-51.7
Corporate acquisitions	—	-0.1	-1.4	-1.5
Amortisation	—	-0.9	-16.6	-17.5
Disposals and retirements	—	8.2	11.2	19.4
Exchange differences	—	0.0	0.2	0.2
Balance carried forward 31 Dec 2011	-2.7	-2.8	-45.7	-51.1
Carrying amounts				
Per 1 Jan 2010	1,337.7	12.9	19.2	1,369.8
Per 31 Dec 2010	1,626.0	2.7	48.3	1,677.0
Per 1 Jan 2011	1,626.0	2.7	48.3	1,677.0
Per 31 Dec 2011	1,651.2	2.5	41.5	1,695.2

Note 12 cont'd

Group

The Group's intangible assets arise primarily from business combinations. These acquired intangible assets consist largely of goodwill, since the main value of consulting companies lies in their human capital, the expertise of their co-workers. Other intangible assets identified in connection with the acquisitions include the outstanding orders backlog, customer lists and reference projects. The useful life of these other intangible assets is 1 to 10 years.

Goodwill and other intangible assets have been allocated to the lowest identifiable cash-generating unit which corresponds to company-specific investments in the appropriate division. Impairment tests on goodwill and other intangible assets are carried out annually, during Q4 or when there are indications that an impairment need has arisen, by discounting the anticipated future cash flow by a weighted average cost of capital per cash-generating unit. The present value of the cash flows, the value in use, is compared with the carrying amount including goodwill and other intangible assets.

In calculating the value in use 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 Group 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 weighted average cost of capital is based on assumptions about average interest rates on 10-year government bonds, as well as company-specific risk factors and beta values. The Group's average cost of capital, the discount rate, for 2011 has been calculated at 12 percent (13) before tax and 9 percent (10) after tax. The forecast cash flows have been discounted to present value. The test concluded that no impairment need has arisen since the value in use exceeds the carrying amount including goodwill and other intangible assets. It is the opinion of the company management that no reasonably likely changes in important assumptions for cash-generating units would lead to an impairment need.

The discount rate varies between cash-generating units as shown in the following table.

Country	Discount rate before tax, %	Discount rate after tax, %	Long-term annual growth, %
Baltic countries	14.0	11.9	2
Denmark	11.0	8.3	2
Finland	12.0	8.9	2
Norway	12.0	8.6	2
Russia	16.0	12.8	2
Switzerland	10.0	8.0	2
Spain	14.0	9.8	2
Sweden	11.2	8.3	2
Czech Republic	11.0	8.9	2

At the end of the reporting period goodwill amounted to SEK 1,651.2 million (1,626.0), of which SEK 885.2 million (885.8) relates to Sweden.

The carrying amount of goodwill is allocated as follows:

Division	2011	2010
Energy	656.8	649.8
Industry	575.9	571.0
Infrastructure	334.1	320.5
Technology	84.4	84.7
Total	1,651.2	1,626.0

Parent	Intangible assets
Accumulated acquisition cost	
Balance brought forward 1 Jan 2010	3.7
Acquisitions	3.1
Balance carried forward 31 Dec 2010	6.8
Balance brought forward 1 Jan 2011	6.8
Acquisitions	2.8
Balance carried forward 31 Dec 2011	9.6
Accumulated amortisation and impairment	
Balance brought forward 1 Jan 2010	-0.4
Amortisation	-1.7
Balance carried forward 31 Dec 2010	-2.1
Balance brought forward 1 Jan 2011	-2.1
Amortisation	-2.6
Balance carried forward 31 Dec 2011	-4.7

Carrying amounts	
Per 1 Jan 2010	3.3
Per 31 Dec 2010	4.7
Per 1 Jan 2011	4.7
Per 31 Dec 2011	4.9

13 Tangible assets

Group	Equipment, tools, fixtures and fittings	Land and buildings	Total
Acquisition costs			
Balance brought forward 1 Jan 2010	352.4	170.5	523.0
Corporate acquisitions	32.1	6.6	38.7
Acquisitions	34.7	0.1	34.8
Disposals and retirements	-212.4	-6.3	-218.6
Exchange differences	-8.0	6.4	-1.6
Balance carried forward 31 Dec 2010	198.8	177.4	376.2
Balance brought forward 1 Jan 2011	198.8	177.4	376.2
Corporate acquisitions	3.3	1.0	4.3
Acquisitions	42.0	—	42.0
Disposals and retirements	-72.4	4.2	-68.2
Exchange differences	-0.4	2.8	2.5
Balance carried forward 31 Dec 2011	171.4	185.4	356.9
Depreciation and impairment			
Balance brought forward 1 Jan 2010	-179.7	-10.3	-190.0
Corporate acquisitions	-19.8	-1.6	-21.4
Depreciation	-36.5	-4.2	-40.8
Disposals and retirements	161.3	1.3	162.6
Exchange differences	6.6	-0.5	6.1
Balance carried forward 31 Dec 2010	-68.1	-15.4	-83.5
Balance brought forward 1 Jan 2011	-68.1	-15.4	-83.5
Corporate acquisitions	-2.7	—	-2.7
Depreciation	-32.6	-4.5	-37.1
Disposals and retirements	60.9	-8.5	52.4
Exchange differences	0.3	-0.2	0.1
Balance carried forward 31 Dec 2011	-42.2	-28.7	-70.9
Carrying amounts			
Per 1 Jan 2010	172.8	160.2	332.9
Per 31 Dec 2010	130.7	162.0	292.7
Per 1 Jan 2011	130.7	162.0	292.7
Per 31 Dec 2011	129.2	156.7	285.9

Group

Finance leases

Equipment held under finance leasing agreements is included in the Group at the carrying amount of SEK 11.5 million (11.0).

Current and non-current liabilities in the consolidated balance sheet include future payments in respect of leasing obligations entered as liabilities.

See also Note 18 "Liabilities to credit institutions".

Parent

Acquisition costs

Balance brought forward 1 Jan 2010	98.1
Acquisitions	6.8
Disposals and retirements	—
Balance carried forward 31 Dec 2010	104.9

Balance brought forward 1 Jan 2011	104.9
Acquisitions	11.6
Disposals and retirements	—
Balance carried forward 31 Dec 2011	116.6

Depreciation

Balance brought forward 1 Jan 2010	-40.6
Depreciation	-8.9
Disposals and retirements	—
Balance carried forward 31 Dec 2010	-49.5

Balance brought forward 1 Jan 2011	-49.5
Depreciation	-10.0
Disposals and retirements	—
Balance carried forward 31 Dec 2011	-59.5

Carrying amounts

Per 1 Jan 2010	57.5
Per 31 Dec 2010	55.4
Per 1 Jan 2011	55.4
Per 31 Dec 2011	57.1

14 Participations in associates

	Group		Parent	
	2011	2010	2011	2010
Carrying amount at start of year	5.9	12.4	7.3	8.0
Sale of associates	—	–3.4	—	–0.6
Participations in the results of associates after tax ¹⁾	–0.6	2.1	—	—
Dividend received	—	–4.2	—	—
Translation difference	0.0	–1.1	—	—
Carrying amount at end of year	5.3	5.9	7.3	7.3

¹⁾ In 2010, as a result of the sale of ÅF-TÜV Nord, capital gain totalled SEK 31.0 million. The overall result with regard to associates was SEK –0.6 million (33.1).

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

Associates 2011	Country	Earnings	Profit	Assets	Liabilities	Equity	Ownership %
ÅF-Incepal S.A	Spain	21.5	–1.2	30.8	20.1	10.7	47

Associates 2010	Country	Earnings	Profit	Assets	Liabilities	Equity	Ownership %
ÅF-Incepal S.A	Spain	25.4	0.1	27.5	15.5	12.0	47

15 Financial investments

Financial assets that are non-current assets

Group	2011	2010
Unlisted shares and participations	0.7	0.7
Currency derivatives	0.2	—
	0.9	0.7

Specification of changes in carrying amounts for the year

Group	2011	2010
Carrying amount brought forward	0.7	1.2
Acquisitions	0.2	—
Disposals/impairments	—	–0.4
Translation difference	—	–0.1
Carrying amount carried forward	0.9	0.7

16 Prepaid expenses

	Group		Parent	
	2011	2010	2011	2010
Rent	35.5	33.4	32.3	26.4
Support and maintenance contracts	2.7	2.5	0.4	0.6
Other	30.0	37.5	13.1	14.1
	68.2	73.4	45.8	41.1

17 Equity

Group

The total number of shares as at 31 December 2011 comprised 1,608,876 class A shares (10 votes per share) and 32,450,126 class B shares (1 vote per share). Holders of ordinary shares are entitled to dividends which are determined each year by the Annual General Meeting. 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 384,000 of the company's own class B shares on 31 December 2011. These shares do not participate in divi-

dends. The dividend of SEK 4.00 per share paid out in 2011 and 2010 totalled SEK 135.1 million on each occasion. At the Annual General meeting on 7 May 2012, a dividend in respect of financial year 2011 of SEK 5.00 per share will be proposed, equivalent to a total pay-out of SEK 168.4 million. The proposed dividend has not been recognised in these financial reports.

The quota value of the share for 2011 is SEK 5 (5).

Reserves

Group

	Translation reserve	Hedging reserve	Fair value reserve
Balance brought forward as at 1 Jan 2010	122.4	—	122.4
Exchange differences for the year	-42.2		-42.2
Cash flow hedges		2.1	2.1
Tax		-0.4	-0.4
Balance carried forward as at 31 Dec 2010	80.2	1.7	81.9
Balance brought forward as at 1 Jan 2011	80.2	1.7	81.9
Exchange differences for the year	-0.1		-0.1
Cash flow hedges		-1.8	-1.8
Tax		0.3	0.3
Balance carried forward as at 31 Dec 2011	80.1	0.2	80.3

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. Transfers 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 with a functional currency other than the Group's presentation currency. The presentation currency for both the parent and the Group is the Swedish krona (SEK).

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 other comprehensive income.

Profits brought forward including net profit for the year

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

Parent

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.

18 Liabilities to credit institutions

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

Group

Non-current liabilities	2011	2010
Bank loans	44.8	0.6
Finance leasing liabilities	4.7	5.9
	49.5	6.5
Current liabilities		
Short-term bank loans	12.8	218.0
Current portion of finance leasing liabilities	6.7	6.1
	19.6	224.1

For more information on the company's interest rate risk and exchange rate risk, please refer to Note 24.

Parent

Non-current liabilities	2011	2010
Bank loans	—	100.0
	—	100.0

ÅF AB has credit facilities totalling SEK 1,000 million.

Conditions and amortisation periods

Group	Interest rate, %	Nom. amount in original currency	Carrying amount	Due, year	Fair value
Long-term bank loans					
Switzerland, CHF, fixed interest	1.99	3.0	22.1	2014	22.1
Switzerland, CHF, fixed interest	1.81	3.0	22.1	2014	22.1
Others			0.7		
			44.8		
Short-term bank loans					
Norway, NOK, variable interest	4.8	3.0	3.5	2012	
Spain, EUR, variable interest	2.7	0.6	5.2	2012	
Spain, EUR, variable interest	4.1	0.3	2.3	2012	
Turkey, TRY, variable interest	19.0	0.2	0.7	2012	
Others			1.2	2012	
			12.8		

Finance leasing liabilities

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

Group	2011			2010		
	Minimum leasing fees	Interest	Principal amount	Minimum leasing fees	Interest	Principal amount
Within 1 year	7.0	0.3	6.7	6.3	0.2	6.1
1–5 years	4.9	0.2	4.7	6.0	0.1	5.9
	11.9	0.5	11.4	12.3	0.3	12.0

19 Retirement benefit obligations

Group

Defined-benefit plans	2011	2010
Present value of funded obligations	798.5	713.9
Fair value of plan assets	-722.7	-713.1
	75.8	0.8
Present value of unfunded obligations	69.5	62.0
Net recognised in respect of defined-benefit plans	145.3	62.8
Recognised as assets	—	—
Recognised as liabilities	145.3	62.8
Net	145.3	62.8

Defined-benefit plans exist in Sweden, Switzerland and Finland. Plan assets are held in Switzerland, and consist primarily of bonds, shares and property.

Changes in the fair value of plan assets during the year

	2011	2010
At start of year	713.1	681.2
Expected return	26.6	23.7
Payments made	25.0	36.5
Payments disbursed	-13.2	-67.1
Actuarial gains (+) and losses (-) recognised in other comprehensive income	-40.3	12.2
Exchange differences	11.5	26.6
At close of year	722.7	713.1

Changes in present value of obligations during the year

	2011	2010
At start of year	775.9	740.6
Payments made	11.9	22.9
Payments disbursed	-15.8	-70.3
Actuarial gains (-) and losses (+) recognised in other comprehensive income	47.9	16.5
Cost recognised in profit or loss	36.5	38.9
Exchange differences	11.6	27.3
At close of year	868.0	775.9

Actuarial gains (-) and losses (+) recognised in other comprehensive income

	2011	2010
Recognised in other comprehensive income as at 1 January	9.0	4.7
Recognised during the year	88.3	4.3
Exchange differences	0.1	0.0
Recognised in other comprehensive income as at 31 December	97.4	9.0

Costs in other comprehensive income

	2011	2010
Outcome-based adjustments to pension liability	-10.3	0.7
Outcome-based adjustments to plan assets	40.3	-12.2
Effects of changes in actuarial assumptions	58.3	15.8
Actuarial gains (-) and losses (+) for the year, net	88.3	4.3
Special employer's contribution in respect of actuarial gains and losses	2.8	0.1
Total expense (+)/income (-) for defined-benefit payments in other comprehensive income	91.1	4.4

Cost recognised in profit or loss

	2011	2010
Current service cost	15.0	15.5
Expected yield	-26.6	-23.7
Interest expense for the obligation	21.5	23.4
Total net cost in the income statement	9.9	15.2

The current service cost is included in the income statement under the heading Personnel costs. Anticipated returns and interest expense on the obligation is recognised under Net financial items. The cost of defined-benefit plans for 2012 is expected to be on a par with the cost recognised in 2011.

Note 19 cont'd

Assumptions for defined-benefit obligations

The most significant actuarial assumptions as at the end of the reporting period.

Sweden	2011	2010
Discount rate as at 31 December, %	3.5	3.9
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	2011	2010
Discount rate as at 31 December, %	2.6	2.8
Expected return on plan assets, %	3.5	4.0
Future increase in retirement benefits, %	0.0	0.0
Future increases in salaries, %	1.0	1.0
Expected remaining period of service, years	8.6	8.6

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 2011, 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 117.5 million (103.3). Alecta's surplus may be allocated to the insurance policy holder and/or the insured. At the close of 2011 Alecta's surplus in the form of the collective funding ratio was 113 percent (146). 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

Defined-benefit plans	2011	2010
Present value of unfunded obligations ¹⁾	26.9	26.2
Net recognised in respect of defined-benefit plans	26.9	26.2
Of which covered by a credit insurance through FPG/PRI	26.9	26.2

¹⁾ In accordance with Swedish principles for calculating pensions obligations.

Change in obligations during the year	2011	2010
Net present value of pension obligations at start of year	26.2	27.1
Cost excluding interest expense charged to profit	1.7	-0.2
Interest expense	1.2	1.3
Pensions paid	-2.2	-2.0
Net present value of pension obligations at end of year	26.9	26.2

Expense recognised in profit or loss	2011	2010
Changed length-of-life assumptions	1.8	—
Other	-0.1	-0.2
Interest expense on obligations	1.2	1.3
Total net expense in the income statement	2.9	1.1

The discount rate for the parent's pension obligations in 2011 is 3.8 percent (3.8).

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	
	2011	2010	2011	2010
Cost of defined-contribution plans	241.3	218.3	9.6	9.5

Of the Group's total expense for defined-contribution plans, SEK 117.5 million (103.3) refers to the ITP plan financed through Alecta. See above.

20 Provisions

Group

Provisions which are non-current liabilities	2011	2010
Provision for additional consideration	59.9	65.3
Other	4.9	2.7
Total	64.8	68.0
Provisions which are current liabilities		
Restructuring costs	4.5	1.4
Provision for additional consideration	10.9	11.9
Other	0.4	0.3
Total	15.8	13.6
Total provisions	80.6	81.6
Restructuring		
Carrying amount at start of period	1.4	0.2
Transfers during reporting period	16.0	1.4
Amount used during period	-12.9	-0.2
Carrying amount at end of period	4.5	1.4
Additional consideration		
Carrying amount at start of period	77.2	35.0
Transfers during reporting period	16.1	64.1
Released during the period	-4.5	-2.1
Amount used during period	-17.3	-9.5
Amount reversed in the income statement	-0.7	-2.3
Disposals during the period	—	-8.0
Carrying amount at the end of the period	70.8	77.2
Other provisions		
Carrying amount at start of period	3.0	22.9
Transfers during reporting period	3.4	1.4
Amount used during period	-0.4	-19.4
Amount reversed in the income statement	-0.7	-1.8
Disposals during the period	—	-0.1
Carrying amount at end of period	5.3	3.0

Group's total provisions	2011	2010
Total carrying amount at start of period	81.6	58.1
Transfers during reporting period	35.5	66.9
Released during the period	-4.5	-2.1
Amount used during period	-30.6	-29.1
Amount reversed in the income statement	-1.4	-4.1
Disposals during the period	—	-8.1
Total carrying amount at the end of the period	80.6	81.6

Parent

Provisions	2011	2010
Provisions for additional consideration	68.7	69.4
Other	2.1	0.4
Total	70.8	69.8

Change in provisions

Carrying amount at start of period	69.8	24.4
Transfers during reporting period	25.7	61.1
Released during the period	-0.7	-4.4
Amount used during period	-23.8	-10.9
Amount reversed in the income statement	-0.2	-0.4
Carrying amount at end of period	70.8	69.8

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

21 Taxes

Recognised in the income statement

Group	2011	2010
Current tax		
Tax expense for the period	-119.3	-91.2
Adjustment of tax attributable to previous years	1.6	3.2
Deferred tax		
Deferred tax expense	4.1	7.0
Total recognised tax expense in the Group	-113.6	-80.9
Parent	2011	2010
Current tax		
Tax expense for the period	-90.2	-60.7
Adjustment of tax attributable to previous years	0.5	-0.1
Total recognised tax receipt/expense in the parent	-89.7	-60.8

Reconciliation of effective tax

Group	2011 (%)	2011	2010 (%)	2010
Profit before tax		425.8		798.1
Tax in accordance with current tax rate for parent	-26.30	-112.0	-26.30	-209.9
Effect of other tax rates for foreign subsidiaries	0.84	3.5	0.45	3.6
Non-deductible expenses	-0.92	-3.9	-0.72	-5.7
Non-taxable income on sale of business operations	—	—	16.11	128.6
Non-taxable income, other	0.12	0.5	0.06	0.5
Effects of loss carry-forward without corresponding capitalisation of deferred tax	-0.15	-0.6	-0.06	-0.5
Tax attributable to previous years	0.36	1.6	0.41	3.2
Other	-0.63	-2.7	-0.09	-0.8
Recognised effective tax	-26.68	-113.6	-10.14	-80.9

Parent	2011 (%)	2011	2010 (%)	2010
Profit before tax		400.5		1 012.6
Tax in accordance with current tax rate for the parent	-26.30	-105.3	-26.30	-266.3
Non-deductible expenses	-0.09	-0.4	-3.44	-34.9
Non-taxable income on sale of Group companies and associates	—	—	13.01	131.7
Non-taxable income, other	3.87	15.5	10.74	108.8
Tax attributable to previous years	0.12	0.5	-0.01	-0.1
Recognised effective tax	-22.40	-89.7	-6.00	-60.8

The 2010 figures are adjusted due to changes to the rules governing the treatment of Group contribution.

Recognised in the balance sheet

The current net tax liability for the Group amounts to SEK 23.2 million (2010: net asset of SEK 15.0 million). The current tax liability for the parent amounts to SEK 17.0 million (2010: net asset of SEK 12.1 million).

Note 21 cont'd

Recognised deferred tax assets and tax liabilities

Deferred tax assets and tax liabilities relate to the following:

Group	Deferred tax assets		Deferred tax liability		Net	
	2011	2010	2011	2010	2011	2010
Non-current assets	—	0.2	-22.1	-22.3	-22.1	-22.1
Current receivables and liabilities	7.7	4.6	-5.3	-4.7	2.3	-0.1
Provisions	17.3	6.4	0.0	-4.6	17.3	1.9
Untaxed reserves	—	—	-10.5	-15.5	-10.5	-15.5
Loss carry-forwards	11.2	11.6	—	—	11.2	11.6
Tax assets/tax liabilities	36.2	22.8	-37.9	-47.0	-1.7	-24.2
Set-off	-2.0	-1.1	2.0	1.1	—	—
Tax assets/tax liabilities, net	34.2	21.7	-35.9	-45.9	-1.7	-24.2

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 statement and balance sheets:

Group	2011	2010
Loss for tax purposes	28.0	25.4
	28.0	25.4

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, German and Russian operations.

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

Group	Balance 1 January 2010	Recognised in the income statement	Recognised in other comprehensive income	Acquisition/disposal of business operations	Balance 31 December 2010
Non-current assets	-16.0	2.5	-0.2	-8.4	-22.1
Current receivables and liabilities	2.9	-2.3	-0.7	—	-0.1
Provisions	-0.9	1.5	0.6	0.7	1.9
Untaxed reserves	-10.7	-1.3	0.1	-3.6	-15.5
Utilisation of loss carry-forwards	5.7	6.6	-1.2	0.5	11.6
	-19.0	7.0	-1.4	-10.8	-24.2

Group	Balance 1 January 2011	Recognised in the income statement	Recognised in other comprehensive income	Acquisition/disposal of business operations	Balance 31 December 2011
Non-current assets	-22.1	0.5	-0.3	-0.2	-22.1
Current receivables and liabilities	-0.1	2.6	-0.2	—	2.3
Provisions	1.9	-3.7	19.2	—	17.3
Untaxed reserves	-15.5	5.0	—	—	-10.5
Utilisation of loss carry-forwards	11.6	-0.3	-0.1	—	11.2
	-24.2	4.1	18.6	-0.2	-1.7

22 Accrued expenses and prepaid income

	Group		Parent	
	2011	2010	2011	2010
Personnel-related liabilities	358.9	326.4	15.1	13.8
Accrued expenses, sub-consultants	26.6	24.1	—	0.2
Other	31.2	28.9	8.7	10.0
	416.7	379.4	23.8	24.0

23 Financial assets and liabilities

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

	Group 2011						Group 2010					
	Derivatives used in hedge accounting	Financial assets valued at fair value via income statement	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value	Derivatives used in hedge accounting	Financial assets valued at fair value via income statement	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value
Financial investments		0.7			0.7	0.7		0.7			0.7	0.7
Non-current receivables			18.6		18.6	18.6			18.5		18.5	18.5
Accounts receivable			1,006.2		1,006.2	1,006.2			1,078.3		1,078.3	1,078.3
Income generated but not invoiced			556.5		556.5	556.5			370.8		370.8	370.8
Currency derivatives (level 2)	0.7				0.7	0.7	2.2				2.2	2.2
Cash and cash equivalents			345.3		345.3	345.3			327.9		327.9	327.9
Total	0.7	0.7	1,926.5	—	1,927.9	1,927.9	2.2	0.7	1,795.4	—	1,798.4	1,798.4
Non-current liability to credit institution				49.5	49.5	49.5				6.5	6.5	6.5
Other non-current liabilities				1.3	1.3	1.3				1.3	1.3	1.3
Current liability to credit institution				19.6	19.6	19.6				224.1	224.1	224.0
Accounts payable – trade				320.0	320.0	320.0				293.5	293.5	293.5
Accrued liabilities – subcontractors				27.5	27.5	27.5				24.1	24.1	24.1
Additional consideration (level 3)				63.5	63.5	63.5				59.8	59.8	59.8
Total	—	—	—	481.3	481.3	481.3	—	—	—	609.3	609.3	609.2

	Parent 2011						Parent 2010					
	Derivatives used in hedge accounting	Financial assets valued at fair value via income statement	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value	Derivatives used in hedge accounting	Financial assets valued at fair value via income statement	Accounts receivable and loan receivables	Financial liabilities	Total carrying amount	Fair value
Accounts receivable			48.4		48.4	48.4			48.5		48.5	48.5
Currency derivatives (level 2)	0.1				0.1	0.1					—	—
Cash and bank			41.7		41.7	41.7			53.7		53.7	53.7
Total	0.1	—	90.1	—	90.2	90.2	—	—	102.2	—	102.2	102.2
Current liability to credit institution					—	—				100.0	100.0	100.0
Accounts payable – trade				69.5	69.5	69.5				72.3	72.3	72.3
Total	—	—	—	69.5	69.5	69.5	—	—	—	172.3	172.3	172.3

Note 23 cont'd

Ageing analysis of receivables overdue but not impaired

	Group		Parent	
	2011	2010	2011	2010
< 30 days	87.9	66.4	—	—
30–90 days	31.7	16.5	—	—
91–180 days	46.2	14.6	—	0.1
> 180 days	21.0	46.2	0.2	0.2
Total	186.8	143.6	0.2	0.3

The Group has well established routines for keeping tied-up capital and credit risks within appropriate limits.

Change in doubtful receivables

Provision for doubtful receivables	Group		Parent	
	2011	2010	2011	2010
Provision at start of year	12.7	15.6	—	—
Provision for probable losses	11.6	6.9	—	—
Realised losses	–1.9	–4.7	—	—
Recovered losses	–1.0	–3.8	—	—
Disposals of business operations	—	–0.8	—	—
Exchange rate differences	0.0	–0.6	—	—
Provision at end of year	21.4	12.7	—	—

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. (See Note 18.) No deviation was noted for 2011.

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 recoverable amount in accordance with level 2, i.e. fair value determined using directly observable market inputs, either direct (such as price) or indirect (derived from price), and which are not included in level 1 (fair value determined on the basis of quoted prices for similar instruments on active markets).

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.

Additional consideration

Additional consideration is valued as a level 3 input, which means that fair value is measured using valuation techniques involving significant unobservable inputs.

24 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's accounting and reporting department on the basis of policies adopted by the Board of Directors. The accounting and reporting department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

The Group is exposed to 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.

Note 24 cont'd

Transaction exposure

Exchange rate risks are relatively limited as most payments are made in the functional currency. Where this is not the case, any large sums are hedged using derivatives. The Group classifies the forward contracts used for hedging forecast transactions as cash flow hedges. The fair value of such forward contracts amounted to SEK 0.7 million (2.2) and is reported in the balance sheet under the heading "Other receivables".

Receivables	2011		2010	
	Fair value	Carrying amount	Fair value	Carrying amount
Foreign exchange contracts in EUR	0.5	0.5	2.2	2.2
Foreign exchange contracts in DKK	0.2	0.2	—	—
Total	0.7	0.7	2.2	2.2

Interest rate risk

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 18.

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 24 percent of the Group's invoiced sales, are all large listed companies with good credit ratings 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 only 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. ÅF AB has credit facilities totalling SEK 1,000 million.

Sensitivity analysis*Interest rate*

23 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 0.1 million.

Foreign currency

25 percent (26) of the Group's earnings arise from foreign units, with 9 percent (8) deriving from units which have the euro (EUR) as their functional currency and 6 percent (5) with the Swiss franc (CHF) as the local currency. A change of +/- SEK 0.25 in the average exchange rate for the euro in 2011 would have affected pre-tax earnings by +/- SEK 1.0 million, and a change of +/- SEK 0.25 in the average exchange rate for CHF would have affected pre-tax earnings by +/- SEK 0.9 million.

Sensitivity analysis

Factor	Change (all other factors unchanged)	Impact on earnings, EBIT, MSEK
Capacity utilisation	1%	45.2
Hourly rate	1%	38.2
Payroll costs	1%	28.0
Overheads	1%	7.2
Number of FTEs	1%	4.3

25 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 49 million (44).

Non-revocable leasing payments

	Group		Parent	
	2011	2010	2011	2010
Within one year	187.6	207.2	129.8	132.2
1–5 years	453.7	560.0	320.9	414.7
More than 5 years	361.4	421.4	358.4	406.2
Total	1,002.7	1,188.5	809.1	953.1

Leasing payments during the year

	Group		Parent	
	2011	2010	2011	2010
Premises	160.0	143.1	116.8	105.0
Other	32.9	21.5	3.5	0.2
Total	192.9	164.6	120.3	105.2

26 Pledged assets, contingent liabilities and contingent assets

	Group		Parent	
	2011	2010	2011	2010
Pledged assets				
<i>Pledged assets for the Group's own liabilities and provisions</i>				
Property mortgages	44.1	71.1	—	—
Floating charges	17.3	55.6	—	—
Other pledged assets	33.5	259.6	—	—
Total pledged assets	94.9	386.3	—	—
Contingent liabilities				
Guarantees, FPG/PRI	1.1	1.1	0.5	0.5
Sureties given for the benefit of subsidiaries	—	—	71.5	70.1
Sureties given	115.2	117.6	43.0	44.3
Total contingent liabilities	116.3	118.6	115.0	114.9

Other pledged assets for 2010 totalling SEK 259.6 million, refer primarily to shares in subsidiaries that were pledged for one of the companies acquired by ÅF. The pledge was restored at the beginning of 2011, when the loan covered by the pledge was paid off.

Sureties refer primarily to performance guarantees for tenders and the completion of projects.

Contingent assets

The Group does not anticipate that any contingent assets will arise.

27 Transactions with related parties

The parent has a related party relationship with its subsidiaries, please see Note 28.

Summary of related party transactions

The term "related parties" in the Group refers to Ångpanneföreningen's Foundation for Research & Development, which owns 40.9 percent of the voting rights in ÅF AB, and associates. Transactions with these parties have taken place on market terms.

Group	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.
Associates	2011	0.4	—	—	0.2
Associates	2010	4.1	0.5	—	0.1
Ångpanneföreningen's Foundation for R&D	2011	0.5	—	—	—
Ångpanneföreningen's Foundation for R&D	2010	0.5	—	—	—

During 2011, in addition to the above, the Group received grants from Ångpanneföreningen's Foundation for Research & Development amounting to SEK 3.2 million (3.7). These grants were for projects administered by the Group.

For details of remuneration to senior executives, please see Note 7.

Parent	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	2011	336.4	16.8	511.3	485.2
Subsidiaries	2010	298.4	16.1	311.4	276.3
Associates	2011	0.1	—	—	0.2
Associates	2010	1.3	—	—	0.1
Ångpanneföreningen's Foundation for R&D	2011	0.1	—	—	—
Ångpanneföreningen's Foundation for R&D	2010	0.1	—	—	—

28 Group subsidiaries

Companies owned directly by the parent

	Corporate ID	Reg'd office	2011		2010	
			Interest, percent ¹⁾	Carrying amount	Interest, percent ¹⁾	Carrying amount
AB Ångpanneföreningen	556158-1249	Stockholm	100	0.2	100	0.2
ÅF-Industry AB	556224-8012	Stockholm	100	646.1	100	544.2
ÅF-Infrastructure AB	556185-2103	Stockholm	100	490.9	100	318.5
ÅF-Technology AB	556092-4044	Stockholm	100	116.3	100	71.5
ÅF-Consult AB	556101-7384	Stockholm	100	39.8	100	39.8
Energo AB	556551-7355	Stockholm	100	1.3	100	259.7
ÅF-Teknik & Miljö AB	556534-7423	Stockholm	100	10.5	100	10.5
ÅF-Funktionspartner AB	556099-8071	Malmö	100	0.6	100	0.6
ÅF Norge AS	955 021 037	Oslo	100	68.0	100	37.7
ÅF Norge Holding AS	995 567 768	Oslo	—	—	100	2.4
ÅF-Engineering AS	936 097 367	Oslo	—	—	100	36.1
ÅF A/S	21 007 994	Copenhagen	100	37.6	100	37.6
ÅF-Hansen & Henneberg A/S	13 59 08 85	Copenhagen	90	38.3	80	32.2
ÅF-Consult Oy	1800189-6	Vantaa	100	291.1	100	264.6
ÅF-Engineering Oy	0725503-0	Tampere	—	—	100	26.5
ÅF-Automatikka OÜ	11 297 301	Tallinn	100	8.2	100	8.9
OOO AF Lonas	1 117 847 417	St. Petersburg	100	97.1	100	88.9
LLC AF-Enprima	1 037 800 096 641	Moscow	100	0.0	—	—
ÅF-Engineering s.r.o.	263 66 550	Plzen	100	10.6	100	10.6
AF-Consult Czech Republic s.r.o.	453 06 605	Prague	100	78.2	100	78.2
CityPlan spol. s.r.o.	473 07 218	Prague	87	22.1	—	—
AF-Consult Switzerland AG	CH-400.3.924.101-4	Baden	100	418.7	100	418.7
Mercados Energy Markets International Investments SL	B-854 82 883	Madrid	100	69.5	100	69.4
			2,445.1		2,356.8	

¹⁾ Participating interest refers to both voting share and proportion of the total number of shares.

Specification of the change in carrying amounts during the year

	Parent	
	2011	2010
Carrying amount brought forward	2,356.8	2,109.5
Acquisitions	29.4	411.1
Sales	-2.4	-73.9
Impairment ¹⁾	—	-131.6
Correction of additional consideration	7.1	-16.2
Shareholders' contributions	54.2	57.9
Value carried forward	2,445.1	2,356.8

¹⁾ Impairment relates to shares in ÅF-Consult AB. The shares have been valued at net worth after the company transferred its business operation to other companies within the Group and paid a dividend of SEK 325 million to ÅF AB.

Note 28 cont'd

Comprehensive list of Group subsidiaries

	Corporate ID	Reg'd office	2011		2010	
			Interest, percent ¹⁾	Carrying amount	Interest, percent ¹⁾	Carrying amount
AB Ångpanneföreningen	556158-1249	Sweden	100	0.2	100	0.2
ÅF-Industry AB	556224-8012	Sweden	100	646.1	100	544.2
Platom AB	556575-2101	Sweden	—	—	100	—
OrbiTec AB	556470-7015	Sweden	100	—	100	—
ÅF-Infrastructure AB	556185-2103	Sweden	100	490.9	100	318.5
Nordblads VVS-Konstruktioner AB	556460-5797	Sweden	—	—	100	—
ÅF-Berg Bygg Konsult Röshoff AB	556471-5976	Sweden	—	—	100	—
VVS Energi i Borås AB	556449-1842	Sweden	—	—	100	—
Ingakvib AB	556067-5067	Sweden	—	—	100	—
CityPlan spol. s.r.o.	473 07 218	Czech Rep.	13	—	—	—
ÅF-Technology AB	556092-4044	Sweden	100	116.3	100	71.5
ÅF-Consult AB	556101-7384	Sweden	100	39.8	100	39.8
ÅF-Process GmbH	218 403 818	Germany	100	—	100	—
Energio AB	556551-7355	Sweden	100	1.3	100	259.7
Energio Installation Mitt AB	556277-0684	Sweden	100	—	100	—
Energio Installation Syd AB	556215-2024	Sweden	100	—	100	—
Energio Konsult AB	556536-7918	Sweden	100	—	100	—
ÅF-Teknik & Miljö AB	556534-7423	Sweden	100	10.5	100	10.5
ÅF-Funktionspartner AB	556099-8071	Sweden	100	0.6	100	0.6
ÅF Norge AS	955 021 037	Norway	100	68.0	100	37.7
ÅF Norge Holding AS	995 567 768	Norway	—	—	100	2.4
ÅF-Engineering AS	936 097 367	Norway	—	—	100	36.1
ÅF A/S	21 007 994	Denmark	100	37.6	100	37.6
ÅF-Hansen & Henneberg A/S	13 59 08 85	Denmark	90	38.3	80	32.2
ÅF-Consult Oy	1800189-6	Finland	100	291.1	100	264.6
ÅF-Consulting AS	10 449 422	Estonia	100	—	100	—
UAB AF-Enprima	300 544 325	Lithuania	—	—	100	—
UAB AF-Consult	135 744 077	Lithuania	100	—	100	—
Elron Oy	2120645-4	Finland	50	—	50	—
Elron Eastern Europe Oy	2185626-2	Finland	—	—	75	—
Enprima Engineering Oy	0477940-2	Finland	100	—	100	—
ÅF-Engineering Oy	0725503-0	Finland	—	—	100	26.5
ÅF-Automaatika OÜ	11 297 301	Estonia	100	8.2	100	8.9
OOO AF Lonas	1 117 847 417	Russia	100	97.1	100	88.9
ZAO Lonas Technologia	1 037 808 021 228	Russia	75	—	75	—
LLC Lonas Technologia Ukraine	15 851 020 000 006 500	Ukraine	100	—	100	—
TOO AF Lonas Technologia Kazakhstan	620 200 351 121	Kazakhstan	100	—	100	—
XO AF Lonas Technologia Turkmenistan	102 621 002 900	Turkmenistan	100	—	100	—
LLC AF-Enprima	1 037 800 096 641	Russia	100	0.0	100	—
ÅF-Engineering s.r.o.	263 66 550	Czech Rep	100	10.6	100	10.6
AF-Consult Czech Republic s.r.o.	453 06 605	Czech Rep	100	78.2	100	78.2

¹⁾ Participating interest refers to both voting share and proportion of the total number of shares.

Note 28 cont'd

Comprehensive list of Group subsidiaries

	Corporate ID	Reg'd office	2011		2010	
			Interest, percent ¹⁾	Carrying amount	Interest, percent ¹⁾	Carrying amount
AF-REGULA a.s.	264 20 961	Czech Rep	—	—	100	—
TODO spol. s.r.o.	470 51 604	Czech Rep	—	—	100	—
CityPlan spol. s.r.o.	473 07 218	Czech Rep	87	22.1	—	—
AF-Consult Switzerland AG	CH-400.3.924.101-4	Switzerland	100	418.7	100	418.7
International Power Design Ltd.	CH-400.3.025.445-4	Switzerland	100	—	100	—
Colenco Engineering S.r.l.	17669779	Romania	51	—	51	—
AF-Consult Italia S.r.l.	MI-1808529	Italy	100	—	100	—
AF-Consult (Thailand) Ltd	3011879733	Thailand	100	—	100	—
AF-Consult India Pvt Ltd	U74140DL2009FTC197507	India	100	—	100	—
Mercados Energy Markets International Investments SL	B-854 82 883	Spain	100	69.5	100	69.4
AF Mercados Energy Markets International S.A.	A-82316902	Spain	100	—	100	—
Mercados Energy Markets International Europe S.r.l.	06622220967	Italy	100	—	100	—
Mercados EPU Danismanlik Ltd	6 160 390 509	Turkey	100	—	100	—
AF Mercados EMI Yates + Pope Ltd	111 1461 77	UK	100	—	—	—
Mercados Energy Markets India, Private Limited	AAFCM5128DST001	India	100	—	100	—
				2,445.1		2,356.8

¹⁾ Participating interest refers to both voting share and proportion of the total number of shares.

29 Untaxed reserves

Accumulated depreciation in excess of plan

Parent	2011	2010
Opening balance 1 January	28.4	25.8
Depreciation during the year, equipment & fittings	1.2	2.7
Closing balance 31 December	29.6	28.4

30 Statement of cash flows

Interest paid and dividends received

	Group		Parent	
	2011	2010	2011	2010
Dividends received	—	—	54.8	415.0
Group contribution received	—	—	260.3	241.1
Interest received	4.1	5.5	1.1	1.6
Interest paid	-10.7	-10.1	-8.7	-6.2
	-6.6	-4.5	307.5	651.5

Adjustment for items not included in cash flow

	Group		Parent	
	2011	2010	2011	2010
Depreciation/amortisation	54.6	50.8	12.7	10.5
Impairment/retirements	1.7	1.4	—	131.6
Gain on disposal of business operations	—	-488.9	—	-500.8
Group contribution	—	—	-396.5	-260.3
Other	-0.2	-19.6	0.2	-1.6
	56.1	-456.3	-383.6	-620.6

Acquisition of financial assets by the parent, SEK -94 million (-608), refers to the consideration and additional consideration paid for shares in Group companies and associates, as well as shareholders' contribution.

During 2010, financial assets of the parent amounting to SEK 575 million were disposed of. These consisted of shares in ÅF-Kontroll AB and ÅF-TÜV Nord AB.

The 2010 figures for the parent are adjusted due to changes to the rules governing the treatment of Group contribution.

31 Events after the end of the reporting period

No significant events have occurred since the end of the reporting period.

32 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 12).

Forecasts used in respect of future cash flows are based on the forecast made by Group 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 (2). The forecast cash flows have been discounted to present value at a discount rate of 12 percent (13) before tax.

The impairment test for the year did not give rise to any impairment.

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 19). The discount rate used is 3.5 percent (3.9) in Sweden and 2.6 percent (2.8) 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 profit or loss 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.

Disputes

ÅF's business operations involve a risk of disputes. Disputes may arise in respect of assignments if ÅF and the client disagree on the conditions which apply to the assignment. Ongoing disputes are kept under continuous review, and provisions are recognised in accordance with the best estimate of the expenditures required to settle the obligations.

33 Information about the parent

ÅF AB is registered in Sweden as a joint-stock company. The parent's shares are listed on the Nasdaq OMX exchange in Stockholm. The postal address to the company's head office is ÅF AB, SE-169 99 Stockholm, Sweden.

The Group consolidated accounts for the financial year 2011 comprise the accounts for the parent and its subsidiaries, which together form "the Group". The Group also includes participations in associates.

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 – 9 March 2012

Ulf Dinkelspiel
Chairman of the Board

Jonas Wiström
President/CEO

Patrik Enblad
Director

Eva-Lotta Kraft
Director

Anders Narvinger
Director

Björn O. Nilsson
Director

Helena Skåntorp
Director

Anders Snell
Director

Lena Treschow Torell
Deputy Chair

Fredrik Sundin
Employee representative

Patrik Tillack
Employee representative

Our Audit Report was presented on 9 March 2012

Ernst & Young AB

Lars Träff
Authorised Public Accountant

Auditor's Report

**To the annual meeting of the shareholders of ÅF AB,
corporate identity number 556120-6474**

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of ÅF AB for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 66–115.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation, of the annual accounts in accordance with the Annual Accounts Act and, of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts,

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of ÅF AB for the year 2011.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the

Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, Sweden – 9 March 2012

Ernst & Young AB

Lars Träff
Authorised Public Accountant

The Chairman's comments

A few years ago, when the Board of Directors was discussing the outlook for the 2011 financial year, we foresaw even greater uncertainty than usual on the horizon. Tension in the financial system and the acute debt crisis in several West European countries hung like a dark cloud over the global economy. Clearly, this wasn't going to be plain sailing, so we made sure we were well prepared for stormy weather ahead.

In retrospect, we can see that the situation wasn't as bad as we feared and that ÅF has developed in a way that has exceeded our expectations. Profits have improved and the slowdown that we must continue to expect has not yet had any serious impact on operations.

This means that ÅF's long-term growth goal established by the Board of Directors – to double the volume of business over the next five years – remains firmly in place. Organic growth is well in line with expectations. Acquisition activity has been more sluggish recently, but with our well-filled company coffers, the board and management will assign higher priority to these issues in the future.

It is also pleasing to note that ÅF's efforts to renew its brand and increase its appeal as an employer have produced clear results. According to employer branding expert Universum, ÅF is now Sweden's second most popular employer among professional engineers. This is a real strength in a labour market that is competing for the best consultants. We are equally delighted that ÅF also ranks as one of Europe's top 50 dream workplaces for young engineers. That is news that bodes well for the future.

I think the following corporate governance report presents a good picture of how the board works and of which issues are high on our agenda. The overall regulatory framework is well established and the basic features of our corporate structure are characterised by continuity. But the Board of Directors also has the important task of occasionally testing and reviewing the company's geographical and functional focus. The increasing internationalisation of ÅF, albeit with a sharper focus on markets close to our core regions, and the sale of ÅF Kontroll in 2010 are just two of the results of this work.

Sustainability issues play a prominent part in the work of the board. ÅF wants to set a good example in the industry, both in relation to clients and through its own actions. As part of these efforts, ÅF adopted a sustainability policy in 2011 and used this as a basis for revising the Group's risk management processes to meet more clearly the requirements of a world – and our workplace within it – that is constantly changing. Our ambition is also for ÅF to highlight more sustainable options for clients when producing quotes. While such options may initially appear more expensive, they are nevertheless fully justifiable both from an environmental perspective and as a more cost-effective, long-term alternative.



In my opinion, other key tasks include making sure that the company has suitable decision-making and control processes, that the organisation is flexible enough to respond rapidly to change and that the business is run as efficiently as possible. After all, our declared ambition is for ÅF to be a leader in its field.

Finally, a constructive relationship between the board and management is essential for effective corporate governance and productive board work. In that sense, the concept of governance by the board can be misleading. Initiative for change generally comes, of course, from management, which in turn – in a spirit of confidence and trust – benefits from the collective expertise of the Board of Directors. The board naturally bears ultimate responsibility, but I believe that when corporate governance works best, its function as a sounding board for executive management is even more significant.

That's how decisions evolve in a process of interaction between the Board of Directors, management and employees. By working together in this way we shape a strategy for ÅF that will make a good company even better.

Ulf Dinkelspiel
Chairman

Corporate Governance Report

This corporate governance report has been submitted in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The report covers the corporate governance of ÅF during financial year 2011.

In 2011, ÅF did not deviate from the Code. There have been no breaches of Nasdaq OMX Stockholm's Rules for issuers or of generally accepted stock exchange practice.

The corporate governance report has been reviewed by Ernst & Young.

Corporate governance at ÅF

ÅF AB is a Swedish public company with its registered office in Stockholm. The company's class B shares are listed on the Nasdaq OMX exchange in Stockholm. ÅF is governed in accordance with the company's articles of association, the Swedish Companies Act, the Swedish Annual Accounts Act, the listing rules for Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance, and other relevant documents. ÅF did not deviate from the Swedish Code of Corporate Governance in 2011.

Governance, management and control are divided between the shareholders at the AGM, the Board of Directors and the President/CEO.

The articles of association adopted by the AGM are the most important instrument for the company's internal governance, followed by the board's formal work plan and the board's instructions for the President/CEO. ÅF has regularly introduced and developed other processes and control systems to ensure effective and profitable growth.

For the purpose of streamlining and strengthening its work in certain areas, the board has appointed an Audit Committee and a Remuneration Committee. Important support functions for the committees are Internal Control, Risk Management and the Group's Sustainability Function.

The administration of the company by the Board of Directors and the President/CEO, as well as the company's financial reporting are reviewed by the external auditor appointed by the AGM.

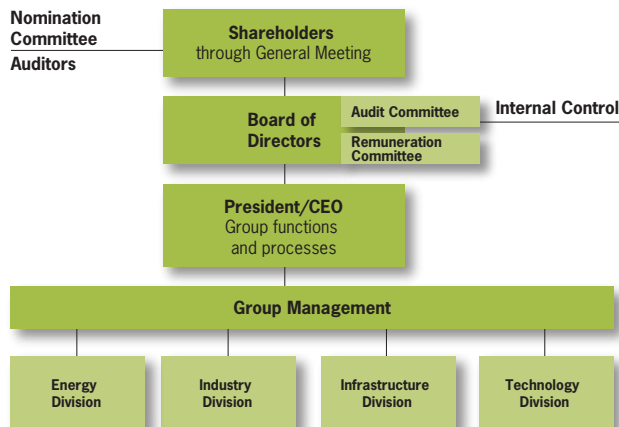
Internal policies and instructions constitute essential management documents for the whole company, clarifying responsibility and authority within specific areas, such as information security, regulatory compliance and risk management.

The foundation that underlies all of the actions of management and co-workers is the company's core values:

- Great people
- Teamwork
- Indisputable independence

These are crucial to the achievement of the company's vision and goals.

Group management works actively to ensure that all co-workers identify fully with the company's core values. The company's strategy for and handling of sustainability issues are also part of the company's governance.



ÅF's major shareholders

Ångpanneföreningen's Foundation for Research & Development holds shares that correspond to a total of 40.9 percent of the total number of votes for all shares in the company. For further information on shareholders and the ÅF share, please see pages 44–46 and the ÅF website.

ÅF's Annual General Meeting for 2011

The AGM for 2011 was held at the ÅF Group's head office in Solna, Sweden, on 2 May. It was attended by 139 shareholders, representing 50 percent of the share capital and 65 percent of the total number of votes. The minutes of the meeting together with all the documentation issued prior to the AGM are available on the ÅF website, under the section for Corporate Governance.

Nomination Committee

In accordance with a resolution passed at the AGM on 2 May 2011, the Nomination Committee shall, up until the time of the 2012 AGM, consist of the Chairman of the Board together with representatives for at least three and at most five of the shareholders with the largest number of votes in the company. The names of the members of the committee shall be announced no later than six months before the 2012 AGM.

The Nomination Committee comprises Staffan Westlin (Chair), representing Ångpanneföreningen's Foundation for Research & Development, Ulf Dinkelspiel, in his capacity as Chairman of the Board of ÅF, Conny Carlsson, appointed by CapMan Public Market Funds, Åsa Nisell appointed by Swedbank Robur, and Jan Särilvik appointed by Nordea Fonder.

The duties of the Nomination Committee

The Nomination Committee submits proposals, prior to the AGM, on the number of board members, the composition and remuneration of the board, and any fees payable for committee work. The committee shall also submit proposals on who is to chair the Board of Directors and the AGM and on auditors and their fees. In accordance with its remit, the committee shall also carry out those duties assigned to it under the Swedish Code of Corporate Governance.

The work of the Nomination Committee

In the period up to and including February 2012 the committee has held nine 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 committee has discussed the size and composition of the board in relation to, for example, experience in the industry and specialist expertise. As a basis for the committee's work, the Chairman of the Board has informed the committee about the work of the board during the year and of the work undertaken by the Audit Committee and the Remuneration Committee. The Nomination Committee has also familiarised itself with the results of the evaluation of the board and its work, and interviewed individual members of the board.

No remuneration has been paid for work on the committee.

All shareholders are entitled to approach the committee with suggestions for board members. The committee's proposals, the report on the committee's work prior to the 2012 AGM, and supplementary information on the proposed members of the board will be published in connection with the notice convening the 2012 AGM, and will be presented at the meeting.

Board of Directors

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 appointed by the AGM. The 2011 AGM appointed eight directors with no deputies. The President/CEO of ÅF is not a member of the board. The company's employees are, however, represented on the board.

Anders Narvinger was elected as a new director of the company by the 2011 AGM. Jon Risfelt stood down from re-election. Ulf Dinkelspiel, Patrik Enblad, Eva-Lotta Kraft, Björn O. Nilsson, Helena Skåntorp, Anders Snell and Lena Treschow Torell were re-elected. Ulf Dinkelspiel was elected by the AGM to serve as Chairman of the Board up until the next AGM. The board elected Lena Treschow Torell as its Deputy Chair. The President/CEO of ÅF, Jonas Wiström, is not a member, but participates in board meetings to present reports. The Group's CFO, Stefan Johansson (who replaced Jonas Ågrup in this position in November 2011), also participates to present reports. Viktor Svensson, Executive Vice President Corporate Information, serves as secretary to the board. For more information on the Board of Directors, please refer to pages 124–125.

Independence of members of the board

The composition of the board of ÅF meets the requirements for independent directors laid down by the rules of Nasdaq OMX Stockholm and the Swedish Code of Corporate Governance. Directors Björn O. Nilsson and Anders Snell hold positions of dependence with regard to the largest shareholder, Ångpanneföreningen's Foundation for Research & Development.

Work of the Board of Directors

Each year the board produces a written formal work plan which sets out the responsibilities of the board, and which governs the allocation of duties among board members, the rules for decision-making, dates and times of board meetings, notification, agenda and minutes for board meetings, and the board's work with accounting and auditing matters.

The ÅF board holds an inaugural meeting immediately after the AGM, after which it is required to meet at least four times per calendar year. Every ordinary board meeting follows the agenda set out in the board's formal work plan, which includes a report from the President/CEO, financial reports and various strategic matters.

The board has opted to appoint a Remuneration Committee and an Audit Committee.

Work during the year

During 2011 the board held eight meetings in addition to the inaugural meeting, including one telephone meeting for which the relevant documentation was 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 in September, a visit was made to ÅF's office in Copenhagen.

The work of the board revolves mostly around strategic issues, business plans, budgeting, accounts and acquisitions, in addition to other decisions which, under the company's rules for decision-making, are dealt with by the board. Reports on the progress of the company's operational activities and finances are a standing item on the agenda. A strategy seminar was held at the meeting in September, and included a thorough review of each division. At every ordinary board meeting, there is a more in-depth presentation of one of ÅF's business areas or departments.

On one occasion each year the board discusses issues related to succession planning for senior executives within the company.

Attendance at board/committee meetings in 2011

	Function	Board	Remuneration Cttee	Audit Cttee
Number of meetings		9	3	5
Ulf Dinkelspiel	C	9 (9)	3 (3)	4 (5)
Patrik Enblad	M	9 (9)		
Eva-Lotta Kraft	M	9 (9)		5 (5)
Anders Narvinger*	M	5 (5)	1 (1)	
Björn O. Nilsson	M	8 (9)		
Jon Risfelt **	M	3 (4)	2 (2)	
Helena Skåntorp	M	7 (9)		5 (5)
Anders Snell	M	9 (9)		
Lena Treschow Torell	VC	5 (9)	3 (3)	
<i>Employee representatives:</i>				
Fredrik Sundin	M	9 (9)		
Patrik Tillack	M	9 (9)		
Magnus Forslund*	D	0 (1)		
Patrik Kerttu**	D	1 (1)		
Anders Toll	D	0 (0)		

* Elected to the Board of Directors on 2 May 2011

** Resigned from the Board of Directors on 2 May 2011

Employee representatives' deputies normally attend only the inaugural meeting of the board.
C = Chair VC = Deputy Chair M = Board member D = Deputy

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 the directors' opinions on 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 questionnaire are discussed by the board and communicated to 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 once a year, and the results are discussed with the President/CEO.

Remuneration Committee

The Remuneration Committee is tasked with considering and making recommendations on salaries, other terms of employment and incentive programmes for the President/CEO and other senior executives in the company. The committee also deals with matters relating to overall conditions of employment and remuneration packages for all of the company's employees. The committee reports to the board. Prior to the 2012 AGM the committee has met on three occasions. The committee consists of Ulf Dinkelspiel (Chair), Anders Narvinger (who replaced Jon Risfelt on 2 May 2011) and Lena Treschow Torell. The President/CEO attends as a co-opted member, as does the CFO and ÅF's Director Human Resources. Remuneration has been paid to the company's directors for their work on the committee.

Audit Committee

The Audit Committee is a vital communications link between the board and the company's auditors, supporting the work of the board by safeguarding the quality of financial reports and following up the results of the reviews and audits carried out by the external auditors. The company's internal audit staff support the committee in its work. Since the 2011 AGM the committee has consisted of Helena Skåntorp (Chair), Ulf Dinkelspiel and Eva-Lotta Kraft. All members are independent of the owners and the company's management. The committee held five minuted meetings in 2011. The company's auditor has attended four of the meetings of the committee. The President/CEO attends as a co-opted member, as does the CFO and the manager responsible for the ÅF Group's financial reporting. The company's internal auditor has attended two meetings during the year. Remuneration has been paid to the company's directors for their work on the committee.

Auditors

The Nomination Committee is tasked with proposing auditors to the AGM. 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 President/CEO. The 2011 AGM appointed the accounting firm Ernst & Young AB, represented by Lars Träff as auditor in charge, as the company's auditors to serve to the end of the AGM in 2012.

Ernst & Young carries out the audit of ÅF AB and major units within the ÅF Group. A full audit of the annual accounts is carried out, and there is also an examination of the nine-month interim report for the period up to September each year. An examination is also carried out of the Group's corporate governance report and of the compliance with the guidelines approved by the AGM relating to remuneration to senior executives.

CEO and Group management

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 Group management team with day-to-day responsibility for various aspects of the Group's operation. During 2011 ÅF's Group management team consisted of the CEO, the divisional Presidents, the CFO, the Director for Human Resources, the General Counsel, the Executive Vice President for Corporate Information, and the PA to the President, who serves as secretary to the Group management team. For further information about the members of the Group management team, please see pages 126–127.

ÅF's Group management team normally meets once a month, to discuss matters such as the Group's financial performance, acquisitions, group-wide development projects, succession planning and competence development, together with various other strategic issues. Eleven minuted meetings were held during 2011.

Once a month the CEO and the CFO discuss each of the divisions' results, balance sheets and key figures with the relevant divisional management team and conduct a status review of any major projects.

The board's description of internal controls

The board's responsibility for internal controls is regulated in the Swedish Companies Act and the Swedish Code of Corporate Governance, which set out requirements for annual external disclosures on how internal controls over financial reporting are organised.

Board members must keep themselves informed about the state of affairs in the company and evaluate the internal control system on a regular basis.

Internal controls at ÅF are designed to ensure that the company's operations are efficient and fit for purpose, that financial reporting is reliable, and that applicable laws and regulations are complied with.

ÅF divides its internal controls over financial reporting into the following components: Control environment, Risk assessment, Control activities, Information & Communication, and Follow-up.

Control environment

The control environment constitutes the basis for internal controls over financial reporting. One important aspect of the control environment is that decision paths, authority and responsibility are clearly defined and communicated between different levels of the organisation, and that there are guidance documents in the form of policies, guidelines and manuals. The term "control environment" describes the organisation, decision paths, authority and responsibility for financial reporting.

A description of ÅF's internal control system is included in the company's process-orientated business management system (ONE) used for managing and supporting day-to-day business operations. This sets out the organisational structure, together with the authority and responsibility vested in the various roles in the business. The process orientation of the ONE management system guides users to the relevant routines and appropriate tools for the particular task in question, thus providing a sound basis for compliance with requirements and expectations. The management system is available to all employees via the ÅF intranet.

Risk assessment

ÅF's risk assessment in respect of financial reporting aims to identify and evaluate the key risks affecting financial reporting in the ÅF Group's companies, business areas, divisions and processes. Risk assessment results in control targets that help to ensure that the fundamental requirements of external financial reporting are met, and provides a basis for managing risk through a variety of control structures. The risks are considered, assessed and reported by ÅF centrally together with the divisions. Risks are also considered in specific constellations; for example, risks associated with fixed-price projects and acquisitions.

Control activities

In order to ensure that the business is run efficiently and that the scheduled financial reports consistently provide a true and fair view of the situation, each process has a number of built-in control activities. These involve all levels of the organisation.

Risks are accepted, reduced or eliminated. At ÅF these control activities comprise two elements: an organisation with clearly defined roles that facilitate an effective and, from an internal control perspective, appropriate division of responsibility; and specific activities that

aim to identify or prevent the risk of reporting errors. For all ÅF units, including those outside Sweden, result analysis and other control activities take place continuously through the finance functions of the various divisions and ÅF AB's Group Accounting and Reporting department. All accounting and reporting activities for ÅF's Swedish operations are centralised under ÅF Business Services (ÅBS) in Solna, where the processes have been standardised and are continuously being made more robust. Control activities at ÅBS include profit analyses and other controls in respect of revenue and receivables, payments, non-current assets, work in progress, wages and salaries, VAT/tax, book-keeping, consolidation and reporting as well as the maintenance of databases.

Information & Communication

Information about and the communication of policies, process descriptions, routines and tools applicable to financial reports are contained in the management system that is available to the relevant personnel via the ÅF intranet. Updates are carried out in the event of any changes in internal or external requirements or expectations with regard to financial reports. The ÅF Group uses a process where divisional management confirms compliance with group policies each year.

Communication with internal and external parties is governed by a communication and IR policy, which sets out guidelines for the form this should take. The policy aims to ensure that all disclosure obligations are met properly and in full. Internal communication aims to ensure that every employee understands ÅF's values and business activities. Information is actively communicated on an ongoing basis through the Group's intranet in order to keep employees informed.

Follow-up

Compliance and the efficacy of internal controls are followed up on an ongoing basis by both the board and management to guarantee the quality of the processes. The company's financial situation and strategy in respect of its financial position are considered at every board meeting. The board also receives detailed monthly reports on the company's financial position and the development of the business. The Audit Committee fulfils an important function by guaranteeing control activities for key risk areas in the financial reporting process. The Audit Committee, management and the internal audit function regularly follow up any reported non-conformances.

ÅF's system for financial management and control paves the way for effective financial follow-ups throughout ÅF. Monthly reports are submitted for each profit centre, and the reports on the financial performance of assignments reflect the highest standards of reliability and detail. Any errors that are identified and any measures that are taken are reported to the next level up in the line organisation.

ÅF's internal audit function carries out independent audits to monitor whether the internal control and management systems live up to ÅF's internal ambitions and external requirements and expectations. Priority 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 to perform. Reports are submitted to the President/CEO and the board's Audit Committee.

Sustainable business development

The ÅF Sustainability Strategy is the platform on which ÅF is building strategically and with a long-term perspective to become a more sustainable business. This sustainability work is to contribute to the company's growth and is therefore followed up by both the Board of Directors and by Group management. For further details about the work that ÅF is engaged in with regard to sustainability, please see pages 48–54.

Auditor's report on the Corporate Governance Statement

To the annual meeting of the shareholders of ÅF AB, corporate identity number 556120-6474

It is the board of directors who is responsible for the corporate governance statement for the year 2011 on pages 119-123 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, Sweden – 9 March 2012
Ernst & Young AB

Lars Träff
Authorised Public Accountant

Board of Directors



Ulf Dinkelspiel

Chairman of the Board since 2007
Director of ÅF since 2004
Born 1939

Current position Ambassador, E. Öhman J:or AB

Other directorships Chairman of the Board of Springtime AB; Director of Nordnet AB, Premiefinans AB, Ponte Fiore AB and Bockholmen Hav och Restaurang AB; Member of the Royal Swedish Academy of Engineering Sciences, IVA

Professional experience Swedish Ministry for Foreign Affairs; Minister for Europe; Minister for Trade; President Swedish Trade Council

Education Graduate business administrator, Stockholm School of Economics

Committee work Chair of ÅF Remuneration Committee; Member of ÅF Audit Committee

Shares in ÅF 60,000



Eva-Lotta Kraft

Director of ÅF since 2002
Born 1951

Current position

Various directorships and other positions

Other directorships Director of Biotage AB, Boule Diagnostics AB, NIBE Industrier AB, Opus Prodox AB, Ostrnor AB, Samhall AB and Siemens AB

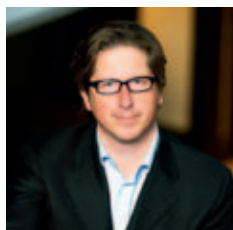
Professional experience Strategy & Marketing Manager at the Swedish Defence Research Agency (FOI); Divisional Manager and Vice President of Siemens-Elema AB; Regional Manager for Alfa Laval AB

Education M.Sc. Chemical Engineering, Royal Swedish Institute of Technology (KTH); MBA

International Entrepreneurship, Uppsala University

Committee work Member of ÅF Audit Committee

Shares in ÅF 5,800



Patrik Enblad

Director of ÅF since 2007
Born 1966

Current position CEO of Newsec AB

Other directorships Chairman of Orc Group; Director of Royal Swedish Yacht Club (KSSS)

Professional experience President HQ Bank; active in finance since 1986

Education Economics studies (not completed) at Stockholm University

Shares in ÅF 10,000



Anders Narvinger

Director of ÅF since 2011
Born 1948

Current position Various directorships

Other directorships Chairman of TeliaSonera, Trelleborg AB, Alfa Laval AB, Coor Service Management AB and Capio AB; Director of JM AB and Pernod Ricard SA

Professional experience Managing Director of Teknikföretagen and President/CEO of ABB AB

Education M.Sc., Graduate business administrator

Committee work Member of ÅF Remuneration Committee

Shares in ÅF 3,000



Fredrik Sundin

Employee representative since 2009
Born 1972

Current position Employed in ÅF's Technology Division

Professional experience Signal processing consultant, wireless ticketing systems and project management

Education M.Sc. Engineering Physics, Uppsala University

Shares in ÅF 1,400



Patrik Tillack

Employee representative since 2008
Born 1967

Current position Employed in ÅF's Industry Division

Professional experience Electrical engineer, electrical design engineer

Education Upper secondary school engineering studies (Electrical Engineering/ Telecommunications)

Shares in ÅF 32

**Björn O. Nilsson**

Director of ÅF since 2010

Born 1956

Current position Professor, President and Member of the Royal Swedish Academy of Engineering Sciences, IVA; Associate Professor at Royal Swedish Institute of Technology (KTH)

Other directorships Chairman of Bioinvent AB; Deputy Chair of Åforsk

Professional experience R&D Manager Amersham Pharmacia Biotech AB; President/CEO Karo Bio AB; Director for Business and Technical Development at Biacore International AB; Business Development Manager at Biovitrum AB

Education Doctor of Technology

Shares in ÅF 0

**Anders Snell**

Director of ÅF since 2009

Born 1950

Current position Active within Billerud AB

Other directorships Chairman of the Board of Ångpanneföreningen's Foundation for Research & Development; Chairman of the Board of Wibax AB; Director of Värmeforsk Thermal Engineering Association and the Swedish Forest Industries Federation.

Professional experience Plant manager of Billerud Gruvön and Billerud Skärblacka; Technical Director with Billerud AB and AssiDomän AB

Education M.Sc. Chemistry, Royal Swedish Institute of Technology (KTH)

Shares in ÅF 0

**Helena Skåntorp**

Director of ÅF since 2002

Born 1960

Current position President and CEO of Lernia AB

Other directorships Director of Mekonomen AB, Lernia AB and 2E Group AB

Professional experience President/CEO of SBC, Sveriges Bostadsrätts Centrum AB; President/CEO of Jarowskij Television AB; CFO of Arla AB; Authorised Public Accountant, PWC

Education Graduate business administrator, Stockholm University

Committee work Chair of ÅF Audit Committee

Shares in ÅF 0

**Lena Treschow Torell**

Director of ÅF since 2006

Born 1946

Current position Director

Other directorships Chair of the Foundation for Strategic Environmental Research (MISTRA); Chair of Euro-CASE, an umbrella organisation for Europe's national academies of science and technology; Director of SAAB AB, Micronic Mydata, Investor AB, SKF AB and Chalmers University of Technology Foundation; Member of the European Commission's research advisory board, ERAB

Professional experience Chair of the Presiding Committee and President of the Royal Swedish Academy of Engineering Sciences, IVA; Vice President and Professor at Chalmers University of Technology; Research Director of the European Commission's Joint Research Centre

Committee work Member ÅF Remuneration Committee

Education Ph.D in Physics, University of Gothenburg; Research Fellowship in Physics, Chalmers University of Technology

Shares in ÅF 4,000



Group management



Jonas Wiström

President and CEO since 2002

Employed by ÅF since 2002 Born 1960

Other directorships, etc. Director of Procure It Right AB; Member of the Royal Swedish Academy of Engineering Sciences (IVA)

Professional experience Philips, Saab-Scania Combitech AB; President Sun Microsystems Sweden; Managing Director (Northern Europe) Silicon Graphics; President/CEO Prevas AB

Education M.Sc., Royal Swedish Institute of Technology (KTH)

Shares in ÅF 25,851



Roberto Gerosa

Manager International Business Development since 2012

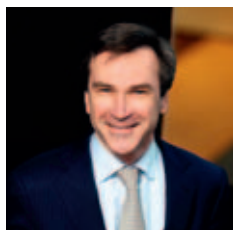
Member of Group management team since 2012

Employed by ÅF since 2007 Born 1965

Professional experience Managing Director of AF-Colenco Ltd, Switzerland; Managing Director of Colenco Power Engineering Ltd, Switzerland

Education M.Sc., Swiss Federal Institute of Technology, Zürich

Shares in ÅF 976



Eero Auranne

President, Energy Division since 2006

Member of Group management team since 2006

Employed by ÅF since 2006 Born 1959

Professional experience President Fortum Service; Senior managerial positions in Fortum Power and Heat Oy and Imatran Voima Oy

Education M.Sc., Helsinki University of Technology

Shares in ÅF 4,168



Stefan Johansson

CFO since 2011

Member of Group management team since 2011

Employed by ÅF since 2011 Born 1958

Professional experience CFO Haldex, Duni, Segerström & Svensson and various positions in the ABB Group

Education Graduate business administrator, Linköping University

Shares in ÅF 7,000



Marie Edman

PA to the President since 2010

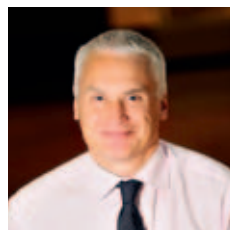
Member of Group management team since 2010

Employed by ÅF since 2010 Born 1953

Professional experience PA to the President at Proffice, Electrolux Cleaning Appliances and Skandex

Education Managerial Secretary studies at Fridhemsplan Upper Secondary School/Stockholm University; PR & Business Communication, IHM Business School

Shares in ÅF 600



Jacob Landén

General Counsel since 2008

Member of Group management team since 2009

Employed by ÅF since 2008 Born 1965

Professional experience Legal profession

Education LL.B., Uppsala University

Shares in ÅF 1,341



Per Magnusson

President, Industry Division since 2006
Member of Group management team since 2006
Employed by ÅF since 2006 Born 1954
Professional experience Plant engineer at ASEA AB; Consultant Rejlers Ingenjörer AB; Consulting Manager J&W AB, Sigma AB; Managing Director of Benima Sydväst
Education Electrical Power Engineering, Polhem Technical Upper Secondary School, and advanced supplementary courses in economics, marketing and business development, KTH Executive School
Shares in ÅF 3,095



Johan Olsson

President, Technology Division since 2005
Member of Group management team since 2005
Employed by ÅF since 2005 Born 1956
Professional experience President of HiQ Skåne AB; R&D Manager for Ericsson Canada
Education M.Sc., Engineering Physics, Royal Swedish Institute of Technology (KTH)
Shares in ÅF 11,736



Mats Pålsson

President, Infrastructure Division since 2010
Member of Group management team since 2010
Employed by ÅF since 2009 Born 1954
Professional experience Site engineer, Skanska; Managing Director of SWECO VBB Viak and SWECO VBB; Business Area Manager for ÅF Infrastructure Planning
Education M.Sc. Civil Engineering, Luleå University of Technology
Shares in ÅF 1,523



Viktor Svensson

Executive Vice President Corporate Information since 2003
Member of Group management team since 2003
Employed by ÅF since 2003 Born 1975
Professional experience Stock market reporter with Finanstidningen
Education Graduate business administrator, Karlskrona/Ronneby University College
Shares in ÅF 7,729



Charlotte Witt

Director Human Resources since 2001
Member of Group management team since 2009
Employed by ÅF since 2001 Born 1964
Professional experience Chief Negotiator for Almega (the employer and trade organisation for the Swedish service sector); Ombudsman for Jusek (the Swedish trade union for graduates in the legal profession, business administration and economics)
Education B.A. in Economics, Örebro University
Shares in ÅF 1,728

Annual General Meeting

The Annual General Meeting of shareholders in ÅF AB (publ) will commence at 15.00 (3.00 pm) on Monday 7 May 2012 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 Euroclear Sweden AB by Monday 30 April at the latest, and
- confirm their intention to participate to the company's head office by 16.00 (4.00 pm) on Wednesday 2 May 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 30 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 via the ÅF Group website: www.afconsult.com/arsstamma2012

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.).

The official call to attend the AGM is published on the ÅF Group website: www.afconsult.com.

Dividend

The Board of Directors proposes a dividend to shareholders of SEK 5.00 per share. It is proposed that Thursday 10 May be made the record day for the right to receive this dividend. It is anticipated that payment will be made via Euroclear Sweden on Tuesday 15 May.

Financial reporting schedule for 2012

Interim report (3 months): 7 May

Interim report (6 months): 13 July

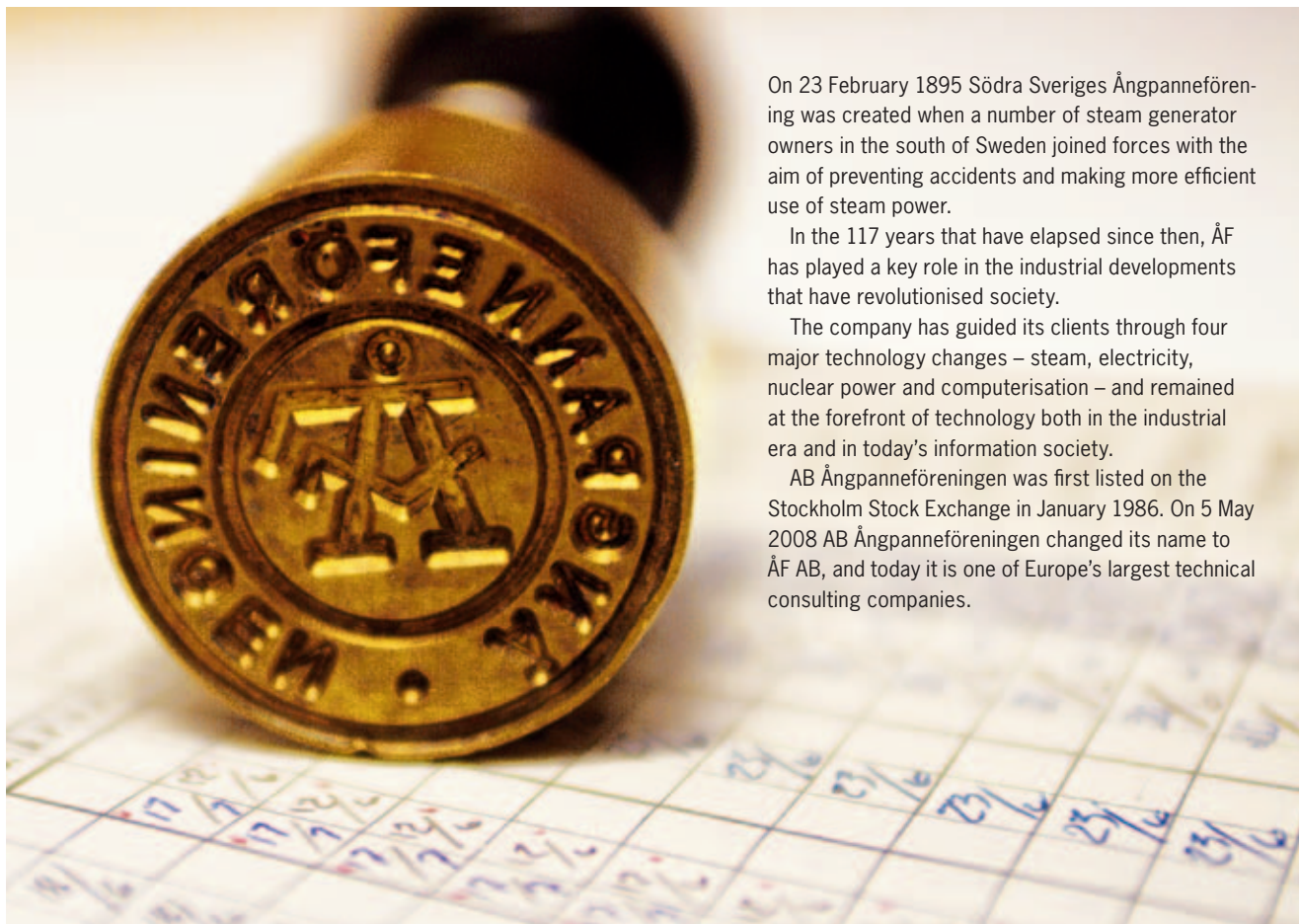
Interim report (9 months): 15 October

ÅF's annual Capital Market Day will be held in September.

The annual report is published in a Swedish and an English version and sent to all shareholders who request a printed copy. Orders can be placed via the website www.afconsult.com or over the phone. Downloadable PDF versions of the annual report and other financial reports are available on the Group's website.



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 with the aim of preventing accidents and making more efficient use of steam power.

In the 117 years that have elapsed since then, ÅF has played a key role in the industrial developments that have revolutionised society.

The company has guided its clients through four major 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.

AB Ångpanneföreningen was first listed on the Stockholm Stock Exchange in January 1986. On 5 May 2008 AB Ångpanneföreningen changed its name to ÅF AB, and today it is one of Europe's largest technical consulting companies.

Group Head Office

ÅF AB

Visitor's address: Frösundaleden 2, Solna

Post address: SE-169 99 Stockholm, Sweden

Tel +46 10-505 00 00

Fax – Group management: +46 8 653 56 13

Fax – Reception: +46 10 505 00 10

For further information about addresses, please see www.afconsult.com

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ÅF – leading the way in technical consulting
Our work focuses on energy and the environment,
investments in infrastructure and projects for industry.

Our base is in Europe, but our business and clients
extend right across the globe.

What makes us unique is our co-workers and the
technical consulting industry's greatest bank of
experience.

It's all summed up in our corporate motto:
"ÅF – innovation by experience."

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