



# SWECO ANNUAL REPORT 2010

## SWECO IN BRIEF

Sweco's engineers, architects and environmental experts are working together to develop total solutions that cover sustainable engineering and design. We make it possible for our clients to carry out their projects not only with the best possible conditions for sustainable development. Sweco delivers qualified consulting services with a high knowledge in feasibility studies, analyses and strategic planning to engineering, design and project management. With around 10,000 clients. Sweco has a local presence in 11 countries and conducts project exports to some 80 countries.

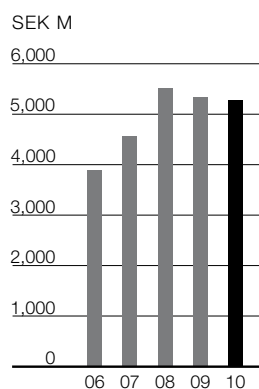
- Net sales of SEK 5,272.4 million (5,338.7).
- Operating profit of SEK 432.7 million (443.6).
- Operating margin of 8.2 per cent (8.3).
- Profit before tax of SEK 423.7 million (443.6).
- Strong financial position with a net receivable of SEK 240.1 million (418.5). Strong cash flow from operating activities of SEK 341.8 million (529.7).
- Profit after tax of SEK 299.9 million (294.6) and earnings per share of SEK 3.31 (3.31).
- The Board proposes a dividend of SEK 3.00 per share.

### PROFIT AND KEY RATIOS, GROUP

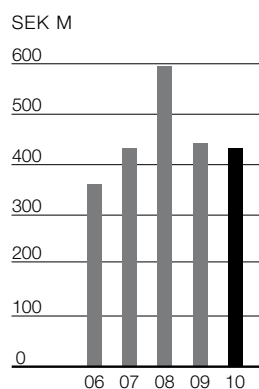
	2010	2009
Net sales, SEK M	5,272.4	5,338.7
Operating profit, SEK M	432.7	443.6
Profit before tax, SEK M	423.7	443.6
Operating margin, %	8.2	8.3
Billing ratio, %	73.4	73.6
Return on equity, %	19.9	19.6
Return on capital employed, %	26.5	27.5
Net debt/equity, %	-16.8	-26.2
Equity/assets ratio, %	47.8	50.6
Earnings per share, SEK	3.31	3.31
Equity per share, SEK	15.61	17.82
Distribution to the shareholders, per share, SEK	3.00 <sup>1)</sup>	4.00
Average number of employees	4,986	5,082

1) Proposed dividend of SEK 3.00 per share.

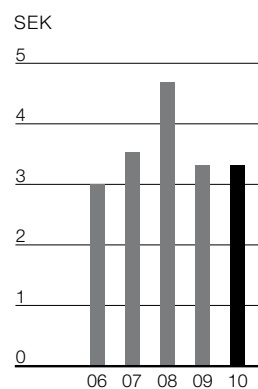
### CONSOLIDATED NET SALES IN 2010



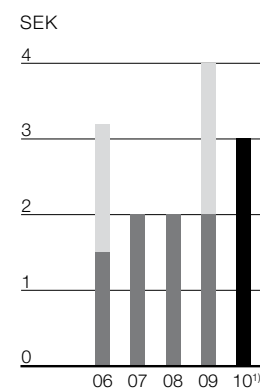
### CONSOLIDATED OPERATING PROFIT IN 2010



### EARNINGS PER SHARE IN 2010



### DIVIDEND PER SHARE IN 2010



■ Share redemption  
1) Proposed dividend of SEK 3.00 per share.



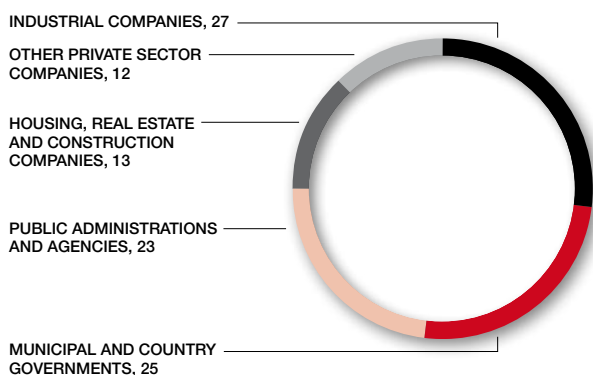
contribute to the creation of a sustainable society. We call  
high quality and good economy but also with the best  
edge content throughout the client's project chain, from  
5,400 employees, Sweco is among the largest players  
Sweco carried out close to 30,000 projects for around  
s worldwide.

# #30,000

Every year Sweco carries out close to  
30,000 projects for around 10,000 clients.

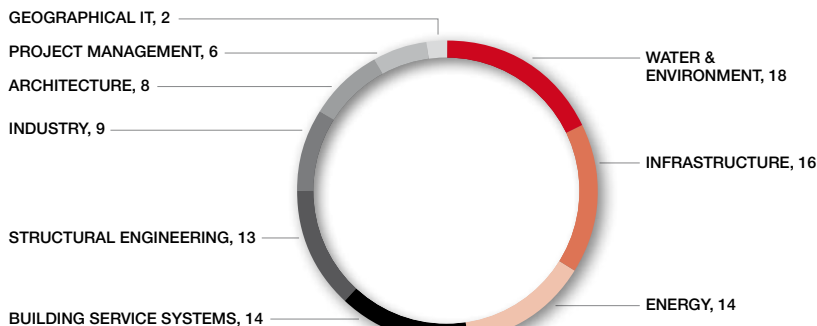
## CLIENTS

Sales by client category in 2010, %



## SERVICES

Share of group sales in 2010, %



Sweco has a client-driven organisation with offices at more than 100 locations. The Group's decentralised and result-oriented business model means that all energy can be focused on the business and work in the client projects. Of Sweco's total of 5,400 employees, around 4,400 are based in the Nordic region and close to 1,000 in Central and Eastern Europe. Since undertaking its first international assignment in Russia in 1903, Sweco has carried out projects in more than 100 different countries. Sweco has subsidiaries and offices in Sweden, Norway, Finland, Denmark, Russia, Estonia, Lithuania, the Czech Republic, Slovakia, Bulgaria and Poland.

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## FINANCIAL CALENDAR

5 May 2011	Interim report January–March 2011
19 July 2011	Interim report January–June 2011
2 November 2011	Interim report January–September 2011
14 February 2012	Year-end report 2011

## GREEN NEWS

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### COVER PHOTOS:

Feasibility study for Innovationsplatsen, Karolinska University Hospital Huddinge. Illustration: August Wiklund and Fredrik Nordh.  
View of infrastructure at Stockholm Central Station. Photo: Måns Berg  
2010 World Expo in Shanghai. Photo: August Wiklund  
Caofedian, urban planning of eco-city in China. Illustration: Petter Appelfeldt

# ***SWECO'S BUSINESS MODEL IS TO CREATE VALUE THROUGH THE DELIVERY OF PROFESSIONAL CONSULTING SERVICES***

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## ***Value for SOCIETY***

The engineers, architects and environmental experts at Sweco are working together to contribute to an environmentally, economically and socially sustainable society. The tangible results of our work are cleaner air and purer water, attractive and functional living and working environments, more effective distribution and use of energy, roads and bridges that increase traffic safety and shorten travelling time and industries that are more efficient, profitable and environmentally sound.

## ***Value for our CLIENTS***

We help our clients to realise their ambitions by delivering professional consulting engineering services. With our skills and knowledge, we enable our clients to carry out their projects with the highest standards of quality and economy. By promoting greater integration between urban planners, infrastructure engineers, architects, structural engineers, industrial and energy consultants and environmental experts, we create the conditions for client projects that contribute to sustainable development of society.

## ***Value for our SHAREHOLDERS***

We create value for our shareholders by conducting growing and profitable operations in areas of vital importance to society in both mature and emerging markets. We generate profitable growth both organically and through acquisitions.



## BRIGHTER TIMES AHEAD

2010 was a year when general economic development was in line with our expectations. The global economy rebounded and growth was seen in all of our home markets, with Sweden at the fore.

Although overall economic development was positive during the year, 2010 was something of an off year for Sweco. Weak market development in the spring led to a low order intake and a drop in sales. The consulting engineering market is late in the business cycle and when the recession hit with full force, it took close to six months before we were affected. By the same token, our own recovery is lagging somewhat behind the rest of the economy.

A more hospitable market climate was noted after the summer, when our building-related operations in the Nordic region increased their order backlogs and a higher level of activity was seen in Central and Eastern Europe. However, the market for our units in Finland remains tough.

And while the year got off to a sluggish start, the pace of improvement since then has been slow but steady and both sales and operating margin strengthened towards the end of the year. Our Swedish operations delivered impressive performance with an operating margin of close to 11 per cent. In Norway we achieved sustained growth and an operating margin of 10 per cent despite the fact that earnings were charged with project write-downs of approximately SEK 20 million. Sweco Russia reported substantial growth in earnings and Industry turned around its earlier loss to an operating profit.

Consolidated operating profit amounted to SEK 433 million, equal to an operating margin of 8.2 per cent, which is not quite on par with the previous year but fully acceptable under the prevailing market conditions. Compared to 2009, profit was weighed down by higher costs for branding activities and acquisition-related costs of around SEK 26 million.

Although our profit has not risen from the year-earlier level, we were able to create strong value for our shareholders. The price of Sweco's class B share at the end of 2010 was SEK 58.25, up by 13 per cent during the year. Together with the dividend, this is equal to a total return of 17 per cent. Total annual return over the past 10-year period has averaged at 26 per cent, compared to 6 per cent for NASDAQ OMX Stockholm. For 2010 the Board proposes a dividend of SEK 3 per share.

Despite a partly weak market situation, we won many new contracts and clients during the year. For example, our Czech and Polish consultants were awarded sizeable contracts in connection with renovation of dams and development of flood protection systems along the Neisse River. In Lithuania we have been chosen to plan a whole new passenger and cargo terminal at the Port of Klaipėda. In connection with the 2010 World Expo in Shanghai, Sweco was responsible for designing the Swedish pavilion. Sweco in Norway took part in a large-scale evaluation of future high-speed rail transit and our Swedish consultants are carrying out a major project to map landslide risks in Gothenburg as part of an initiative to adapt the city for climate changes.

Population growth, urbanisation and a rising standard of living are fuelling demand for infrastructure, energy production, raw materials, industrial production and construction. But at the same time, it is increasingly urgent to strive for development that is sustainable.

Environmental impact assessments, energy optimisation, transport solutions, water supply, wastewater treatment and waste management are all areas of everyday activity for our consulting engineers.

Sweco is well poised for the future. We have leading positions in Sweden, Norway and Finland and strong niche positions in a number of Eastern European countries. In 2010 we established a new home market in Poland through the acquisition of two companies that are active in the water/environment and infrastructure areas. In Sweden we acquired Aros Arkitekter, after which we now have close to 500 architects and are among of the largest architectural companies in Europe.

Sweco's home markets in the Nordic region and Eastern Europe have generally stronger GDP growth, higher rates of investment and better government finances than the European average, which is creating favourable conditions for development.

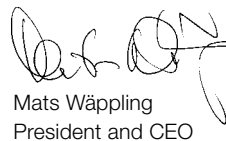
In the past year we took further steps to address our strategic challenges. With the help of our employee survey Sweco Barometer, we have identified areas for improvement in our ongoing employee development. It is satisfying that we have succeeded in raising our Barometer index. We have also launched Sweco's first group-wide leadership development program – Next Generation – in which young managers from our various business areas take part. In order to develop and optimise our IT platforms, we have reinforced the organisation with a Chief Information Officer (CIO). The prioritised areas during the year were group-wide systems and IT integration.

We are taking measures to strengthen Sweco's brand and during 2010 invested considerable sums in brand building campaigns in Sweden, Norway, Finland and Lithuania. The campaigns have attracted widespread attention and strengthened our position as one of the most attractive employers among working professionals and recent graduates in the engineering area.

The economic outlook has gradually brightened during the year and although the global economy is struggling with a number of challenges such as escalating government debt, global imbalances and restructuring of the financial system, the upward trend is clear. Global growth potential and strong balance sheets are giving companies favourable prospects for the future. The Nordic economies have been surprisingly resilient, with rapid growth in the Swedish economy and more moderate growth rates in the other Nordic countries.

We therefore expect 2011 to be a year of growth and increased profitability. The market outlook is positive in all of our service segments, although starting from different baseline levels. In spite of an improved market situation, our units in Finland and the Baltic countries face a tough year ahead. Consolidation of the industry is continuing and a number of major acquisitions were carried out in 2010. We anticipate additional structural transactions during 2011 and have both an interest in and the capacity to take part in this process.

Stockholm, February 2011

  
Mats Wäpling  
President and CEO



# ONGOING RECOVERY – STRONG DRIVERS FOR THE FUTURE

**In the near term the market is continuing to recover – in a longer perspective there are powerful structural drivers for sustained growth.**

### Near-term recovery

The consulting engineering market is late in the business cycle. When the financial crisis reached its peak, it took close to six months before the full impact on Sweco's activity levels was visible. By the same token, the pace of recovery has lagged somewhat behind that for the economy in general. However, in late autumn it became clear that demand was on the rise in the majority of Sweco's markets.

When the economy picks up, this increases the need for new investments across most of Sweco's market segments. Industrial and energy production increase, the real estate market strengthens and the financing opportunities for public infrastructure projects improve.

### Structural factors driving long-term demand

In a long-term perspective, there are powerful structural drivers that are boosting demand for consulting engineering services. These are related to urbanisation and rising living standards, which are contributing to a need for infrastructure, industrial production, energy production and construction, etc. At the same time, there are increasing requirements for sustainable development of society and adaptation to climate change. This is stimulating demand for services in areas like energy efficiency, environmental impact

assessments, renewable energy solutions, effective traffic planning, water supply, wastewater treatment and soil/site remediation.

The pace of urbanisation is accelerating around the world and today around half of all people on earth live in cities. By 2030 this figure is expected to reach two thirds.

In several parts of Europe there is an urgent need for renewal of infrastructure such as power supply systems, roads, railways, harbours and water/wastewater networks. At the same time that whole new systems and facilities are necessary in many areas, extensive upgrading of the existing infrastructure is also required. This applies not least to power production and transmission, which in many European countries is outdated and in need of modernisation. Parallel to this, the existing climate targets call for radical restructuring of the global power generation system to reduce emissions of greenhouse gases to sustainable long-term levels.

Another driver for market growth is an increasing trend towards outsourcing of technical expertise to specialised consulting companies by both private and public sector companies.

### Sweco is well positioned

Sweco is one of the largest players in Europe, with market-leading positions in the Nordic region and strong niche positions in several Eastern European countries.

At present, Sweco's home markets in the Nordic region and Eastern Europe have stronger GDP growth, higher rates of invest-

### FLOOD PROTECTION IN POLAND

Through the past year's acquisition of two companies in Poland, Hydroprojekt Kraków, specialised in hydraulic engineering and water resource management, and Transprojekt Kraków, with expertise in road and bridge engineering, Sweco positioned itself in a country with one of Europe's fastest-growing economies. Already in October, a close collaboration was initiated between the two companies in assignments for the Polish National Water Management Authority worth a total of around SEK 40 million. The contracts include services for renovation of a dam and reservoir and the development of a flood protection system for the hard-hit area Nysa Kłodzka river basin.





ment and healthier state finances than the European average, which is creating favourable conditions for continued positive development.

Sweco has a strong brand among its clients and is regarded as an attractive employer in the labour market. A level of profitability and financial strength at the absolute top of the industry give Sweco scope to grow faster than the market average, both organically and through acquisitions.

### **A fragmented industry**

The consulting engineering industry remains fragmented compared to other professional service industries like auditing and IT. At the Nordic level, no engineering consultancy has a market share of more than 10 per cent and at the European level there is none with a leading position in several countries.

### **Significant scale economies**

Clients have increasingly high requirements on breadth and cutting-edge expertise and there is a rising demand for consultants capable of providing full-service solutions and coordinating multiple disciplines. This offers significant advantages for large consulting engineering companies.

At the same time, the rising rate of globalisation is creating opportunities for sourcing of planning and design services from low-cost countries, which many clients have started to show an interest in.

Industrial clients in particular are seeking consultants with high international delivery capacity.

Competition for the best employees is also intensifying. The ability to offer the most exciting technical challenges and the best career opportunities in an international environment are valuable competitive advantages in this context.

There are also considerable economies of scale in brand building, administration and the delivery process.

### **Increasing consolidation**

The industry's scale economies are acting as strong drivers for consolidation. A series of large and cross-border corporate transactions in the past few years have given rise to multinational consulting engineering groups that have continued growth ambitions at the European and international level. Sweco is one of the companies that are actively participating in the consolidation process. Several of Sweco's major competitors are also taking part in restructuring of the industry, such as WSP, Grontmij, Pöyry, Rambøll, COWI, Norconsult and ÅF.

Acquisition activity slowed during the financial crisis. Now that uncertainty is receding and the market is improving, the pace of consolidation is expected to pick up again.

### **SWECO AND NKS**

In Solna, outside Stockholm, Stockholm County Council is building a new world class and state-of-the-art university hospital: The New Karolinska Solna. When completed in 2016, the hospital will have an area of 320,000 square metres and will house 8,000 rooms, 36 operating theatres and around 6,000 employees. The construction project started in August 2010 and during the building phase, Sweco will provide qualified consulting engineering services on behalf of the building contractor Skanska. The assignments cover virtually all of Sweco's engineering design disciplines, from planning of piping, electrical and ventilation systems to framework engineering, foundation engineering and underground construction.

Sweco has also been contracted for several other large-scale hospital projects in the Nordic region, including Linköping University Hospital, Angered Hospital in Sweden and Triangle Hospital in Helsinki, Finland.



## **EUROPE'S MOST RESPECTED KNOWLEDGE COMPANY IN THE FIELDS OF CONSULTING ENGINEERING, ENVIRON- MENTAL TECHNOLOGY AND ARCHITECTURE**

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**VISION** To become Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture.

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**MISSION** To actively contribute to sustainable development of society.

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**BUSINESS MODEL** Sweco's business model is based on simplicity and client focus, where the idea is that it should be easy for clients to do business with Sweco. The Group therefore has a decentralised and client-driven organisation. The individual consultants form the hub of operations, and it is their work and attitudes that transform the company's aggregate knowledge, experience and creativity into tangible benefit for the clients.

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**PROFITABILITY TARGET** Sweco's target is an operating margin of at least 12 per cent.

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## STRATEGIC PRIORITIES

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### GROWTH

Sweco will consolidate its position as the leader in the Nordic market, strengthen its positions in the emerging markets of Central and Eastern Europe and be open to the opportunities for expansion in the nearby markets of Western Europe. The focus is on long-term growth segments such as energy, infrastructure, water and environment. This growth will take place both organically and through acquisitions. All growth will be accompanied by strict profitability requirements.

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## RESULTS AND ACTIVITIES IN 2010

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- Establishment in Poland through the acquisition of Hydroprojekt Kraków, with operations in water and environment, and Transprojekt Kraków, active in the infrastructure area
- Acquisition of Aros Arkitekter in Sweden
- Supplementary acquisitions of a number of smaller companies in Norway
- Extensive recruitment and student campaigns in Sweden and Norway

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### EMPLOYEES

Sweco aims to be the most attractive workplace for consulting engineers and architects, with ample opportunities for professional and personal development in an international environment. Sweco's goal is to be the preferred choice of potential employees, whether recent graduates or experienced consultants.

Employee development is essential for Sweco's growth. All employee development should be focused on performance, skills and knowledge sharing. This work is supported by the model for annual performance reviews, Sweco Talk.

Sweco's client-driven organisation relies on strong and decentralised leadership. Strong leadership is ensured through Sweco Leadership Compass, a framework that defines the company's leadership culture and links it together with the business culture. As a tool for ensuring effective management succession, Sweco uses the Next Generation process and program to continuously identify and develop good leaders.

- Sweco rated as one of the most attractive consulting engineering companies among engineering students in Sweden
- Results of Sweco Barometer, index of 70 per cent
- 79 per cent of all employees completed Sweco Talk performance reviews
- First group started the Next Generation program
- Implementation of Sweco Leadership Compass completed
- Process for management succession implemented
- New leadership development program introduced in Sweden

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### KNOWLEDGE

Based on the employees' combined expertise, Sweco offers solutions that enable the clients to carry out their projects not only with high quality and good economy but also with the best possible conditions for sustainable development.

Sweco is characterised by a corporate culture of curiosity in which knowledge sharing and teamwork between the Group's employees are a natural aspect of all dealings with clients. The knowledge and experience gained by the employees in the assignments are safeguarded and developed for future use. The business system sweco@work ensures that the assignments are performed in an optimal manner and that new knowledge is preserved.

The employees actively share knowledge throughout the organisation, among other things in defined technical areas, global networks with a focus on business development and through Sweco Share, a platform for internal knowledge focus.

- Development of Sweco Mobility started as means to improve mobility within the Group
- Sweco Excellence Meetings – network meetings with a focus on business development
- Further development of tools and routines in sweco@work
- Implementation of sweco@work in new units
- Development of a new intranet started with a focus on knowledge sharing
- Sustainability training for new employees

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### CORPORATE CULTURE AND BRAND

Sweco uses a uniform brand in all markets where the company is active to ensure that the clients and other stakeholders have a clear idea of what Sweco does and what we stand for. The brand should express the company's core values of curiosity, commitment and responsibility. Curiosity drives development, creates new knowledge and contributes to better solutions. Commitment creates a foundation for greater work satisfaction, higher quality, deeper relationships and new contact interfaces. Responsibility ensures security for our clients.

- Large-scale brand campaigns in Sweden, Norway, Finland and Lithuania
- Targeted PR activities in Sweden, Norway, Finland, Estonia and Lithuania
- Implementation of Sweco's brand platform in new units
- Review and development of the Group's internal communication in order to strengthen the corporate culture



## **SWECO'S GROWTH STRATEGY STANDS FIRM – CONTINUED EXPANSION IN THE NORDIC REGION AND EASTERN EUROPE**

**Sweco has undergone powerful growth over the past ten years. The level of ambition remains high and the company is well poised to capitalise on an upturn in the market.**

### **Value-creating growth**

During the period from 2001 to 2010 Sweco more than doubled its net sales from SEK 1,928 million to SEK 5,272 million. Growth has averaged at approximately 12 per cent annually, of which 4 percentage points are organic and 8 percentage points are acquisition-driven. During this period, Sweco evolved from a conglomeration of niched Swedish engineering consultancies into a market-leading and multidisciplinary provider of consulting engineering services in the Nordic region and Eastern Europe. Today Sweco has the capacity to offer total solutions for urban planning, even across national borders.

Sweco's profitability has more than doubled over the past 10-year period. As a result, Sweco had significantly higher profitability during the recession of 2009–2010 than in the economic boom at the beginning of the new millennium. Sweco's current profitability is also on par with the highest among consulting engineering companies in Europe. This performance has generated a good total return for Sweco's shareholders.

However, the recent economic downturn led to a dip in the otherwise consistently rising growth and profitability curve. In 2008–2010 net sales declined by 5 per cent and operating margin weakened from 11 per cent to 8 per cent. This falling trend should be seen in light of the deep recession that impacted the consulting engineering industry's investment-sensitive segments.

Sweco's focus in the past two years has been on maintaining profitability and creating a solid position in the run up to market recovery. When the market improves, Sweco has good potential to return to its historically strong growth and profitability profile.

### **Sweco's growth strategy**

Growth will be prioritised to a greater extent in connection with upswings in the market. Sweco's geographically concentrated operations make it possible to effectively share knowledge and staff resources across national borders. At the same time, Sweco's comprehensive service offering provides scope to offer total solutions. As earlier, Sweco's growth strategy is therefore focused on northeastern Europe. Sweco's strong financial position provides a solid platform for sustained growth.

Sweco will continue to play an active role in consolidation of the European consulting engineering industry. Water, environment, infrastructure and energy have been identified as areas of particular interest, not least in view of the current dramatic growth in Central and Eastern Europe.

The starting positions and challenges vary between countries, but the long-term ambition is the same: To be the most respected consulting engineering company both among clients and in the labour market, with a multidisciplinary and market-leading position in all countries where Sweco is established.

Sweco is the market-leader in Sweden. However, the market remains fragmented and Sweco's ambition is to continue consolidating its forefront position to attain the size needed for long-term market leadership.

In Norway and Finland, Sweco is one of the leading players. Sweco's objective in these markets is to grow faster than the competitors and thereby secure a leading position. This will be achieved through both supplementary acquisitions and organic growth.

In Central and Eastern Europe, Sweco has strong niche positions but limited size and breadth in the individual countries. Continued supplementary acquisitions are prioritised in this market as a means for expanding and enhancing Sweco's offering.

### **Activities in 2010**

Sweco took several measures to strengthen both organic and acquisition-driven growth.

The ability to attract, retain and develop employees is decisive for achieving high organic growth. In 2010 several steps were taken in this area with successful results (read more on page 24). During the year Sweco was ranked as the most attractive consulting engineering company among engineering students in Sweden and also advanced its positions among engineering students in Norway and Finland.

Recruitment activities were intensified in the final quarter of 2010, particularly in Norway and Sweden.

Several corporate acquisitions were completed during 2010. In February Sweco took the first step in Poland through the acquisition of the Polish engineering consultancy Hydroprojekt Kraków with 35 employees. The company has a good reputation in the domestic market and has previously collaborated with Sweco in a number of hydropower and water resource management projects. In June Sweco continued its Polish expansion through the acquisition of Transprojekt Kraków with 155 employees. The acquisitions are strategically important for Sweco since Poland is one of the most interesting countries in Eastern Europe, with rapid economic growth and good public finances. The conditions are therefore favourable for continued strong market growth in the environment, infrastructure and energy segments. The goal is to grow further in Poland so that the clients can be offered a full range of services.

In September Sweco acquired the Swedish architectural firm of Aros Arkitekt and thereby strengthened its market-leading role in architecture. Sweco's combined architectural operations are now the largest in the Nordic region and among the largest in Europe, with more than 500 employees.



## AROS ARKITEKTER

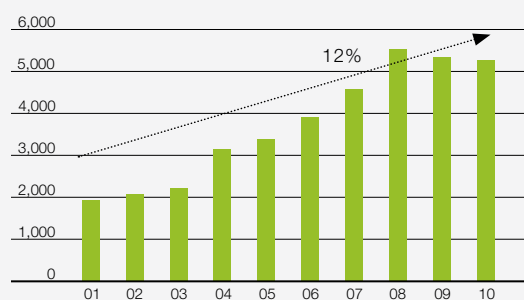
Through the acquisition of Aros Arkitekter Sweco has further strengthened its architectural operations, among other things in office, retail, housing and hotel projects. After the acquisition Sweco has more than 500 architects and has thereby consolidated its position as the Nordic region's largest architectural firm. Aros Arkitekter, with 76 employees, is among the larger architectural firms in Sweden and is involved in many major projects throughout the country.

Norra Djurgårdsstaden is a whole new urban community that is taking shape in Stockholm with an explicit focus on sustainability. In the middle of the area is the Riga 2 building, designed by Aros Arkitekter. The seven-story structure is built around a spacious atrium that creates a sense of being in the borderland between outdoors and in. A fully glazed facade facing the water maximises access to natural light. The ground floor offers space for retail facilities and the remaining floors are intended for offices.



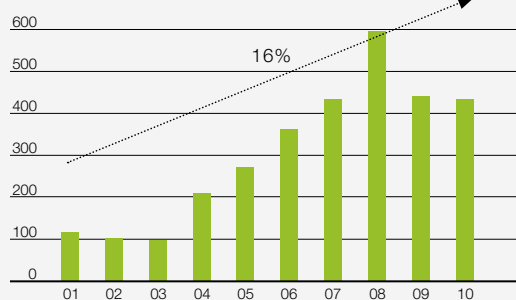
## Net sales

SEK M



## Operating profit

SEK M



Sweco has shown strong financial development over the past ten years, when net sales have risen by an average of 12 per cent annually and operating profit by 16 per cent annually.



# WORKING TOGETHER FOR SUSTAINABLE DEVELOPMENT

Sweco's mission to actively contribute to sustainable development encompasses our vision of a society where the resources needed by future generations are not jeopardised by the way we live today. The development of a sustainable society is not a distant and unobtainable vision but one that can be realised with existing knowledge and technology.

With a wide range of services and cutting-edge expertise in areas like energy, architecture, infrastructure and institutional development, Sweco develops solutions to minimise environmental impact as far as possible. Individual initiatives are often not sufficient. Instead, it is vital to exploit the synergies between different solutions and create more fundamentally self-sufficient systems for transport, waste management, water supply, etc. In this way, the existing knowledge, creativity and innovation can be mobilised to use local resources more efficiently and thereby contribute to reducing impact on the environment.

The interplay between different technical solutions alone does not create a sustainable society. Together with Sweco's expertise in design and architecture

it is possible to strengthen the social and spatial dimension so that we can live and work in attractive and sustainable environments.

Sweco's concept for sustainable development includes both urban and rural environments, and we seek integrated holistic solutions for infrastructure, housing, energy, water supply, waste management and transports. These solutions not only reduce resource dependency but also generate direct financial savings. Around the world there is a growing demand for Sweco's services in sustainable urban development, for use in both new and existing urban communities and areas.



### 1. Sustainable buildings

Optimal buildings combine functionality with aesthetics, space efficiency with comfort and urban development with ecological sustainability. Outgoing flows from buildings in the form of wastewater (6) and solid waste (5) are utilised and converted into biogas, district heating (4) and fuel for public transport (2).

### 2. Public transport

Local transports can be powered by surplus energy from renewable resources (4) such as the biogas that is produced in treatment of organic waste (5). Through effectively designed public transport solutions, individual resource requirements are met in an efficient and economical manner, at the same time that a long-term sustainable transport system leads to better traffic safety and reduces congestion in the local area.

### 3. Communications

Long-distance transport is a large and costly source of emissions in modern society, and there is significant potential for resource gains by optimising our transport systems. Sweco is a forerunner in planning of future travel systems and is working on solutions like route optimisation via geographic IT.



## SWECO CREATING SUSTAINABLE CITIES

Sweco's concept for sustainable urban development has been applied around the world, in countries like Sweden, China, Russia, Ireland, Canada and South Africa. In the Swedish city of Östersund, the local government and private property owners have joined force to establish a whole new and unique community, Storsjöstrand. The area is intended to contain 430 apartments and is expected to serve as a domestic and international role model in which ecological, economic and social dimensions are united. Storsjöstrand will apply a closed-cycle approach to energy, waste, and wastewater that will contribute to minimising resource usage and maximising recovery and recycling of resources. Sweco has been given responsibility for planning the area with passive buildings, resource-efficient systems and a sophisticated infrastructure.





## WATER & ENVIRONMENT

Sweco is one of Europe's largest providers of consulting services related to water and the environment. The environmental consultants offer sustainable and effective solutions for water and wastewater treatment, soil and site remediation and waste management.

Sweco provides investigation and design services for waste and water treatment plants, mains systems and biogas plants. In connection with construction and infrastructure projects, Sweco studies protection and utilisation of water resources, storm water management and performs environmental impact assessments (EIA).

Sweco also seeks methods to recycle waste and sustainable

ways to handle materials that are not suitable for recycling.

In addition, Sweco develops solutions that contribute to reducing the volume of waste arising from various processes. Industries, transportation and various products leave traces on the natural environment. Sweco's environmental consultants study contaminated sites and recommend solutions that are optimal from both an ecological and resource standpoint.

Furthermore, Sweco has in-depth expertise in building customised systems for environmental, quality and occupational health and safety management.



### #15,462 MORE BIOGAS BUSES IN THE BALTIC

Sweco is heading the EU's "Baltic Biogas Bus" project, where the goal is to encourage cities and regions throughout the Baltic states to use biogas-powered buses. The project will facilitate future production and distribution of biogas by formulating strategies and guidelines that promote this development. The overall aim is to reduce environmental impact from traffic and make the entire region a better place to live, work and invest in.



### #15,619 COLLABORATION PROJECT IN CENTRAL STOCKHOLM

Slussen, a major hub for rail, road and boat transport in central Stockholm, will be rebuilt from the ground up. Sweco has been given the task of designing and coordinating all systems for water, wastewater, energy and ventilation in the area. In the assignment, consultants from several of Sweco's technical disciplines are working together to plan and optimise the existing and new systems.



### #26,606 DECONTAMINATION OF INDUSTRIAL SITE

Eka Chemicals' chlorate plant has been in operation since the early 1900s and over the years the site has also been used for activities such as lead smelting and waste disposal. Eka Chemicals is taking active measures to remediate contaminated soil and has sought the assistance of Sweco's environmental experts to prevent the spread of environmental toxins into the groundwater and surface water.



### #977 MORE EFFICIENT MANAGEMENT OF WATER RESOURCES IN TAJIKISTAN

Sweco has been appointed by the World Bank to plan a system for water resource management in Tajikistan. Sweco's tasks in the assignment have included evaluation of water treatment alternatives aimed at minimising costs and achieving more effective resource utilisation. As a result of this work, it is now possible to choose the most efficient and reliable method when developing Tajikistan's new water supply system.





#### **#4,063 PROJECT FOR HIGHER QUALITY DRINKING WATER**

The waterworks in Skien, Norway, supplies drinking water to both households and businesses in the local area. To meet requirements for hygienic barriers and improve the water quality, the plant has been rebuilt and was reopened in the summer of 2010. Sweco has contributed expertise in all phases of the project.



#### **#13,115 WASTE MANAGEMENT STUDY IN LITHUANIA**

Sweco has been awarded a contract to analyse the municipal waste management system in the Vilnius region. The objective has been to perform an in-depth evaluation of the existing system in order to define problems and to explore possible solutions. The project will lead to an efficient new system for handling biodegradable waste and achieve 50 per cent recycling of paper, glass, metal and plastic.



#### **#522 BETTER WATER IN THE CZECH REPUBLIC**

Sweco is taking part in a large-scale effort to improve management of water resources in the city of Mlada Boleslav. The project has included renovation of the municipal water treatment plant, resulting in significantly higher water quality for the city's residents. The initiative was named "Water Management Project of the Year 2009".



#### **#1,478 MAPS FOR INCREASED WATER ACCESS IN SOUTHERN AFRICA**

Water is in short supply in many parts of southern Africa, a situation that is hazardous to human health, inhibits the development of businesses and hinders social progress. Sweco has been commissioned to study water supplies in the Buzi, Save and Ruvuma rivers. The study will investigate the amount of water available and the vulnerability of the local communities and population to drought and flooding. With the help of detailed maps, it will be possible to develop a plan for improving access to water in the region.



## INFRASTRUCTURE

Sweco offers qualified solutions for creating a society in ecological balance, where traffic flows smoothly and infrastructure and public works contribute to greater ease and higher quality of life. The comprehensive range of services includes engineering and design of roads, railways, bridges, tunnels, dams, harbours and power stations.

Sweco works with land use planning in residential and industrial areas, which includes engineering and design of streets, water/wastewater systems and the external environment.

In the public transport area, Sweco's planning and design capabilities cover all system components – pedestrian paths, stations, tracks, stops, transport networks, transport interchanges, terminals and travel centres.

In connection with hard rock and civil engineering projects, Sweco works with engineering and design of road and railway tunnels and other underground structures.

The hydraulic engineering assignments include tailings and hydropower dams, hydropower plants and underwater constructions.

Sweco is also active in engineering and design of different types of bridges from the early planning stages to realisation. Planning of harbours and shipping fairways, as well as engineering and design of port structures, are other areas of expertise.

When it comes to railway projects, Sweco has expertise in planning and design of track, electrical, signal and telecom systems, as well as other related areas such as geotechnical and rock engineering, traffic planning and landscape architecture. Sweco also performs risk and environmental analyses for road and rail projects and develops systems for road traffic management and road information that make traffic safer and more efficient.



### #8,224 SAFER SECTION OF THE E20 IN NORTHEASTERN ESTONIA

With Sweco's help, one of the most accident-prone road sections in Estonia has become safer. The new four-lane motorway was opened for traffic in August 2010 and is the largest road investment of all time in Estonia. In addition to the new lanes, the road has been equipped with new junctions, bridges and noise barriers. Adjustment of the road alignment has also contributed to better air quality in nearby residential areas.



### #25,997 RAILWAY PROJECT IN SOUTHERN SWEDEN

To further reinforce rail traffic in southern Sweden, the existing railway line for freight trains between Trelleborg and central Malmö is being adapted for passenger traffic. In the future, the Pågatågen commuter train network that interconnects a number of cities in Skåne will also serve Trelleborg, which will significantly shorten the travel time for commuters living along the line. Sweco has been chosen by the Swedish Transport Administration to plan the rebuilding project.



### #870 SAFE AND EFFICIENT HYDROPOWER IN BULGARIA

Sweco has carried out an assignment to reinforce two dams on the Arda River, which runs through the city of Kardzhali in southern Bulgaria. On both sides of the Kardzhali there are hydropower dams that supply the area with energy. Through Sweco's efforts the city will now be protected from floods at the same time that the plant's energy output has been increased. Sweco's work has also resulted in new urban planning solutions through the design of an artificial lake that extends like a mirror three kilometres through the city.



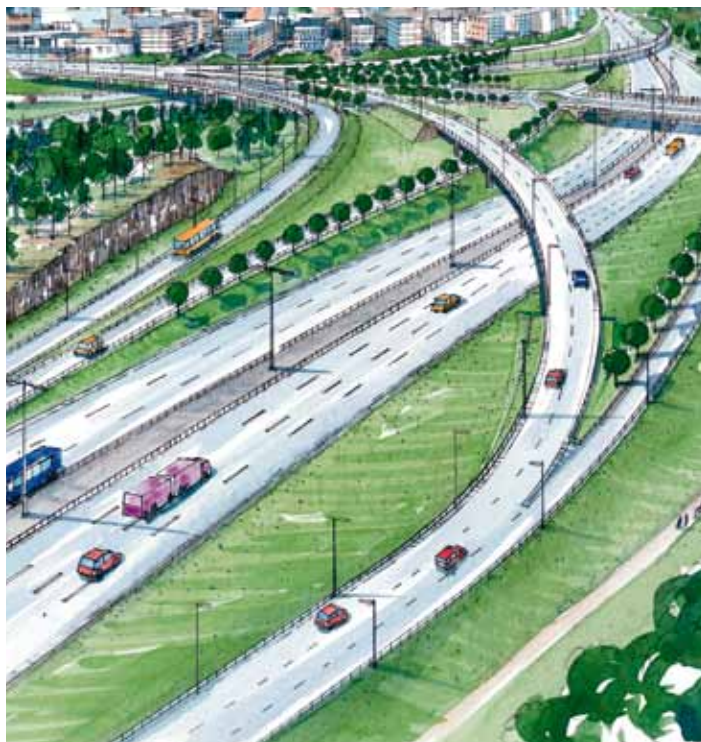
### #10,600 LOWER SPEEDS AND SAFER BICYCLE TRAFFIC IN LINDERUD, NORWAY

The town of Linderud outside Oslo is taking steps to improve its traffic solutions. Sweco has been tasked with evaluating two alternative solutions that will provide a basis for ongoing detail planning. The goal is to increase traffic safety and promote the use of public transport. Both proposals call for reduced road widths and a speed limit of 40 kilometres per hour. Furthermore, a safer environment will be created through the use of separate pedestrian and bicycle paths.



### #6,618 IMPROVED RAIL TRAFFIC IN SOUTHERN NORWAY

The Vestfoldsbanan railway line between Larvik and Grenland will be upgraded to double-track standard to offer a more attractive alternative for passenger and freight transport. In connection with this, the Norwegian National Rail Administration has contracted Sweco for land development planning and preparation of design solutions. The new 13-kilometre section contains three long tunnels, three bridges and a culvert. The line is scheduled for completion in 2017.



### #11,672 MOTORWAY PROJECT WITH A FOCUS ON TRAFFIC SAFETY AND THE ENVIRONMENT

In Stockholm, an ambitious infrastructure project is underway to build a new motorway on the E18 between Hjulsta and Kista. Sweco will prepare construction documents for a number of junctions and provide support during the construction phase. The focus is on traffic safety both during the building process and in the end result. Sweco's consultants are working to minimise road congestion in the area and are planning multi-level intersections that will reduce the risk for accidents. Special consideration has also been given to sensitive natural areas.



### #1,776 BETTER ACCESSIBILITY FOR CYCLISTS IN STOCKHOLM

The number of cyclists in Stockholm has increased sharply over the past ten years. To gather more information about the bicycle commuters' situation, the City of Stockholm has engaged Sweco to analyse accessibility and safety in the bicycle network. The results will be used as a basis for decision on future investments and improvements.



## ENERGY

Efficient energy usage is crucial for a sustainable society. The need for restructuring is extensive and the potential for efficiency gains is vast. The company's expertise in energy-related services covers all stages of the energy supply chain – from production to distribution and end use. The goal is to help the clients develop a safe, cost-effective and ecologically sustainable energy supply.

A large share of Sweco's projects in the energy area are aimed at upgrading and optimising electricity generation resources on behalf of power companies. Sweco is deeply committed to the expansion of renewable energy production and offers total solutions throughout the process that satisfy society's need for electric power.

The systems for transmission and distribution of electricity are

undergoing continuous development and differ between electricity markets. A large share of Sweco's work in this area is focused on meeting the need for increased transmission capacity. Higher capacity and smart grids are essential in ensuring security of supply and optimal utilisation of production resources.

Both economic and regulatory conditions have a powerful influence on the opportunities for change in the energy sector. Sweco has been working for many years to propose solutions and analyse the effects of laws, rules, steering instruments and market forces on behalf of public agencies, energy producers, industries and property companies.



### **#30,402 NEW LINK FOR POWER TRANSMISSION TO SOUTHERN SWEDEN**

SydVästlänken, "the southwest link", is the name of a new power transmission line that will increase security of supply and reduce transmission bottlenecks to southern Sweden. The line is strategically important for connection of hydro and wind power resources in the north to consumers in southern Sweden and even continental Europe. Sweco is involved in many parts of the project and is contributing energy expertise, design services and geotechnical specialists.



### **#7,241 NEW HYDROPOWER PLANT IN THE CZECH REPUBLIC**

Sweco has designed a new small-scale hydropower plant that will be built next to the existing Kadan dam on the Eger River in the Czech Republic. The plant will be located adjacent to an existing hydropower plant that Sweco has been selected to modernise. Through the project, it will be possible to generate a higher share of "green" energy in the future.



### **#25,700 BIOMASS-FIRED DISTRICT HEATING WITH THE HELP OF SWECO EXPERTISE**

A new biomass-fired district heating plant is ready for operation in the town of Ørsta in western Norway. The plant will initially supply heat to facilities such as schools, senior living facilities and commercial properties. Sweco's comprehensive service offering has been an advantage in the project. Aside from renewable energy experts, Sweco's building service system consultants, geologists and structural engineers have also taken part in different stages of the project.



### **#12,998 ENERGY STORAGE UNDER STOCKHOLM'S OLD TOWN**

At the request of the property company Hufvudstaden, Sweco has identified two properties in Stockholm's historical district that are suitable for aquifer thermal energy storage (ATES). With the help of an underground aquifer layer, heat from the summer can be stored until winter and cold from the winter stored for use the following summer. The new ATES, which will be placed under the Old Town's 17th century buildings, will reduce the need for purchased energy by 80 per cent and cover 98 per cent of the cooling requirement for both properties.



## BUILDING SERVICE SYSTEMS

Sweco's building service systems consultants offer solutions for buildings and facilities that meet today's high demands on energy performance. The wide service offering ranges from advice and planning to control and monitoring of HVAC and sanitation, electrical, telecom, fire protection and building automation systems.

Clients can get a clear picture of the final results through visualisation of the buildings, service systems and interiors and through technical analyses. Different alternatives are easily tested in a BIM format (Building Information Modeling), where the consequences of changes are clearly illustrated.

Homes and workplaces account for nearly half of society's total energy consumption. Many of Sweco's assignments are aimed at optimising the functional performance and minimising the energy usage of existing buildings. For Sweco, environmental and energy issues go hand-in-hand. Integrated systems and new technical solutions lead to a good indoor climate, low energy usage and functional buildings. Sweco has special expertise in designing and implementing energy analyses, electrical analyses and energy optimisations that help clients to reduce their energy consumption.



### #9,678 EXCITING ASSIGNMENT FOR ENERGY-EFFICIENT WATER PARK

The water adventure park in Sundsvall is a popular attraction with water tubes, waterslides and white water rapids. Even for Sweco, which has been responsible for structural engineering and building service systems, it has been an unusually exciting assignment. A water park of this type is subject to powerful strains on the structural materials, which has been a challenging aspect of the project. In addition, the special geometry with its many curves has placed special demands on the structural designs. All of the systems have been optimised for the smallest possible energy consumption. Needs-controlled fans, heat recovery and solar shielding are a few examples of features that minimise energy usage.



### #462 ENERGY OPTIMISATION FOR TULIP GROWER

To maintain a high and even temperature, Swedish tulip grower Sörby Handelsträdgård previously used a traditional oil-fired boiler and ventilation/dehumidification through open skylights. Sweco presented an alternative in which future energy savings were weighed against the cost of investment to clearly highlight its long-term profitability. Through measures like the installation of district heating and a ventilation system, it was possible to achieve a more even indoor temperature and cut the grower's energy expenses by half. The energy savings are equal to around SEK 1,00,000 per season and many greenhouse owners have shown an interest in the solution, which reduces both costs and environmental impact.



### #16,048 CLIMATE-SMART HIGH SCHOOL IN ARENDAL, NORWAY

The communities around Arendal, Norway, have chosen to combine several high schools into a new joint school. Sweco has planned HVAC and sanitation solutions for the new facility, which consists of five different buildings with a total area of around 18,000 square metres. Together with the building contractor, Sweco has proposed solutions that are extremely energy-efficient and have limited CO<sub>2</sub> emissions. One of the main reasons Sweco was deemed most suitable for the assignment was its expertise in Building Information Modeling (BIM), which makes it possible to visualise the project in an inspiring and easy-to-grasp manner.



### #1,145 HVAC AND SANITATION SOLUTIONS FOR AN OPTIMUM SOUND EXPERIENCE

Kristiansand is entering a new epoch as a Norwegian cultural centre with the construction of the sizeable new Kilden Theatre and Concert Hall, where Sweco is responsible for planning the HVAC and sanitation systems. In buildings of this type, the demands on systems such as ventilation solutions are particularly high. Noise must be minimised so that even the faintest chime of a triangle can be heard. Maintaining the right temperature and humidity is another important factor for the instruments, the acoustics and the comfort of the audience.

## ARCHITECTURE

Sweco has more than 500 architects and is one of the largest architectural firms in Europe. Sweco's architects combine functionality with aesthetics, space efficiency with comfort and urban development with ecological sustainability. Sweco creates value for its clients by designing buildings and environments of the highest class.

The projects Sweco's architects are involved in are visible not only in the Nordic countries but also around the world. The services range from architectural, interior and landscape design to industrial planning, urban planning, building conservation and advanced

visualisation. Sweco has specialist capabilities in areas such as housing, offices, culture, recreation, education and healthcare.

Sweco's comprehensive expertise makes it possible for the architects to take on complex assignments and meet the requirements for modern environments where people can live, work and thrive. Through cooperation with Sweco's other technical disciplines, the architects can offer total solutions that contribute to the development of a sustainable society.



### #10,537 SWEDISH RESEARCH PARK WITH FLEXIBLE SOLUTIONS

Sweco has served as head architect for an inspiring and technically advanced working environment for scientists and companies connected to the Karolinska Institute's activities outside Stockholm. The three boldly elliptical volumes contain a total of 30,000 square metres of laboratory and office space. In the future, the buildings are also intended to house a number of companies of different sizes and with varying needs, which places high demands on flexible solutions.

### #17,800 NEW MEETING PLACE FOR SWEDISH AND INDIAN ENTREPRENEURS

For the past ten years the Swedish Trade Council has been in place in New Delhi to promote trade and investment collaboration between Swedish and Indian entrepreneurs. When the Council grew out of its old offices, Sweco was given responsibility for designing new premises with three times the earlier space. The new offices are located within the Swedish Embassy's compound and are characterised by low buildings in a garden landscape. One of the underlying ideas is to blend Swedish and Indian traditions in the design. The Swedish is recognisable in the open floor plan and transparency, while the Indian is manifested through the use of materials.







#### #20,304 INNOVATION HUB IN RUSSIA

In the village of Skolkovo outside Moscow, a massive project is underway to create a hub for high-tech research and entrepreneurship. Sweco was one of five international architectural and consulting engineering companies chosen in fierce competition to submit proposals for designing a sustainable future city for innovation and development. In the first phase, the city centre will contain an estimated 500 hectares for 30,000 residents, including parks, housing, development centres, exhibition spaces, industries and research facilities. The plans also include a university for 3,000 students.



#### #13,368 SWECO BEHIND DESIGN OF AWARD-WINNING HOSPITAL

Sweco's architects have designed Triangle Hospital in Helsinki, which was completed in 2010. The building was nominated for the "Steel Construction Award", which recognises the year's best architecture and structural engineering in steel. The new hospital is specialised in internal medicine and has capacity for 210 patient beds. Aside from patient wards it also contains departments for surgery, dialysis and outpatient care.



#### #14,160 ARCHIPELAGO MEETS CITY IN KARLSKRONA

Sweco's architects have designed a new plaza environment at Borgmästarfjärden in the Swedish city of Karlskrona. The plaza, which is situated by a well used walking path, has been given a sun and viewing deck that appears to hover weightlessly over the water. A towering sculpture of stone and glass by Pål Svensson acts as a landmark and symbolises the meeting between the sky, water and city.



#### #29,900 SUSTAINABLE MATERIALS IN NEW MULTIPURPOSE FACILITY

Sweco's architects in Denmark have been total suppliers in connection with the construction of a new multipurpose facility in Roskilde that can be adapted for different uses. The building, which is part of a high school, has an expressive architecture that is designed to arouse interest and highlight the school's profile. The environmental aspects have been in focus throughout the project and there has been an emphasis on the use of eco-labelled materials to the greatest possible extent. The facility's design is optimised to eliminate the need for air conditioning during the summer months and is classified as a low-energy building.

## STRUCTURAL ENGINEERING

In reality, structural engineering is all about security. Buildings should be made to maintain their quality for a long time and should be safe to live and work in. Sweco designs and plans different types of buildings, such as industries, homes, offices and public facilities.

In the industrial sector, the largest clients are found in the forestry, steel and mining industries. The industrial assignments often cover the entire process from feasibility study to construction documents.

In building construction, Sweco plans everything from homes, offices and shopping centres to sporting facilities, schools and hospitals. Sweco also has expertise in the structure of older build-

ings and has performed many technically advanced conversions in these properties.

Sweco has developed effective methods to coordinate structural engineering in terms of the process, equipment and installations.

The models are coordinated in 3D already in the early stages of the planning and design process. The final model then functions as a fabrication drawing for building production. Sweco's structural engineers are the Swedish market-leaders in planning and design of steel structures.



### #23,188 CHECK IN TO THE TREE HOTEL IN NORTHERN SWEDEN

Fifty kilometres from Boden, along the Luleälv River, a unique hotel complex is taking shape. The hotel is made up of rooms that float several metres above the ground, up in the pines. Sweco has designed the hotel's "Mirrorcube" room, which consists of a lightweight aluminium structure. The room is well camouflaged among the trees, with reflective outer walls that mirror the surrounding environment.



### #3,883 REDUCED EMISSIONS FROM RUSSIAN PULP AND PAPER MILL

In the city of Syktyvkar in northeastern Russia, a large-scale project is underway to build a modern and ecologically sustainable pulp and paper mill. Thanks to its experience and holistic approach, Sweco has been given responsibility for both architecture and structural engineering. One important result of the rebuild is that environmentally hazardous emissions from the mill will be reduced. All of the new solutions are of a high international standard and the ambition throughout the project has been to choose the most sustainable alternatives.



### #16,114 SOLAR ENERGY INITIATIVE IN EASTERN EUROPE

In Lithuania Sweco has been awarded a contract to design Eastern Europe's first centre for solar energy, Visoriai Information Technology Park, where a number of advanced technical solutions will be used. The new centre will house three companies that are active in solar energy technology research and production of solar cells. By 2015 the centre is expected to produce solar cells worth a total of EUR 120 million, most of which will be exported.



### #27,210 FASTER AND CHEAPER INSTALLATION OF WIND TURBINES

In recent years Sweco's services have been frequently used in offshore wind projects by numerous clients in different countries. Now Sweco is evaluating a new concept for offshore wind farms where the goal is to get the turbines into place more quickly, resulting in a simpler and less costly installation phase. In this concept, the wind turbine is positioned on a concrete gravity base foundation that is designed so that the turbine can stand upright in the water with the help of its own weight.



## INDUSTRY

Sweco offers customised total solutions for all types of technical investments in the industrial sector, where the goal is to enhance our clients' competitiveness by optimising, developing and quality assuring their production. A close dialogue with the clients and an in-depth knowledge and understanding of their business are key success factors. Sweco's engineers take part in investment projects in the process, energy production, mining, manufacturing and off-shore industries.

Through professional project management, Sweco contributes to handling the high degree of complexity that typifies the investment

process. Successful projects are ensured through experienced project managers and effective methods for planning and implementation.

Sweco also conducts integrated product development projects with a focus on increasing the overall quality of a product in terms of its production, attractiveness and usefulness. These projects are aimed at developing target group-adapted solutions for industries active in manufacturing of investment goods and consumer goods. Sweco offers a wide range of services in the product development area, from research to product launch or individual services.



### #6,023 PULP MILL GIVEN CAPACITY INCREASE

Sweco's industrial consultants have been awarded a major contract by CMPC, one of the world's largest pulp producers, in connection with a capacity expansion project at a pulp mill in Chile. Sweco is responsible for engineering design of the new recovery boiler that will maximise production of energy for the mill. Commercial operation is scheduled to start in 2012.



### #29,876 MODERNISATION OF OIL TERMINAL IN GOTHENBURG

The crude oil terminal at the Port of Gothenburg is one of the largest in the Nordic region. Every year, around 2,500 vessels call at the port to load, unload and bunker oil. The safety requirements are rigorous and are aimed at preventing personal injuries and damage to the environment, property and products. Sweco has been selected to perform detail planning for upgrading of quays, as well as new equipment and piping systems.

### #736 VÄXJÖ VÄRNAMO BIOMASS GASIFICATION CENTRE

Sweco has been chosen to plan a European R&D centre for gasification of renewable energy carriers. The plant, which is located in Växjö, Sweden, will demonstrate an energy- and cost-efficient method for producing hydrogen-rich synthesis gases from biomass. These gases will then be converted into automotive fuels. The contract is for a so-called EPCM arrangement that gives Sweco's consultants total responsibility for engineering design including technical project management, planning and design of process, piping and electrical/automation systems and construction management.



## PROJECT MANAGEMENT

Sweco's project managers offer qualified project management and administration services and lead demanding projects with a focus on results, effective teamwork and sustainability.

Sweco's assignments cover a wide spectrum and include everything from serving as project manager, design manager and client representative to construction manager, building service systems coordinator, quality manager and inspector.

Sweco's project managers are active in both smaller property conversions and large-scale projects for the construction of new schools, offices, hospitals, industries and infrastructure.

Sweco's project managers also offer services for project and operational development, mainly in the construction and real estate

industries. The services include strategic advice, process planning, preparation of decision data, organisational support and supervision of interests.

In Facility Management, Sweco offers services to coordinate and optimise facilities and support functions in the best and most cost-effective manner. The offering covers the entire range from needs analysis to implementation and procurement of property operation and management services.

Sweco also offers systems and services for document and information management in a solution called Projektstruktur that is used to streamline and structure complex information flows and facilitate project management and administration.

### #11,389 NOSTALGIC ROLLER COASTER AT AMUSEMENT PARK IN STOCKHOLM

In the summer of 2011 the Gröna Lund amusement park in Stockholm will launch its latest attraction, Twister, a wooden roller coaster inspired by the fairgrounds of the past century. Sweco will provide project and construction management services, a role that demands flexibility, creativity and the capacity to coordinate all of the different specialists involved in the project. Sweco is also responsible for structural engineering of the new roller coaster.



### #20,245 WIND TURBINE ON THE ROOF WHEN NEW SCHOOL BUILDING BECOMES PASSIVE HOUSE

Falkenberg High School in Sweden is realising its ambitious environmental visions and building new facilities that meet the requirements for passive houses. Sweco has taken part in the municipality's long-term planning process for the past five years and has been given responsibility for project and construction management now that these plans have reached the production phase. Aside from being very well insulated, the new facilities will be equipped with solar panels and a small wind turbine on the roof.



### #389 INCREASED SAFETY ON HEAVILY TRAFFICKED ROAD IN FINLAND

Road 51 west of Helsinki is Finland's most heavily trafficked two-lane road. To handle the growing traffic flow while at the same time enhancing safety, a 10-kilometre section will be upgraded to motorway standard. The project will also include improvements in the form of noise barriers along the road, new onramps and construction of overpasses. Sweco is responsible for construction management and overall all site supervision.



## GEOGRAPHICAL IT

Geographical IT is used to structure, analyse and present information in a clear and easy-to-grasp manner with the help of maps and geographical positioning. Sweco's services include geographical information systems, so-called GIS services, enterprise portals and mobile information systems. The clients are found in areas such as energy, infrastructure, public environments, forestry and transport.

Sweco delivers geographical IT solutions that contribute to sustainable development of society. The goal is to reduce impact where it is highest. For example, through route optimisation in transport planning, it is possible to eliminate unnecessary traffic and significantly decrease emissions.

The energy industry is a major user of geographical information. Distribution of electricity and other energy types requires the use of large and finely meshed networks for which planning and construction rely on detailed map data. To minimise the environmental effects of production, today there are effective tools for planning and follow-up. Sweco can assist with everything from strategies for geographical IT and testing to procurement and deployment of new technology.

As a supplier-unaffiliated geographical IT consultant, Sweco offers the greatest possible client and business benefits in every assignment, regardless of the underlying technology.



### #17,245 GEOGRAPHICAL IT SOLUTION PROVIDES INFORMATION ABOUT WIND FARMS

The energy industry is a major user of geographical IT. Sweco has been commissioned to develop a tool that will help the Swedish paper and wood products producer SCA to better monitor its 140 wind farms in Sweden. The solution will provide information about everything from surveying and spatial dispersion to land leases and contracts.

### #5,318 FLOOD RISK ANALYSIS – PREPARING FOR CLIMATE CHANGE

With its flat terrain, the coastal municipality of Kävlinge in southern Sweden is vulnerable to even small changes in the sea level. Sweco has therefore been hired to perform a flood risk analysis on behalf of the municipality. With the help of this data, it will be possible to plan effectively for the future and avoid building in areas that could be affected by higher water levels.



# THE MOST ATTRACTIVE EMPLOYER FOR TECHNICAL TALENTS

With the industry’s best opportunities for professional and personal development, Sweco aims to be the most attractive employer for consulting engineers and architects.

The realisation of Sweco’s growth ambitions depends on a constant inflow of dedicated and skilled employees. Diverse conditions and client requirements place high demands on leadership, curiosity, commitment and responsibility. The ability to attract, develop and retain the best consultants is critical in meeting this growth challenge.

### Successful initiative for employee recruitment

Although Sweco has a wide range of services, the different areas of operation are united by a commitment to promoting sustainable development. This commitment has been used successfully in profiling the company among potential employees, not least students. In Universum’s annual survey of Swedish university students, Sweco is ranked as the most attractive employer in the industry.

In the past year Sweco developed and more clearly defined the company’s brand as employer. A cross-section of the employees worked to concretise and visualise the qualities that typify Sweco as a workplace. These efforts resulted in the establishment of three overall themes as characteristic for the company: individual development through challenging projects, freedom under responsibility

and the shared goal to contribute to sustainable development of society.

The 2010 student campaign, which was conducted in Sweden, Finland and Lithuania, had a distinct sustainability theme. The response from students in all three companies clearly shows that Sweco’s positioning is highly relevant for this important target group.

### Focus on employee development the key to organic growth

Sweco’s goal is to continue growing both organically and through acquisitions. One critical condition for organic growth is to continuously develop and retain the best employees. With this in mind, in 2010 Sweco further developed the two initiatives Sweco Talk and Sweco Mobility.

Sweco Talk is the framework for Sweco’s employee development activities and means that every year, each employee formulates a personal development plan that is adopted in dialogue with the immediate manager. The overall objective is to offer attractive development opportunities for the individual employees while at the same time securing Sweco’s long-term supply of expertise.

Sweco Mobility is aimed at encouraging internal mobility among the employees, both to ensure that clients can be offered the best available expertise from the entire Sweco Group but also to enhance Sweco’s attractiveness as an employer.

### Stronger focus on leadership pays off

A strong leadership culture is decisive in safeguarding long-term profitability and growth. The model for Sweco’s leadership development is the Sweco Leadership Compass (the Compass), which was implemented throughout the Group during 2009 and 2010. The Compass supports leaders at all levels in the Group by defining their responsibilities and powers and establishing a clear connection between values, business success, client deliveries and employee development. Sweco takes continuous steps to strengthen its leadership culture. Based on the principles in the Compass, a special leadership program was carried out during 2010 in Norway, Sweden and the Czech Republic. Every year Sweco also carries out Sweco Business Forum, where some 60 of senior managers in the Group gather to discuss strategic issues and exchange experiences.

### Next Generation

Good management succession is a top priority at Sweco. Through the Next Generation Review process, Sweco identifies leaders and specialists with the potential to take on greater responsibility. This is done in connection with the annual performance reviews (Sweco Talk). The process is devoted to discussion of talents and opportunities at the management level throughout the organisation. Some of those who are identified are then given the opportunity to take part in Sweco’s leadership development program, Next Generation.

### IDEAL EMPLOYERS FOR ENGINEERS

Ranking	Employer
1	Google
2	Ericsson
3	Sony Ericsson
4	Vattenfall
5	ABB
6	Ikea
7	AstraZeneca
8	Sweco
9	Volvo Group
10	Saab
12	ÅF
25	WSP
29	Ramböll
48	Grontmij
54	Tyréns

Source: Universum’s 2010 student survey



# HAIRCUT SUSTAINABILITY 32%

Enriching project #28352 of 31 000.

## SUSTAINABLE HAIRCUTS

Förra året genomförde våra 5 200 ingenjörer, arkitekter och miljöexperter 31 000 hållbara projekt över hela världen. I projekt #28352 räknade vi på hur olika frisyrer bidrar till utvecklingen av ett hållbart samhälle. Läs mer och testa din egen frisyra på [sweco.se](http://sweco.se)



### CLIMATE-SMART HAIRCUT

Sweco's 2010 student campaign was inspired by the common denominator for all of its activities – sustainability. In order to stand out from other environmentally-focused companies, Sweco decided to highlight the different facets of this concept in terms of economic, social and environmental sustainability. To concretise this complexity, Sweco chose to talk about sustainable haircuts. Instead of the traditional stand, Sweco set up a hair salon where students were offered a free-of-charge haircut and information about the various sustainability aspects of hair care. By explaining how the students themselves affect the world around them through their choice of hairstyle, Sweco succeeded in illustrating the sustainability concept from different perspectives while at the same time awakening interest and establishing a dialogue with the students.

The campaign was highly successful and attracted a record number of applications to Sweco's annual trainee program.

In 2010–2011, 21 individuals are taking part in the Next Generation program. A large share of the program is conducted in the form of projects where project teams work to solve real-life strategic challenges that have been identified by the Executive Management. Several participants have already been recruited to senior management positions within Sweco.

### Sweco Barometer

To ensure that the Group is developing in line with the established goals and strategies, a group-wide employee survey is conducted every year – Sweco Barometer. Sweco has a total index of 70 per cent, which is very high in external comparisons. The survey is carried out by TNS SIFO. The Barometer is used among other things to monitor development of Sweco's leadership culture, business focus and organisational performance.

### EMPLOYEE FACTS

**Number of employees:** approximately 5,400

**Share of men/women:** 70 per cent men and 30 per cent women

**Educational levels at Sweco:** Master's or bachelor's degree in engineering and degrees in architecture

**Typical jobs/titles:** Project manager, design engineer, process engineer, environmental engineer, architect

## ***NEXT GENERATION – WHO WILL TAKE OVER?***



Ann-Louise Lökhölm had been employed as Regional Manager for Sweco's building service system consultants in western Sweden for two years when she was accepted into the internal development program, Next Generation, last January.

Next Generation is aimed at identifying and developing talents in the Group. The idea behind the program, which runs for one and a half years, is to give these individuals a clearly defined career path at Sweco.

Ann-Louise is more than satisfied with the program. She describes how the participants used an action-based learning approach to tackle current Sweco challenges, real life issues from the Group's operations that are in urgent need of concrete solu-

tions. The various modules are held in different countries and Ann-Louise feels that these months have given her a better understanding of the Group's future challenges and opportunities, how the management works and where the company is headed. The very best experience, according to Ann-Louise, is the contact network she has established. Getting to know Sweco managers from other countries provides access to an international business network and gives her greater motivation in her day-to-day work.

Ann-Louise took the next step in her career this October when she was appointed as President of Sweco's building service system consultants in Sweden.



## THREE QUICK QUESTIONS:



**Name:** Andrius Agintas  
**Position:** Project Manager in Sweco's industrial and infrastructure division in Lithuania.

**What have you worked on during the year?**

The decommissioning project at the Ignalina nuclear power plant is still underway and will soon be completed. During the year we started a new construction project in the area and are currently using 3D modelling to visualise the plans. I have also been involved in engineering design of a high-tech R&D park in Vilnius.

**What do you enjoy about your job?**

The variety is a big plus, things are never boring at Sweco! There is always something new happening and if you have ambitions, there are enormous opportunities. We consultants have a lot of freedom to develop our own projects and in this respect it's important to put your best foot forward. During my two years at the company I have grown in several ways. But of course it takes time and effort...

**How do you maintain a balance between your work and personal life?**

That's what it's all about, finding a good balance. When you work in projects there are periods that are very intense and certain clients are more demanding than others. But other periods are quieter and then I have more time for my girlfriend. On Wednesdays my colleagues and I play basketball after work, and that gives me a lot of energy.



**Name:** Martin Pavel  
**Position:** Engineer in Sweco's water and environmental unit in the Czech Republic.

**What have you worked on during the year?**

It has been an exciting year. In the autumn Sweco carried out a feasibility study on behalf of the Czech government for an area in the north of the country that was ravaged by severe floods in August. I am involved in the cost-benefit analysis, mathematical modelling and GIS analysis. At the beginning of 2010 I worked in another major project related to a new EU directive, where I assessed flooding risks in different regions of the Czech Republic.

**What do you enjoy about your job?**

The best thing about working at Sweco is that my job is my biggest interest, my passion. The assignments promote creativity, offer a lot of variety and revolve around sustainability.

**How do you maintain a balance between your work and personal life?**

I try to focus on living in the moment. In my free time I enjoy running, climbing, skiing, swimming and playing football. But not just sports, I also like going to the opera, listening to classical music and reading.



**Name:** Hild Andreassen Kollien  
**Position:** Team leader in the hydropower and dams department at Sweco in Oslo.

**What have you worked on during the year?**

As a team leader I am involved in virtually every project that is assigned to the group, so it is extremely varied. We work mainly in different types of dam and hydropower projects throughout Norway and my duties include drawing up technical plans, making estimates, ensuring technical monitoring and handling tender procedures.

**What do you enjoy about your job?**

I have been at Sweco for many years and really love it here. I have been lucky to always have

excellent colleagues. The working climate here is open, with close cooperation between the management and project teams. Sweco's focus on sustainability is important to me and I am certain that the company will continue to offer me good opportunities for professional development in the future. That gives me both security and something to look forward to.

**How do you maintain a balance between your work and personal life?**

My husband Terje and I have three children, all under the age of ten. Both work and family demand a lot of time but give a lot in return, and this creates a good balance. During the week I try to take the time to exercise and on the weekends we visit friends and socialise with the entire family. We also like to travel.

## **SWECO ACTIVELY CONTRIBUTES TO SUSTAINABLE DEVELOPMENT**

**Sweco's consultants work in projects that have an impact on the development of society and quality of life, which places stringent demands on consideration to ecological, ethical and socioeconomic aspects. Sweco has opportunities to influence development mainly through its involvement in client projects.**

The company's long-term profitability and growth are driven by solutions that contribute to sustainable development of society, such as urban planning and solutions for renewable energy, efficient traffic, water supply and energy efficiency. As consultants and experts, Sweco's employees are often deeply involved in the client projects, frequently at an early stage, and therefore have considerable scope to exert an influence.

### **Responsibility and business ethics**

Sweco has a decentralised organisation and a client-driven business model. Each individual employee is responsible for delivery of client-adapted solutions of that are of the right quality and environmentally sound, and in this way have far-reaching responsibility for both Sweco's and the client's business. This places high demands on consideration to ethical and socioeconomic aspects and professional conduct in the best interests of the client.

Sweco monitors and complies with the applicable laws, regula-

tions and other requirements applicable to operations in the countries where the company is active. Sweco also follows the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC), and works according to the principles in the UN's Global Compact and the UN Declaration of Human Rights.

Sweco's own CSR policy describes how the employees are expected to conduct themselves and take responsibility in client projects. The CSR policy covers the areas of business ethics, quality and environment, employee development, human rights, equality and diversity, and occupational health and safety. In addition, there are group-wide and local guidelines that specify responsibility on a detailed level.

### **Quality and environment**

Sweco's consultants always carefully weigh the quality and environmental impacts of the assignments. This is ensured by the business system sweco@work, which is certified according to the ISO 9001 and ISO 14001 standards. The business system guarantees that relevant environmental and quality aspects are automatically integrated in each assignment and all parts of the assignment process. Skills development programs are used to meet the employees' need for ongoing education and training. The knowledge and experience that they gain in the assignments is preserved and developed for future use, which leads to continuous improvements.



### **WORLD EXPO**

In 2010 Sweco contributed to both the Swedish and Norwegian pavilions at the World Expo in Shanghai. The theme was "Better city, Better life" and each of the two pavilions attracted around 3.5 million visitors.



### **GLOBAL FUTURE**

Sweco is a cooperation partner in Global Future, a program to mobilise highly educated individuals with a multicultural background for relevant positions in Norwegian trade and industry.



### Direct impact

Sweco's direct environmental impact is mainly related to business trips and the company's own office environments. Through structured internal activities, training and effective contract negotiation processes in which Sweco sets high environmental criteria, Sweco strives to achieve the best possible energy performance and uses the most suitable technical systems in its own office environments.

In 2010 Sweco continued its efforts to reinforce the employees' expertise in the sustainability area with the support of a web-based sustainability course. In 2010 a new contract was also signed to rebuild Sweco's head office in Stockholm. The goal is to upgrade the building to the "Gold" level in the new Swedish environmental classification system "Environmentally-Classified Building", with an emphasis on energy consumption, the working environment and material selection.

### Initiatives in 2010

Aside from the opportunities to exert an influence through the assignments, Sweco is involved in a number of initiatives to promote sustainable development.

At the World Expo in Shanghai, Sweco was represented through the Swedish and Norwegian pavilions. Sweco's architects and engineers designed the Swedish pavilion and Sweco Norway was a member of the team responsible for designing the Norwegian pavilion. The theme of the expo was "Better city, Better life" and the

pavilions served as meetingplaces for the spread of knowledge about sustainable development and holistic solutions for architecture, urban planning and environmental engineering. The two pavilions attracted around 3.5 million visitors each.

For more than 25 years, Sweco has acknowledged energy-saving ideas and innovations through its yearly presentation of the Swedish Energy Prize. In 2010 the prize went to Alingsåshem for its energy-smart renovation of the buildings in a run-down residential development.

Sweco Sweden, Norway and Finland are members of the respective national branches of the Green Building Council, which is dedicated to promoting the development of more sustainable solutions in the building industry.

Sweco is a cooperation partner in Global Future, the Confederation of Norwegian Enterprise's (NHO) program to mobilise highly educated women and men with a multicultural background for relevant positions in Norwegian trade and industry and seats on corporate boards. This partnership provides opportunities for recruitment on a global basis in all technical disciplines.

For the past two years Sweco has collaborated with Doctors without Borders/Médecins Sans Frontières (MSF). Within the framework of the partnership, Sweco's employees can take a leave of absence to use their architectural and engineering skills in the field. In the past year Sweco employees were sent to Liberia and Haiti. Sweco also makes financial donations to the organisation.



#### **SWEDISH ENERGY PRIZE**

Ing-Marie Odegren, Managing Director of Alingsåshem, accepted the 2010 Swedish Energy Prize for the company's transformation of a run-down residential development into passive buildings. The prize was presented by Johan Rockström, Executive Director of Stockholm Resilience Centre at Stockholm University.



#### **DOCTORS WITHOUT BORDERS**

For the past two years Sweco has had a far-reaching collaboration with Doctors without Borders/Médecins Sans Frontières (MSF). In 2010 Ida Rennemark from Sweco contributed her skills for the benefit of MSF's activities in Liberia.

# BOARD OF DIRECTORS' REPORT

The Board of Directors and the President of SWECO AB (publ) hereby submit the annual report and consolidated annual report for the financial year 2010.

SWECO AB (publ) domiciled in Stockholm, corporate identification number 556542-9841, is the Parent Company of the Sweco Group. The engineers, architects and environmental experts at Sweco are working together to develop total solutions that contribute to the creation of a sustainable society. Sweco delivers professional consulting services with a high knowledge content throughout the client's entire project chain. With 5,400 employees, Sweco is among the largest players in Europe and a leader in several market segments of the Nordic and Baltic regions, the Czech Republic and northwestern Russia. In 2010 Sweco carried out some 30,000 projects for around 10,000 clients. Sweco has a local presence in 11 countries and conducts project exports to some 80 countries worldwide.

## THE SWECO GROUP

Sweco has an efficient and client-driven organisation. Based on Sweco's decentralised and result-oriented business model, all energy can be focused on the business and work in client projects. The Parent Company is responsible for group-wide functions. Operations are conducted in six business areas:

Sweco Sweden  
Sweco Norway  
Sweco Finland  
Sweco Central & Eastern Europe  
Sweco Russia  
Sweco Industry

Through collaboration between the various service segments, representing a wide range of core competencies, Sweco can create strong consulting teams capable of taking on larger and more complex projects.

2010 was characterised by weak market development during the spring and a burgeoning recovery in the autumn. As a rule, the consulting engineering market is late in the business cycle and when the financial crisis reached its peak, it took close to six months before the full impact on activity levels in the industry was reached. By the same token, the pace of recovery has been slower than for the economy in general.

At the end of the year the market recovery gained momentum in several of Sweco's segments, including the industrial and building sectors. Sweco's architects are being chosen for a growing number of assignments and the industrial consultants' order books are starting to fill up. The units in Central and Eastern Europe are also noting higher activity levels and an increase in inquiries. Price pressure is tangible in all markets.

Sweco is well positioned to benefit from an upswing in the market. In 2010 a new market was established in Poland through the acquisitions of Hydroprojekt Kraków, active in water and environment, and Transprojekt Kraków, active in the infrastructure segment. In Sweden Sweco acquired Aros Arkitekter and now has close to 500 architects, making it one of the largest architectural firms in Europe. Efforts to develop Sweco's employees continued during the year and ambitious initiatives to strengthen the brand were carried out in both the Nordic region and Eastern Europe.

Sweco has market-leading positions in Sweden, Norway and Finland, as well as strong niche positions in several Eastern European countries. Sweco's home markets in the Nordic region and Eastern Europe have generally stronger GDP growth, higher rates of investment and healthier state finances than the European average, which is creating favourable conditions for positive development.

## CONSOLIDATED SALES AND PROFIT

The Sweco Group reported net sales of SEK 5,272.4 million (5,338.7). Overall net sales fell by 1 per cent. Organic growth was -0.5 per cent. Acquisitions during the year boosted sales by 1.5 per cent and foreign exchange effects had a negative impact on sales of 2.0 per cent. The decrease in organic growth is mainly due to downsizing in Finland.

## Net sales, operating profit, operating margin and average number of employees during 2010

Business area	Net sales, SEK M		Operating profit, SEK M		Operating margin, %		Average number of employees	
	2010	2009	2010	2009	2010	2009	2010	2009
Sweco Sweden	3,103.9	2,954.6	334.2	327.4	10.8	11.1	2,571	2,523
Sweco Norway	1,296.6	1,288.2	130.8	141.2	10.1	11.0	913	855
Sweco Finland	81.9	94.7	7.2	8.9	8.8	9.4	64	71
Sweco Central & Eastern Europe	278.2	307.0	7.3	5.4	2.6	1.7	749	699
Sweco Russia	28.5	31.0	3.4	1.2	11.8	4.0	97	139
Sweco Industry	536.6	762.3	1.5	-22.3	0.3	-2.9	579	782
Group-wide, eliminations	-53.3	-99.1	-51.7	-18.2	-	-	13	13
<b>Total Group</b>	<b>5,272.4</b>	<b>5,338.7</b>	<b>432.7</b>	<b>443.6</b>	<b>8.2</b>	<b>8.3</b>	<b>4,986</b>	<b>5,082</b>



Operating profit amounted to SEK 432,7 million (443,6). Three business areas, Sweco Sweden, Sweco Norway and Sweco Russia, reported strong earnings with operating margins of over 10 per cent. Profit in Sweco Norway was affected by one-time project write-downs of more than SEK 20 million. Operating profit was only marginally impacted by foreign exchange effects.

In Sweco Central & Eastern Europe, the weak market situation in the Baltic countries has continued to impact earnings. Operations in the Czech Republic, Bulgaria and Poland showed stable development.

Sweco Industry is continuing to feel the effects of weak demand in the Finnish industrial sector, while the industrial units in Sweden and Norway delivered solid earnings. Profit in Sweco Industry has improved over the preceding year, although it should be noted that the figure for 2009 included restructuring charges, write-down of goodwill and gains on the sale of operations amounting to a total of SEK –29 million.

Ambitious brand-building activities in a number of countries and acquisition-related expenses, together amounting to SEK 26 million, led to an increase in group-wide costs compared to the previous year.

Employee bonuses were charged to the Sweco Group's earnings in an amount of SEK –102.5 million (–90.4) including social security expenses and pension costs.

The Group's overall operating margin was 8.2 per cent (8.3). The billing ratio, including all administrative personnel, was 73.4 per cent (73.6).

Profit before tax amounted to SEK 423.7 million (443.6). The Group's net financial items totalled SEK –9.0 million (0.0) and included foreign exchange effects of SEK –5.7 million (5.5).

Profit after tax was SEK 299.9 million (294.6), of which SEK 298.5 million (292.7) is attributable to owners of the Parent Company.

Return on equity was 19.9 per cent (19.6) and return on capital employed was 26.5 per cent (27.5).

No significant transactions with related parties took place during the year.

## EARNINGS PER SHARE

Earnings per share were SEK 3.31 (3.31) before dilution and SEK 3.28 (3.28) after dilution.

## INVESTMENTS

Capital expenditure on equipment totalled SEK 69.8 million (72.3) and referred mainly to computers, other IT investments and cars. Depreciation of equipment amounted to SEK 71.0 million (76.8) and amortisation of intangible assets was SEK 22.1 million (29.7).

Consideration paid for the acquisition of companies amounted to SEK 86.6 million (27.1) and the effect on consolidated cash and cash equivalents was SEK –63.1 million (–18.4).

## CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities was SEK 341.8 million (529.7).

Cash and cash equivalents amounted to SEK 376.7 million (557.3). Disposable cash and cash equivalents including unutilised bank overdraft facilities at the end of the period totalled SEK 946.5 million (1,122.2). Interest-bearing debt is reported at SEK 136.6 million (138.8). The net interest-bearing receivable was SEK 240.1 million (418.5).

A distribution (dividend and share redemption) to Sweco AB's shareholders was made during the year in a total amount of SEK 355.7 million (174.3).

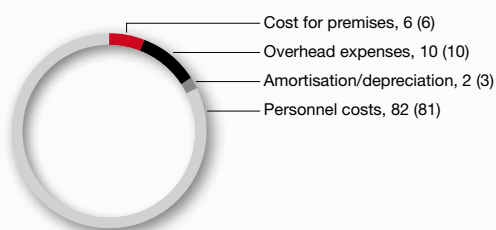
The ratio of net debt to equity was –16.8 per cent (–26.2).

The equity/assets ratio was 47.8 per cent (50.6).

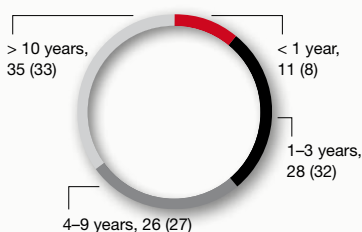
## EMPLOYEES

The number of employees at 31 December 2010 was 5,418 (5,137), an increase of 281. A total of 656 employees (477) were hired during the year, while 599 (710) resigned or retired, 77 (179) left in connection with the sale of operations and 301 (13) were added through acquisitions. The employee turnover rate was 11 per cent (13). The average number of employees in the Group during the year was 4,986 (5,082).

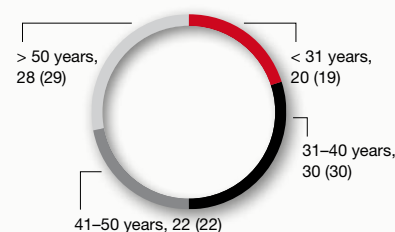
Cost structure, %



Term of employment, %



Age structure, %



## PARENT COMPANY

The Parent Company recorded net sales of SEK 49.1 million (59.7), all of which refers to intra-group services. Profit after net financial items was SEK 248.9 million (241.8). Capital expenditure on equipment amounted to SEK 0.3 million (0.1) and cash and cash equivalents at the end of the period totalled SEK 211.2 million (409.7).

## THE SWECO SHARE

Sweco is listed on NASDAQ OMX Stockholm. The bid price for the Sweco B share at 31 December 2010 was SEK 58.25, representing an increase of 13 per cent during the year. The OMX Stockholm General Index rose by 23 over the same period. Total yield on the Sweco share in 2010 was 17 per cent.

The number of class B shares was increased during the year through the conversion of 2,500,000 class C shares to B shares for fulfilment of the 2009 Share Bonus Program. In addition, Sweco has cancelled 485,263 class B shares, equal to the number of excess shares remaining after an earlier share bonus program.

The total number of shares at the end of the period was thus 91,516,847, of which 9,389,075 are of class A and 82,127,772 are of class B. After deduction of treasury shares, the number of shares outstanding at the end of the period was 90,957,774, of which 9,389,075 are of class A and 81,568,699 are of class B.

## Share bonus program

Under the 2009 Share Bonus Program, which covered the majority of the Group's employees in Sweden, Norway, Finland and Denmark, the employees were awarded 2,019,991 class B shares in Sweco during the year, equal to the earned bonus for 2009.

## Treasury shares

Sweco holds a total of 559,073 class B treasury shares that can be used as consideration in acquisitions. The treasury shares correspond to 0.6 per cent of the total number of shares and 0.3 per cent of the votes. The shares were purchased at average price of SEK 22.10 each, equal to a total of SEK 12.4 million. The market value of the shares at the end of the period was SEK 32.6 million.

## SWECO'S BUSINESS AREAS

### Sweco Sweden

Net sales and profit	2010	2009
Net sales, SEK M	3,103.9	2,954.6
Operating profit, SEK M	334.2	327.4
Operating margin, %	10.8	11.1

Sweco Sweden is the country's leading provider of consulting engineering services and the Group's largest business area, with over 2,800 employees in some 50 locations. Services are offered in the areas of Architecture, Structural Engineering, Building Service Systems, Infrastructure, Water & Environment, Project Management, Energy Systems, Geographic IT and Analysis & Strategic Development. Sweco Sweden also has extensive project exports to countries in Eastern Europe, Africa, Asia, the Middle East and Latin America.

Development in the Swedish market remains stable in the majority of Sweco's service segments. The outlook is favourable in the infrastructure segment and long-term growth is anticipated in the energy area, particularly for wind and hydroelectric power. The market for water and environment services is strong, above all with regard to water supply (treatment, distribution, storm water management, etc.), where demand is high both in Sweden and internationally. Demand for building-related services for industrial, private construction and real estate companies improved during the year, as has the market situation for architectural services. Housing construction has increased and is expected to show continued growth in the coming years. For geographic IT, ongoing growth is anticipated.

### Sweco Norway

Net sales and profit	2010	2009
Net sales, SEK M	1,296.6	1,288.2
Operating profit, SEK M	130.8	141.2
Operating margin, %	10.1	11.0

Sweco is one of Norway's largest engineering consultancies, with more than 900 employees. The Norwegian business area, which also has some project export operations, is organised in six divisions: Energy, Water & Environment, Building & Construction, Infrastructure, Building Service Systems and Vest.

The market for building-related services is showing continued positive development. An increase in the number of newly produced apartments and rising demand for modernisation of public facilities is expected to result in good demand for detail planning services during 2011. For consulting services related to new production of commercial space, demand has declined. In the healthcare sector, favourable development is anticipated in connection with several planned hospital projects.

The market for energy performance certification of buildings has continued to grow. The need for upgrading of Norway's road and railway network and modernisation of the country's water and wastewater treatment facilities is generating long-term demand for Sweco's services. In the energy sector, major new investments are planned in the country's national grid and local networks, which is opening up significant market opportunities.



**Sweco Finland**

<b>Net sales and profit</b>	<b>2010</b>	<b>2009</b>
Net sales, SEK M	81.9	94.7
Operating profit, SEK M	7.2	8.9
Operating margin, %	8.8	9.4

The business area has around 60 employees in the subsidiary Sweco PM, which provides project management services to clients in the infrastructure, construction and industrial sectors.

Demand for office and commercial space in the construction sector is weak, although residential building is showing signs of recovery following a long period of very low production. In the infrastructure area, the market remains relatively stable.

**Sweco Central & Eastern Europe**

<b>Net sales and profit</b>	<b>2010</b>	<b>2009</b>
Net sales, SEK M	278.2	307.0
Operating profit, SEK M	7.3	5.4
Operating margin, %	2.6	1.7

Sweco Central & Eastern Europe has more than 870 employees and is active in Estonia, Lithuania, Poland, the Czech Republic, Slovakia and Bulgaria. The units in these markets also conduct project exports.

The pace of the ongoing adaptation to EU standards is expected to accelerate over the next few years. This trend will benefit Sweco's operations in Central and Eastern Europe, whose services are concentrated in the water, environment, infrastructure and energy areas. Sustained strong demand for these services indicates potential for positive long-term development. In general, the market situation has improved. The number of inquiries has increased and several new projects are anticipated. However, persistent price pressure is still being felt throughout the business area. The economic downturn is continuing to have a tangible impact in Estonia, although there are signs of recovery. In Lithuania, rising demand for Sweco's services is being noted. The market situation in the Czech Republic, Bulgaria and Poland remains stable.

**Sweco Russia**

<b>Net sales and profit</b>	<b>2010</b>	<b>2009</b>
Net sales, SEK M	28.5	31.0
Operating profit, SEK M	3.4	1.2
Operating margin, %	11.8	4.0

Sweco Russia conducts operations through the subsidiary Lenvodo-kanalproekt in St. Petersburg, with more than 90 employees. Lenvodo-kanalproekt is one of the country's leading water and environment consultancies. Sweco Russia also coordinates project exports from Sweden, Norway, Finland and the Czech Republic to the Russian market in the areas of water and environment, infrastructure, industry and architecture.

The market for water and wastewater treatment projects is relatively weak compared to other segments in Russia. Competition has also increased, which is leading to greater price pressure.

**Sweco Industry**

<b>Net sales and profit</b>	<b>2010</b>	<b>2009</b>
Net sales, SEK M	536.6	762.3
Operating profit, SEK M	1.5	-22.3
Operating margin, %	0.3	-2.9

Sweco Industry is the Group's resource for qualified industrial consulting services. The business area's capabilities include consulting, planning, engineering and project management services for product optimisation and plant investment. With over 400 employees in Finland, 190 in Sweden and 20 in Norway, Sweco Industry is one of the Nordic region's largest industrial engineering consultancies. Sweco Industry also has extensive operations in Russia, Eastern Europe and South America. The business area works with a focus on the energy, chemical and petrochemical, pulp and paper and mining industries.

Demand for Sweco's industrial consulting services in Finland has been severely impacted by the nearly two-year long recession that has resulted in around 430 employees leaving the company through redundancies and the sale of operations. Sweco's Swedish and Norwegian industrial operations have not been affected to the same extent. At the same time, demand for services in the chemical and energy areas has been relatively stable in all markets.

The market situation in Finland has improved significantly and Sweco won a number of major contracts at the end of the period. In particular, players in the energy sector are now carrying out major investments. Demand has also risen in the pulp and paper industry.

**ASSIGNMENTS IN 2010**

In 2010 Sweco won contracts for assignments such as planning of water, wastewater, energy and ventilation systems for the new Slussen public transport hub in Stockholm. In the Swedish city of Gothenburg, Sweco is mapping slope stability conditions as part of an initiative to adapt the city for future climate changes. Sweco's consultants were also chosen to

present proposals for interconnection of the power grids between Uganda and Tanzania in order to reduce the current shortage of power in the region.

In Norway, Sweco consultants from both Norway and Sweden took part in a large-scale evaluation of future high-speed rail transit. Other notable assignments in Norway included a new office complex for Statoil in Trøndelag and a 1.6 kilometre road tunnel with approach roads between the municipalities of Askvoll and Fjaler.

In Lithuania Sweco is planning a whole new passenger and cargo terminal at the Port of Klaipėda. Other major assignments in the country include upgrading of the railway section between Vilnius and Kaunas and decommissioning of the Ignalina nuclear power plant. In the Czech Republic, Sweco is planning for rebuilding and expansion of the wastewater systems in a number of cities. In the autumn Sweco's Polish and Czech consultants won extensive contracts in connection with renovation of dams and flood protection along the Neisse River. In Estonia Sweco is planning a new depot at the oil terminal in Narva and in Bulgaria Sweco has been contracted for additional services related to construction of the new Tsankov Kamak Hydropower Project.

Sweco's industrial consultants have been awarded large-scale assignments in connection with expansion of CMPC's pulp mill in Laja, Chile. In Finland Sweco is planning a new heat recovery system for Ekokem that will reduce carbon dioxide emissions by around 14,000 tonnes annually.

Contracts won in the fourth quarter include assignments for Sweco to plan new healthcare facilities at University Hospital in Linköping, Sweden, with a total area of 53,000 square meters and to prepare design proposals for a future city outside Moscow that is envisioned as a Russian Silicon Valley. Sweco was also awarded major new contracts for planning of a water treatment plant in Kohtla-Järve, Estonia, and planning of ring roads in the Polish cities of Dobrzeń Wielki and Kłodzko. At the end of the year Sweco was chosen to plan for widening of the E6 motorway from two to four lanes through the Municipality of Ringsaker in Norway.

## ACQUISITIONS

During the year Sweco acquired the Polish water and environmental consultancy Hydroprojekt Kraków Sp. z o.o with 35 employees. Hydroprojekt offers services in areas such as water resource management and hydraulic engineering. In 2010 Sweco also acquired the Polish engineering consultancy Transprojekt Kraków with 155 employees. Transprojekt Kraków is one of the country's leading providers of consulting engineering services in the infrastructure area. The company, which has offices in Kraków, Katowice and Jarosław, works with an emphasis on the transport sector.

In addition, Sweco acquired three companies in Norway: Ilje AS with ten employees, whose offering includes services in project and construc-

tion management, Conradi AS with two employees and Eiendomsprosjektering AS with 15 employees, which offers services in areas like building construction and construction management.

Also in 2010, Sweco acquired operations in Ingeniør Per Ødemark in Norway with five employees, and operations in Effekt RI AS with three employees.

In Sweden Sweco acquired Aros Arkitekter AB, with 76 employees. Aros Arkitekter has offices in Uppsala, Stockholm and Norrtälje, and offers architectural services, among other things in office, retail and hotel projects. Following the acquisition, Sweco has close to 500 employees in its architectural operations and has thereby consolidated its position as the Nordic region's largest architectural firm.

## DIVESTITURES

During the year Sweco sold operations in Sweco Industry's telecom unit with 77 employees.

## SUBSEQUENT EVENTS

After the end of the year, Sweco acquired TD VVS-konsult with five employees and has thereby strengthened its HVAC and plumbing operations in Linköping, Sweden. The company offers services in HVAC, plumbing, energy and property management.

## THE BOARD'S PROPOSED PRINCIPLES FOR SALARY AND OTHER REMUNERATION TO SENIOR EXECUTIVES FOR DECISION BY THE 2011 ANNUAL GENERAL MEETING

The Sweco Group's objective is to offer a competitive and market-based level of remuneration that makes it possible to recruit and retain qualified senior executives. Remuneration to senior executives consists of basic salary, variable salary, pension, other remuneration and share-based incentive schemes.

### Basic salary and variable salary

The level of remuneration shall be based on factors such as work duties, expertise, experience, position and performance. Furthermore, the relationship between basic and variable salary shall be proportionate to the responsibilities and powers of the individual in question. Variable salary shall be based on the attainment of predetermined and measurable targets that are designed to promote the company's long-term value creation. The maximum amount of variable salary for the President and Vice President is 75 per cent of basic salary. For other senior executives, the maximum amount of variable salary is 50 per cent of basic salary. The variable salary component is based on actual outcomes in relation to predetermined profitability targets. The targets for the President and other senior executives are established by the Board of Directors.



### Pension

The pension terms of the President and other senior executives shall be market-based in relation to that which generally applies for comparable executives in the market and shall normally be based on defined contribution pension solutions.

### Other remuneration

Other remuneration may be awarded and may consist primarily of company car and mobile telephone benefits.

### Share-based incentive schemes

Senior executives in the Sweco Group may be offered various forms of incentive schemes on market-based terms. The motive for share-based incentive schemes is to achieve an increase and spread of share ownership/exposure among the senior executives and to achieve a greater alignment of interests between the senior executives and the company's shareholders. A long-term personal share ownership commitment among key personnel can be expected to stimulate greater interest in the company's operations and profit growth, and to increase motivation and solidarity with the company.

Decisions regarding share-based incentive schemes shall always be resolved on by an Annual General Meeting or Extraordinary General Meeting.

### Notice period and termination benefits

In the event of dismissal by the company, the President shall receive termination benefits equal to a maximum of 18 monthly salaries. In the event of his resignation, the President has a 6-month notice period. A maximum notice period of 18 months shall apply even if the President resigns in the event of a change in circumstances whereby the company's principal owner is other than the two currently largest shareholders.

Between the company and other senior executives, the term of notice is normally 12 months in the event of dismissal by the company and six months in the event of resignation by the executive.

### Other

These principles shall apply to agreements entered into after the decision of the Annual General Meeting and any changes in existing agreements made after this date, to the extent that this is permitted under the existing agreements. The Board shall have the right to deviate from the principles in individual cases when there is special reason to do so.

## BOARD PROPOSALS

### Dividend

The Board proposes a dividend of SEK 3.00 per share (2.00), amounting to a maximum capital distribution of SEK 274.6 million (177.9).

Based on the balance sheet at 31 December 2010, the ratio of net debt to equity after the proposed dividend will be approximately 3 per cent.

### Repurchase and transfer of treasury shares

The Board of Directors has decided to propose that the 2011 Annual General Meeting authorise the Board to decide on the repurchase of treasury shares. This mandate would enable the Board, during the period before the next Annual General Meeting, to decide on the repurchase of Sweco shares when deemed appropriate. The number of repurchased shares may amount to no more than 10 per cent of the total outstanding share capital, in accordance with the applicable legislation. The repurchase may be carried out over the stock exchange or through an offer to the shareholders. The Board's authorisation is also proposed to include the right to transfer repurchased shares.

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 13 April 2011, at Hotel Courtyard by Marriott, Rålambshovsleden 50, in Stockholm, Sweden.

### OUTLOOK FOR 2011

The market for consulting engineering and architectural services is continuing to improve. Sweco's ambition is to achieve sustained profitable growth by strengthening its market positions in the Nordic region and in Central and Eastern Europe. Sweco's healthy finances and leading market positions in several important growth areas and wide offering of services provide a platform for stable long-term development.

## CORPORATE GOVERNANCE REPORT

### GENERAL ABOUT SWECO

Sweco AB is a public limited company domiciled in Stockholm, Sweden. Sweco's corporate governance is regulated by the Swedish Companies Act, the Articles of Association, NASDAQ OMX Stockholm's Rules for Issuers, the Swedish Code of Corporate Governance and other applicable Swedish and international laws and rules. Sweco's Board of Directors and management strive to live up to the requirements of the shareholders, other stakeholders and NASDAQ OMX Stockholm regarding sound and effective corporate governance. Sweco's governance, management and control are divided between the shareholders at the Annual General Meeting, the Board of Directors and the President in accordance with the Swedish Companies Act and the Articles of Association. Sweco's corporate governance report has been prepared in compliance with the Swedish Code of Corporate Governance and the Swedish Companies Act, and has been examined by the company's auditors.

### BUSINESS MODEL AND PROJECT MANAGEMENT

Sweco's business model is to create value through the delivery of professional consulting services. In Sweco's decentralised organisation, the individual consultants form the hub of operations. Since every individual is responsible for generating successful business, the company's operations must be permeated by a strong entrepreneurial attitude and approach. The Group has therefore adopted a set of values that reflect the corporate culture and serve to promote good conduct and uniform decision-making.

To a large extent, Sweco's activities are carried out in the form of projects. The project teams vary with consideration to project size, location and complexity. Each project is headed by a responsible project manager whose day-to-day work is facilitated by Sweco's group-wide business system, sweco@work. The system, which is quality and environmentally certified according to ISO 9001:2008 and 14001:2004, promotes effective project management and a consistent approach to the assignment process and client relationship. Sweco@work supports both large and complex projects and smaller undertakings and gives every project manager access to up-to-date financial management data for his or her projects. The system and its usage are audited every year by an independent quality auditor, and also undergo continuously internal audits.

The task of the consultants is to deliver sustainable, client-adapted solutions with a high knowledge content, of the right quality for the benefit of the client's business. The Group's business system are centred around the assignment process and are accessible to the consultants at all times. Sweco takes continuous improvement measures to develop the company's working methods, promote sustainability and support the employees. Strategic skills development programs are used to meet the consultants' need for ongoing education and training. The knowledge and experience gained by the consultants in the assignments is preserved and developed for future use.

### ETHICS, RESPONSIBILITY AND COMMITMENT

Sweco's mission is to actively contribute to sustainable development of society. In all operations, Sweco strives to uphold the highest standards

of conduct and business ethics, with objective and independent employees who act professionally and in the clients' best interests.

Virtually all of Sweco's activities affect the environment and society in some way. Sweco is often involved in the early stages of a project, which creates an obligation to take responsibility but also provides ample opportunities to exert an influence. Sweco strives to carefully weigh the possible consequences when faced with matters relating to the quality and environmental impact of the assignments. As a result of Sweco's decentralised organisation, these decisions are ultimately made by the individual consultants.

Sweco's consultants serve as advisors to companies, public agencies, ministries and national governments in projects that have a direct impact on development of society and quality of life, a fact that places considerable demands on integrity and consideration to ethical and socio-economic aspects. In order to be a socially responsible corporate citizen in every way, Sweco works continuously to enhance the individual employees' awareness of the Group's attitudes towards ethical conduct.

Sweco is represented in many countries and always acts in compliance with local and international laws and regulations. Sweco does not accept corruption, bribes or unpermitted competition-restricting practices. No one at Sweco may, directly or indirectly, request or accept improper payment or other types of improper gifts, nor may anyone at Sweco, directly or indirectly, offer payment or other types of compensation that can be regarded as improper to individuals, organisations or companies. The employees may not engage in activities where there is a risk for conflict with Sweco's interests. No employee may exploit his or her position for personal gain at the expense of the company, the clients or business partners.

Sweco gives consideration to the religions, cultures, working conditions and traditions of different countries and regions and respects basic freedoms and rights. Sweco sees diversity as essential in creating an innovative and inspiring working environment and actively promotes the equal rights and opportunities of employees in the workplace regardless of their gender, ethnic origin, nationality, religious beliefs, disabilities, sexual orientation, age, etc.

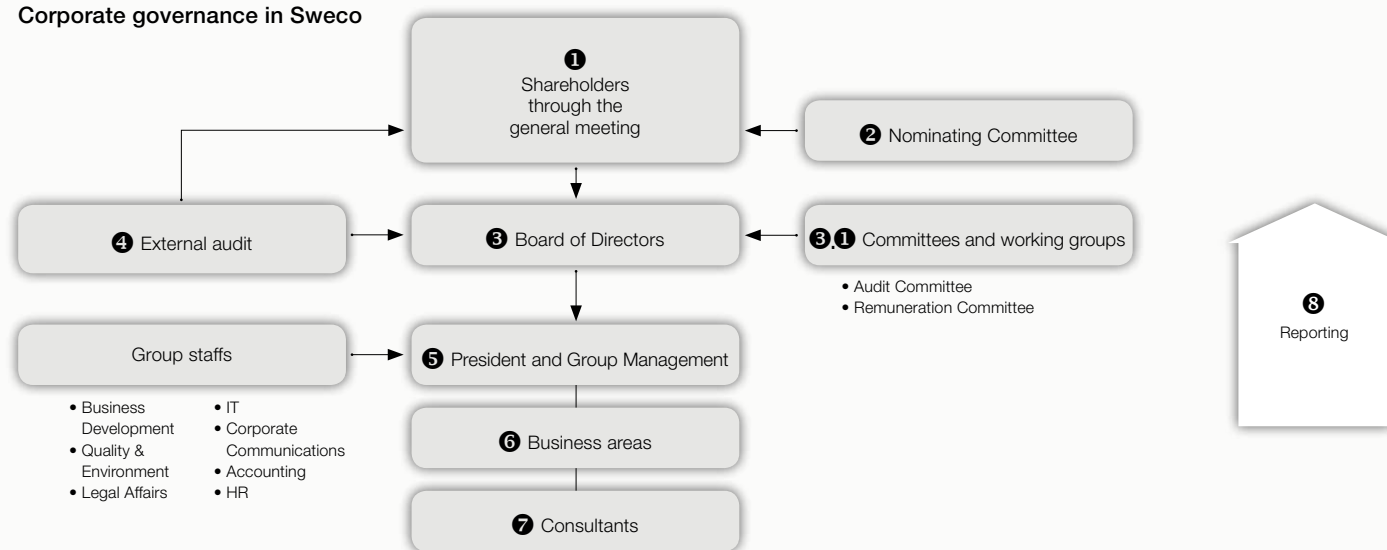
In its CSR policy, Sweco establishes the company's and employees' basic views with regard to Corporate Social Responsibility and thereby defines the company's responsibilities in society. The CSR policy covers the areas of business ethics, quality and environment, employee development, human rights, equality and diversity, and occupational health and safety. Group-wide and local guidelines then specify responsibility in each area with a greater level of detail.

Sweco supports the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC) and strives to act according to the principles in the UN's Global Compact and the UN Declaration of Human Rights.

Responsibility for compliance with the CSR policy and the above-mentioned guidelines is shared by all of Sweco's employees. All employees are obligated to familiarise themselves with and follow the contents of the policy and the guidelines, and to also encourage external partners to respect these principles.



## Corporate governance in Sweco



## Internal policies and processes that affect Sweco's governance:

- Sweco's business model
- Internal control
- The Board's procedural rules
- Instructions for the President & CEO
- Sweco's CSR policy
- Sweco's quality and environmental policy
- Sweco's corporate communications policy
- Sweco's IT policy
- Insurance and legal instructions
- Financial instructions
- Manual for financial accounting in the Group

## External rules and recommendations that affect Sweco's governance:

- The Swedish Companies Act
- The Swedish Code of Corporate Governance
- NASDAQ OMX Stockholm's Rules for Issuers
- Laws and regulations in the countries where Sweco operates
- Rules and recommendations in the International Federation of Consulting Engineers' (FIDIC) Code of Ethics
- The UN's rules and recommendations and the principles in the Global Compact
- The OECD's guidelines for multinational companies
- The Swedish government's Partnership for Global Responsibility
- Guidelines from the World Bank, Sida, the OECD, NORAD and other international organisations for assignments in different countries
- The ILO's Declaration on Fundamental Principles and Rights at Work

## ORGANISATION

**1 SHAREHOLDER GOVERNANCE THROUGH THE GENERAL MEETING OF SHAREHOLDERS**

The general meeting of shareholders is Sweco's highest decision-making body through which the shareholders exercise their influence over the company. Shareholders who are recorded in the share register on the record date and have notified the company by the specified date have the right to participate in a general meeting and to vote all of their shares. Decisions of the general meeting are normally passed by a simple majority of those present, although in certain cases the Swedish Companies Act requires a certain attendance to achieve quorum or a specific voting majority.

The Annual General Meeting must be held within six months after the end of the financial year, and is held in Stockholm. The responsibilities of the Annual General Meeting include adoption of the income statements and balance sheets of the Parent Company and the Group, approval of dividends, discharge from liability for the Board of Directors and President, determination of fees to the Board of Directors and auditors, election of Board members, the Board Chairman, and when applicable auditors, decision regarding the Nominating Committee and other items of busi-

ness as required by the Swedish companies Act. At Sweco's Annual General Meeting, each shareholder has the opportunity to ask questions about the company and its results for the past year. Representatives from the Board, executive management and the auditors are present to answer these questions.

**2010 Annual General Meeting**

The 2010 Annual General Meeting was held on 29 April in Stockholm and was attended by a total of 186 shareholders, representing 80 per cent of the votes and 66 per cent of the share capital. Olle Nordström was elected chairman of the Annual General Meeting. The Annual General Meeting approved a regular dividend of SEK 2.00 per share. The Annual General Meeting resolved on a redemption procedure including a share split, a reduction of the share capital for repayment to the shareholders through the cancellation of shares and an increase in the share capital through a bonus issue. Each redemption share was then automatically redeemed for a cash amount of SEK 2.00. The Annual General Meeting also authorised the Board to decide on the acquisition and transfer of treasury shares.

In addition, the Annual General Meeting resolved on fees for the Board of Directors, the Audit Committee, the Remuneration Committee and the auditors in accordance with the Nominating Committee's proposal. The Annual General Meeting furthermore resolved on principles for salary and other remuneration to senior executives, instructions for the Nominating Committee. In his address to the Annual General Meeting, President and CEO Mats Wäppling commented on Sweco's development in the past year and the outlook for 2010.

The Annual General Meeting also resolved on amendments to the Articles of Association so that no shares of class C may exist or be issued that no deputy Board members may be appointed.

## 2 NOMINATING COMMITTEE

The tasks of the Nominating Committee are to recommend candidates for election of officers by the Annual General Meeting and to prepare a solid foundation for the Annual General Meeting's decision in these matters. Aside from proposing the composition of the Board, the Nominating Committee puts forward recommendations for election of the chairman of the Annual General Meeting, the Board members, the Board Chairman, the amount of Board fees and their apportionment between the Chairman and Board members and any compensation for committee work, as well as election of auditors and auditing fees.

In 2010 the Nominating Committee focused primarily on:

- discussion and evaluation of the Board and its performance,
- discussion and analysis of the Board's competency requirements with respect to Sweco's operations, and
- recommendations for the composition of the Board and remunerative matters ahead of the upcoming Annual General Meeting.

The 2010 Annual General Meeting resolved on instructions for the Nominating Committee ahead of the 2011 Annual General Meeting. Among other things, these state that the Board Chairman shall convene a Nominating Committee consisting of one representative for each of the largest shareholders in the company, at least three and at most four, and the Chairman if he/she is not a member in the capacity of shareholder representative. The names of the committee members, together with the names of the shareholders they represent, were published on the company's website on 7 October 2010.

Ahead of the 2011 Annual General Meeting, the Nominating Committee has held four meetings. Sweco's Nominating Committee ahead of the 2011 Annual General Meeting consists of Gustaf Douglas, representing Investment AB Latour, Board Chairman Olle Nordström, representing the Nordström family, and Birgitta Resvik, representing the J. Gust. Richert Memorial Fund. The chairman of the Nominating Committee is Olle Nordström.

## 3 BOARD OF DIRECTORS

The Board of Directors is responsible for overseeing the company's organisation and the conduct of the company's business. The Board continuously monitors the financial situation of the company and the Group, and ensures that the company is organised in such a way that

its accounting, cash management and other financial circumstances can be adequately controlled. The Board also ensures that its performance is evaluated on a yearly basis through a systematic and structured process.

The Board's procedural rules with instructions for the division of responsibilities between the Board and President is updated and adopted yearly. The procedural rules regulates the Board's obligations, the division of responsibilities within the Board, the number of Board meetings, the annual agenda, the main theme of each meeting, instructions for preparing the agenda and background documentation for decisions, etc.

The Chairman supervises the work of the Board and is responsible for ensuring that the Board carries out its duties in an organised and efficient manner. The Chairman continuously monitors the Group's development through ongoing contact with the President. The Chairman represents the company in matters related to the ownership structure. In accordance with Sweco's Articles of Association, the Board of Directors consists of at least three and at most eight members. These members are elected by the Annual General Meeting to serve for the period until the end of the next Annual General Meeting.

### Composition of the Board

Sweco's Board of Directors consists of eight regular members elected by the Annual General Meeting to serve for a period of one year, as well as three employee representatives with three deputies appointed by the employees. With the exception of the President, none of the Board members elected by the Annual General Meeting has an operating role in the company. All Board members are from Sweden. Starting from the Annual General Meeting in 2010, half of the Board members are women. All regular Board members aside from the President are independent in relation to Sweco. All members aside from Olle Nordström are independent in relation to the major shareholders.

The 2010 Annual General Meeting appointed Olle Nordström as Board Chairman. The other regular Board members appointed in 2010 were Sofia Arkelsten, Anders G. Carlberg, Gunnel Duveblad, Aina Nilsson Ström, Pernilla Ström, Kai Wörn and Mats Wäppling. One regular seat on the Board is currently vacant after Sofia Arkelsten's resignation from the Board at her own request on 27 October 2010. The employee representatives have been Håkan Brinkenbergh, Thomas Holm and Anna Leonsson as regular members, with Sahar Almashta, Göran Karloja and Anders Karlsson as deputies.

Mats Wäppling is the only member of the Board who is also a member of Sweco's executive management. No Board member has been elected on the basis of agreements with any major shareholder, client, supplier or other party.

For more information about the members of the Board of Directors, see page 88–89.

### Work of the Board

Aside from the statutory Board meeting, which is held immediately following the Annual General Meeting, the Board meets at least six times per year. In 2010 the Board held nine meetings, including two resolutions by circulation for decision in urgent matters. Four of the Board meetings



**BOARD COMPOSITION AND FEES<sup>1)</sup>**

	Position	Year of birth	Nationality	Elected in	Independent	Board and committee fees, SEK <sup>3)</sup>
Olle Nordström	Chairman, chairman of the Remuneration Committee	1958	Swedish	1997	No	390,000
Sofia Arkelsten <sup>2)</sup>	Board member	1976	Swedish	2010	Yes	87,500
Anders G. Carlberg	Board member, member of the Audit Committee	1943	Swedish	2009	Yes	215,000
Gunnel Duveblad	Board member, Chairman of the Audit Committee	1955	Swedish	2008	Yes	255,000
Aina Nilsson Ström	Board member, member of the Remuneration Committee	1953	Swedish	2005	Yes	195,000
Pernilla Ström	Board member, member of the Audit Committee	1962	Swedish	2009	Yes	215,000
Mats Wäppling	Board member, President and CEO	1956	Swedish	2003	No	–
Kai Wärn	Board member, member of the Remuneration Committee	1959	Swedish	2010	Yes	195,000
Håkan Brinkenberg	Employee representative, appointed by the employees	1946	Swedish	2005	–	–
Thomas Holm	Employee representative, appointed by the employees	1953	Swedish	2008	–	–
Anna Leonsson	Employee representative, appointed by the employees	1971	Swedish	2005	–	–
Sahar Almashta	Deputy, appointed by the employees	1960	Swedish	2008	–	–
Göran Karloja	Deputy, appointed by the employees	1953	Swedish	2008	–	–
Anders Karlsson	Deputy, appointed by the employees	1968	Swedish	2009	–	–

1) For the period from the 2010 Annual General Meeting to the 2011 Annual General Meeting.

2) Resigned from the Board on 27 October 2010.

3) Fees for work on the Board, the Remuneration Committee and the Audit Committee according to the decision of the 2010 Annual General Meeting.

were held in connection with publication of interim reports. The meeting prior to publication of second quarter report was held by telephone, with all documentation previously distributed by mail. The September meeting was held at the company's office in Finland and study visits were also made to Sweco's projects such as the CHP plant in Kerava and the West Metro subway project.

In addition to reporting on development of Sweco's operations and finances, the Board meetings in 2010 devoted considerable attention to acquisitions and the company's strategic focus, management and HR issues, risk management, internal control issues and other decisions for which decision responsibility has been assigned to the Board. When needed, other executives in the company participate in Board meetings in order to present reports. The Board Secretary is the company's Legal Counsel. Attendance at meetings of the Board, the Audit Committee and the Remuneration Committee in 2010 is shown in the following table.

	Board meetings	Audit Committee	Remuneration Committee
<b>No. of meetings</b>	<b>9</b>	<b>5</b>	<b>4</b>
Olle Nordström	9/9	–	4/4
Sofia Arkelsten <sup>1,2)</sup>	3/4	–	–
Anders G. Carlberg	8/9	5/5	–
Gunnel Duveblad	9/9	5/5	–
Aina Nilsson Ström	9/9	–	4/4
Pernilla Ström	9/9	2/3	1/1
Mats Wäppling	9/9	–	–
Kai Wärn <sup>1)</sup>	6/6	–	3/3
Håkan Brinkenberg	9/9	–	–
Thomas Holm	8/9	–	–
Anna Leonsson	8/9	–	–
Sahar Almashta	–	–	–
Göran Karloja	9/9	–	–
Anders Karlsson	1/1	–	–

1) As of the 2010 Annual General Meeting.

2) Resigned from the Board on 27 October 2010.

### Assessment of Board performance

To ensure that the Board meets the requisite performance criteria, a yearly assessment is made of the work of the Board and its members, as was also the case in 2010. The results of the assessment are then subject to open discussion within the Board. The performance of the President and executive management is also continuously evaluated and discussed at a minimum of one Board meeting without the presence of the executive management.

## 3.1 BOARD COMMITTEES

### Remuneration committee

The statutory meeting of the Board appoints a Remuneration Committee, which in 2010/2011 consists of Olle Nordström, Aina Nilsson Ström and Kai Wärn. The task of the Remuneration Committee is to draft proposals for terms of employment, pension benefits and bonus systems for the President and other senior executives, and to present these to the Board for decision. The Remuneration Committee meets at least twice a year, and held four meetings in 2010.

### Audit Committee

The statutory meeting of the Board also appoints an Audit Committee. The Audit Committee consists of Gunnel Duveblad, Anders G. Carlberg and Pernilla Ström. The company's independent auditor attends all meetings. Among other things, the tasks of the Audit Committee are to support the work of the Board by ensuring the quality of the company's financial reporting, maintaining continuous contact with the company's independent auditor, monitoring the efficiency of the company's risk management and internal control, establishing guidelines for which non-auditing services the company may procure from its auditor and evaluation of the auditor's performance. In 2010 the Audit Committee held five meetings.

## 4 EXTERNAL AUDIT

The auditors are appointed by the Annual General Meeting every fourth year. The task of the auditors, on behalf of the shareholders, is to examine the company's accounting records and annual report and the administration of the company by the Board of Directors and the President.

The auditing firm of PricewaterhouseCoopers AB (PwC) was re-elected by the 2008 Annual General Meeting to serve as Sweco's auditor until the end of the 2012 Annual General Meeting. Auditor in charge is Authorised Public Accountant Lennart Danielsson. For the financial year 2010, fees for auditing services amounted to SEK 3.3 million and for non-auditing services to SEK 3.7 million. In 2009, fees for non-auditing services amounted to SEK 0.8 million. Aside from auditing services, Sweco has consulted PwC on various matters related to financial accounting and mergers. Furthermore, PwC has performed due diligence assessments in connection with acquisitions. The amount of fees paid to all accounting firms is shown in Note 4 on page 59.

## 5 PRESIDENT, EXECUTIVE MANAGEMENT AND STAFFS

The Board of Directors has delegated responsibility for the day-to-day operations of the company and the Group to the President. The President supervises operations within the framework determined by the Board of Directors. The Board has established instructions governing the division of responsibilities between the Board of Directors and the President which are updated and adopted yearly. The executive management is assisted by Group staffs for Business Development, Corporate Communications, Quality & Environment, Accounting, Legal Affairs, HR and IT.

For more information about senior executives, see pages 90–91.

## PRIORITIES IN 2010 – WELL ESTABLISHED PROCESSES AND STRONGER LEADERSHIP

Sweco works continuously to update and improve its control model and in 2010 identified two main areas: risk management and leadership. The risk management project was initiated already in 2009 but was further developed during 2010. Leadership issues are always a top priority at Sweco and in 2010 an additional project was launched to ensure a high standard in Sweco's internal leadership development processes.

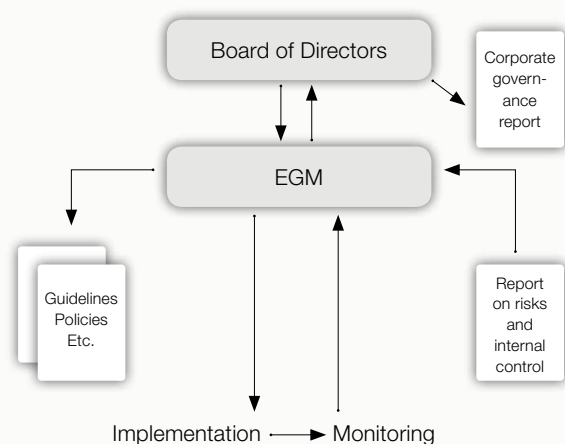
### Risk management process

Sweco's risk management is an ongoing process. A large share of Sweco's operations consist of assignments and work in progress. There is a special emphasis on further improving control to ensure good internal control over assignments and work in progress.

In 2010 Sweco carried out an in-depth mapping of the Group's risks and risk management. The results of this mapping were compiled in a report that was submitted to Sweco's Audit Committee and Board in the summer of 2010. In the different risk areas, action and activity plans have been drawn up for each sub-area and risk owners have been appointed. Examples of sub-areas include the corporate communications policy, CSR policy, crisis management policy and IT strategy. Based on this work, Sweco has developed and implemented new and better routines for continuous risk monitoring.

The illustration on the next page describes how Sweco, based on known risks, has created the guidelines and policies that are necessary to eliminate or minimise risks. These guidelines are being implemented at all levels and are continuously monitored, among other things through internal follow-up and external auditors. These activities are summarised in a risk and internal control report that is submitted yearly to the Audit Committee and the Board via the EGM (Extended Group Management, which consists of the Executive Management, the business area presidents and the heads of the group staffs). In order for Sweco's risk management efforts to succeed, the managers and assignment managers must have a full understanding of the process. As a result, implementation of the working methods and adaptation to local norms and rules has been started in the local language of the respective country, as far as possible. Read more about Sweco's risks on pages 84–85.





### Leadership development

Sweco's international growth ambitions place rigorous demands on the company's leadership. Dedicated employees are the very foundation of Sweco's platform for sustainable growth. Sweco's decentralised business model is a key factor for the company's success. Each consultant has a clear area of responsibility and well defined authority to handle assignments, clients, employees and profitability. Continued success demands strong leaders at all levels and in all operating and administrative areas of Sweco.

The basis for Sweco's leadership development is the Sweco Leadership Compass (the Compass), which was implemented throughout the Group during 2009 and 2010. The aim is to draw a clear line between leadership, business success, client deliveries and employee development. The program reinforces Sweco's leadership culture through more clearly defined expectations, responsibilities and powers. The Compass supports employees at all levels and describes the qualities that characterise a leader at Sweco, regardless of their formal position.

Good management succession is also crucial in order to realise Sweco's growth ambitions. Through the Next Generation Process, Sweco identifies employees with the potential to take on greater leadership responsibility. Selected participants then take part in Sweco's leadership development course, Next Generation Program.

In 2010 the Next Generation Process was carried out at all management levels in the Group and a Next Generation Program was carried out for the first time at the global level with 21 participants from all of the countries in which Sweco has operations. The Next Generation initiative is fully integrated with Sweco's business planning and overall strategic activities. A large share of the program is conducted in the form of projects, where interdisciplinary teams address strategic challenges that have been identified by the Executive Management. Several participants have already been recruited to senior management positions in Sweco.

## 6 BUSINESS AREAS

The Sweco Group's business activities are organised in six business areas, each of which is headed by a president and a controller.

Each business area is led by a board of directors that meets at least four times a year. The President & CEO is chairman of the board of each business area. Aside from ongoing contact, the executive management exercises its control over business areas through involvement in the board activities of each area. The board of directors of each business area always includes representatives from the executive management and the business area's management and, in certain cases, employee representatives. The respective business areas are subject to the same rules for division of responsibilities between the board of directors and the president that apply at the Group level. Each business area is made up of underlying companies or business divisions that are organised by area of expertise. Each division/company can then be organised by region or group, depending on the number of employees. The smallest organisational unit often consists of between five and 30 employees under the supervision of a manager.

## 7 CONSULTANTS

Sweco has a client-driven organisation that is distinguished by far-reaching decentralisation where each unit has a high degree of autonomy. The Group works according to a business model in which business momentum is generated by the entire organisation and all employees take part in working with clients. Managers at every level in the Group have explicit responsibility and authority to make autonomous decisions and develop their respective operations in line with client needs.

## 8 INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

### Control environment

Internal control over financial reporting is based on the overall control environment established by the Board and executive management. This includes the culture and values communicated and practiced by the Board. Key components of the control environment are the organisational structure, management philosophy and style, responsibilities and powers that are clearly defined and communicated for all levels in the organisation.

The Board of Sweco has formulated explicit procedural rules and instructions for its own work and that of the Remuneration Committee, Audit Committee and President to facilitate effective management of operating risks. Every year, the Board updates and adopts the procedural rules, instructions for the President, decision-making and signatory powers and a finance policy. Procedural rules for the board and instructions for the president are found in every company in the Group, and are based on the same principles as those for Sweco AB. In addition, Sweco has a number of policies for financial information, corporate communications, IT security, CSR, HR, quality and the environment which create a foundation for good internal control.

Sweco has a signatory and decision-making policy that clearly

regulates the allocation of powers and authorities at every level in the company, from the individual consultant to the Board of Directors of Sweco AB. The areas that are covered include price offers, investments, rental and lease agreements, expenditures and guarantees, etc.

### Internal control over financial reporting

Internal control over financial reporting is based on the overall control environment established by the Board and executive management.

### Risk assessment and control activities

The goal of Sweco's risk management is to secure the Group's profit growth and guarantee that Sweco's operations in the various business units meet their goals. The company's Board of Directors and executive management are responsible for risk management.

The group-wide risk management project that was conducted during the year led to further development of Sweco's work on risk management and internal control. A large share of Sweco's operations consist of projects and work in progress. There is a continued emphasis on further improvement and documentation of control to ensure good internal control with respect to projects and work in progress.

An in-depth risk analysis was carried out in the area of financial reporting. Normative documents, such as a financial accounting manual, were further developed and implemented as a means for ensuring effective management of risks in financial reporting.

### Information and communication

Information about Sweco's normative documents such as group policies, manuals, guidelines and routines is gathered on the Sweco Group's intranet. Important guidelines, manuals, etc., are continuously updated and communicated to the affected employees. Communication about financial reporting also takes place in connection with controller meetings that are held regularly within the Group. For external communication there is a corporate communications policy that defines the responsibilities and rules for communication with external parties.

### Monitoring

Each business area has a controller whose task is to monitor compliance with policies, guidelines and routines. The controllers are also responsible for ensuring the accuracy and completeness of the reported financial information.

The Group's business system contains a number of functions for financial management, control and monitoring. There is a web-based project reporting system where project managers can continuously monitor their projects and track monthly earnings and key ratios at the group, region, company/division and business area level. Key ratios of relevance for operations can also be followed up weekly at all of these

levels. Every month, a group-wide consolidation is carried out to measure actual results against budgets and internal forecasts.

### Internal audit

Sweco has a simple and uniform operating structure throughout the Group. Controllers at the Group and business area level regularly monitor compliance with Sweco's established steering and internal control systems. In addition, the controllers conduct ongoing analyses of the companies' reporting and financial results in order to oversee their development. In light of the above, the Board of Directors has chosen not to set up a special internal audit function.

## 9 INFORMATION TO THE CAPITAL MARKET

Sweco strives to provide the shareholders, financial analysts and others interested in the company with simultaneous, timely, clear and consistent information about the Group's operations, financial position and development. Sweco has a corporate communications policy that is part of the internal control environment and ensures that Sweco meets the requirements to which it is subject as a listed company.

Sweco regularly provides the market with financial information in the form of:

- Interim and annual reports, which are published in Swedish and English.
- Press releases in Swedish and English about news and events with a potential impact on the share price.
- Teleconferences and presentations for shareholders, financial analysts, investors and the media in connection with the publication of interim reports.
- Capital Markets Days.
- Meetings with the media, investors and analysts in Sweden and around the world throughout the year.

In addition to interim reports, annual reports and press releases, Sweco publishes material on the corporate website [www.swecogroup.com](http://www.swecogroup.com), which also contains a large volume of other information that is continuously updated.

## REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

### Remuneration to the Board

The amount of remuneration payable to the Board of Directors is determined by the Annual General Meeting. Board fees for 2010/2011 were set at SEK 1,400,000, of which SEK 350,000 is paid to the Chairman and SEK 175,000 is paid to each of the six members elected by the Annual General Meeting who are not employed in the company. No Board fees are paid to the President or the employee representatives. Board fees are paid on two occasions during the period in question.

The chairman of the Remuneration Committee is paid an additional fee of SEK 40,000 and the other members of the Remuneration Committee receive additional fees of SEK 20,000 each. The chairman of the Audit Committee is paid an additional fee of SEK 80,000 and the other members of the Audit Committee receive additional fees of SEK 40,000 each.

The principles for salary and other remuneration to senior executives according to the decision of the 2010 Annual General Meeting are shown in Note 6 on page 61.

### THE SWECO SHARE

Sweco AB's shares have been traded on NASDAQ OMX Stockholm since 21 September 1998. Sweco AB's total market capitalisation at 31 December 2010 was SEK 5,394 million (4,963). The share capital amounted to SEK 92 million, divided between 9,389,075 class A shares and 82,127,772 class B shares. The class A shares grant one vote and the class B shares 1/10 of one vote. All shares carry equal entitlement to dividends. Sweco's Articles of Association stipulate the right to convert shares of class A to class B.

At year-end 2010 Sweco AB had 8,697 shareholders. The two largest shareholders are the Nordström family (with 14.6 per cent of the share capital and 34.0 per cent of the votes) and Investment AB Latour (with 31.7 per cent of the share capital and 22.7 per cent of the votes). Foreign investors held 10.3 per cent of the share capital and 5.5 per cent of the votes. Together, the ten largest shareholders control 69.0 per cent of the share capital and 79.6 per cent of the votes.

Sweco's dividend policy is to distribute at least half of profit after tax to the shareholders while at the same time maintaining a capital structure that provides scope for development of, and investment in, the company's core operations.

### ⑩ DEVIATIONS FROM THE CODE

The Board Chairman is also chairman of the Nominating Committee. In the opinion of the principal shareholders who are represented on the Nominating Committee in accordance with the committee's instructions, it is desirable that the committee be chaired by the representative for the largest shareholder in terms of voting power.



## CONSOLIDATED INCOME STATEMENT

SEK M	Note	2010	2009
Net sales	2, 3, 33	5,272.4	5,338.7
Other operating income		3.9	11.5
<b>Total operating income</b>		<b>5,276.3</b>	<b>5,350.2</b>
Other external expenses	4, 5, 33	-1,400.2	-1,455.3
Personnel costs	6, 28	-3,349.0	-3,331.2
Amortisation/depreciation and impairment losses	3, 7	-94.4	-120.1
<b>Total operating expenses</b>		<b>-4,843.6</b>	<b>-4,906.6</b>
<b>Operating profit</b>	<b>3</b>	<b>432.7</b>	<b>443.6</b>
Financial income	8, 33	5.3	10.5
Financial expenses	8, 33	-14.3	-10.6
Share in profit of associates	8	0.0	0.1
<b>Net financial items</b>	<b>8</b>	<b>-9.0</b>	<b>0.0</b>
<b>Profit before tax</b>		<b>423.7</b>	<b>443.6</b>
Income tax expense	10	-123.8	-149.0
<b>PROFIT FOR THE YEAR</b>		<b>299.9</b>	<b>294.6</b>
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		298.5	292.7
Non-controlling interests		1.4	1.9
<b>Earnings per share per attributable to owners of the Parent Company</b>	<b>11</b>		
Basic earnings per share, SEK		3.31	3.31
Diluted earnings per share, SEK		3.28	3.28

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2010	2009
<b>Profit for the year</b>		<b>299.9</b>	<b>294.6</b>
Translation different		-101.1	0.0
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>198.8</b>	<b>294.6</b>
<b>Comprehensive income attributable to:</b>			
Owners of the Parent Company		198.8	293.1
Non-controlling interests		0.0	1.5

# CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

SEK M	Note	2010	2009
<b>ASSETS</b>	32		
<b>Non-current assets</b>			
Goodwill	14	734.4	783.5
Other intangible assets	14	49.3	53.4
Tangible assets	15	199.5	173.9
Investments in associates	17	1.0	1.0
Financial investments	19	8.9	10.0
Deferred tax assets	10	7.1	14.0
Other non-current receivables	22, 28	32.6	34.3
<b>Total non-current assets</b>		<b>1,032.8</b>	<b>1,070.1</b>
<b>Current assets</b>			
Trade receivables	33	775.4	810.5
Work in progress less progress billings	23	564.3	526.2
Current tax assets		78.6	42.4
Other receivables		43.7	36.3
Prepaid expenses and accrued income	24	116.9	108.5
Cash and cash equivalents	25	376.7	557.3
<b>Total current assets</b>		<b>1,955.6</b>	<b>2,081.2</b>
<b>TOTAL ASSETS</b>	3	<b>2,988.4</b>	<b>3,151.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	26		
Share capital		91.5	92.0
Other contributed capital		239.0	239.0
Other reserves		-15.9	83.8
Retained earnings, including profit for the year		1,105.0	1,170.1
<b>Equity attributable to owners of the Parent Company</b>		<b>1,419.6</b>	<b>1,584.9</b>
Non-controlling interests		10.0	10.8
<b>Total equity</b>		<b>1,429.6</b>	<b>1,595.7</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	27, 29	11.0	13.6
Provisions for pensions	27, 28	4.7	5.6
Deferred tax liabilities	10	133.4	106.9
Other non-current liabilities		2.2	0.9
<b>Total non-current liabilities</b>		<b>151.3</b>	<b>127.0</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27, 29	120.9	119.6
Progress billings in excess of work in progress	23	272.6	303.6
Trade payables		191.7	206.9
Current tax liabilities		32.8	40.9
Other current liabilities	30	225.8	215.9
Accrued expenses and deferred income	30	563.7	541.7
<b>Total current liabilities</b>		<b>1,407.5</b>	<b>1,428.6</b>
<b>Total liabilities</b>	3	<b>1,558.8</b>	<b>1,555.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,988.4</b>	<b>3,151.3</b>

For information about the Group's pledged assets and contingent liabilities, see Note 31.

# CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2010	2009
<b>Operating activities</b>			
Profit before tax		423.7	443.6
<b>Adjustments for non-cash items</b>			
Capital gains/losses		-0.4	-10.7
Amortisation/depreciation and impairment losses	3, 7	94.4	120.1
Difference between pension premiums expensed and paid		-6.4	-1.4
Other items		-0.6	67.8
<b>Total non-cash items</b>		<b>87.0</b>	<b>175.8</b>
Income taxes paid		-142.0	-156.8
<b>Cash flow from operating activities before changes in working capital</b>		<b>368.7</b>	<b>462.6</b>
<b>Changes in working capital</b>			
Change in current receivables		-30.9	99.6
Change in current liabilities		4.0	-32.5
<b>Cash flow from operating activities</b>		<b>341.8</b>	<b>529.7</b>
<b>Investing activities</b>			
Purchase of intangible assets		-6.3	-14.5
Disposal of intangible assets		0.1	0.6
Purchase of tangible assets	12	-61.3	-62.9
Disposal of tangible assets		2.0	1.5
Acquisition of subsidiaries and operations, net cash effect	13	-63.1	-29.7
Disposal of subsidiaries and operations, net cash effect	13	-4.0	11.3
Disposal of financial investments	19	0.1	0.1
<b>Cash flow from investing activities</b>		<b>-132.5</b>	<b>-93.6</b>
<b>Financing activities</b>			
Issue of warrants		-	0.1
Issue expenses		-0.7	-
Capital distribution to owners of the Parent Company	26	-355.7	-174.3
Capital distribution to non-controlling interests		-0.7	-0.8
New loans raised		1.3	55.4
Repayment of borrowings		-6.7	-81.7
<b>Cash flow from financing activities</b>		<b>-362.5</b>	<b>-201.3</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-153.2</b>	<b>234.8</b>
Cash and cash equivalents at beginning of year	25	557.3	321.3
Exchange gains/losses on cash and cash equivalents		-27.4	1.2
Cash and cash equivalents at end of year	25	376.7	557.3



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Other contributed capital	Other reserves	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
<b>Equity, 1 January 2009</b>	26	<b>89.5</b>	<b>238.9</b>	<b>83.4</b>	<b>990.1</b>	<b>1,401.9</b>	<b>12.9</b>	<b>1,414.8</b>
Profit for the year		–	–	–	292.7	292.7	1.9	294.6
Translation difference		–	–	0.4	–	0.4	–0.4	0.0
Comprehensive income for the year		–	–	0.4	292.7	293.1	1.5	294.6
Distribution to the shareholders – dividends	26	–	–	–	–174.3	–174.3	–0.8	–175.1
Acquisition of non-controlling interests	13	–	–	–	–	–	–2.8	–2.8
Share bonus program – issue of shares		2.5	–	–	–	2.5	–	2.5
Share bonus program – value of employee service		–	–	–	61.6	61.6	–	61.6
Issue of warrants		–	0.1	–	–	0.1	–	0.1
<b>Equity, 31 December 2009/1 January 2010</b>		<b>92.0</b>	<b>239.0</b>	<b>83.8</b>	<b>1,170.1</b>	<b>1,584.9</b>	<b>10.8</b>	<b>1,595.7</b>
Profit for the year		–	–	–	298.5	298.5	1.4	299.9
Translation difference		–	–	–99.7	–	–99.7	–1.4	–101.1
Comprehensive income for the year				–99.7	298.5	198.8	0.0	198.8
Distribution to the shareholders – dividends	26	–	–	–	–177.9	–177.9	–0.7	–178.6
Distribution to the shareholders – share redemption	26	–	–	–	–177.8	–177.8	–	–177.8
Non-controlling interests in acquired companies	13	–	–	–	–	–	0.7	0.7
Acquisition of non-controlling interests	13	–	–	–	–1.1	–1.1	–0.8	–1.9
Share bonus program – value of employee service		–	–	–	–6.6	–6.6	–	–6.6
Cancellation of repurchased shares		–0.5	–	–	0.5	–	–	–
Issue expenses		–	–	–	–0.7	–0.7	–	–0.7
<b>EQUITY, 31 DECEMBER 2010</b>		<b>91.5</b>	<b>239.0</b>	<b>–15.9</b>	<b>1,105.0</b>	<b>1,419.6</b>	<b>10.0</b>	<b>1,429.6</b>
<b>Proposed distribution to the shareholders</b>								
Dividend	26, 35				–274.6	–274.6		–274.6

## PARENT COMPANY INCOME STATEMENT

SEK M	Note	2010	2009
Net sales	3, 33	49.1	59.7
<b>Total operating income</b>		<b>49.1</b>	<b>59.7</b>
Other external expenses	3, 4, 5, 33	-73.6	-58.2
Personnel costs	6, 28	-31.5	-26.4
Amortisation/depreciation and impairment losses	3, 7	-1.9	-0.3
<b>Total operating expenses</b>		<b>-107.0</b>	<b>-84.9</b>
<b>Operating loss</b>	<b>3</b>	<b>-57.9</b>	<b>-25.2</b>
Profit from participations in group companies	8	313.0	262.8
Financial income	8, 33	2.4	8.4
Financial expenses	8, 33	-8.6	-4.2
<b>Net financial items</b>	<b>8</b>	<b>306.8</b>	<b>267.0</b>
<b>Profit after financial items</b>		<b>248.9</b>	<b>241.8</b>
Appropriations	9	-0.1	104.0
<b>Profit before tax</b>		<b>248.8</b>	<b>345.8</b>
Income tax expense	10	-50.9	-89.1
<b>PROFIT FOR THE YEAR</b>		<b>197.9</b>	<b>256.7</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2010	2009
<b>Profit for the year</b>		<b>197.9</b>	<b>256.7</b>
Exchange difference arising from hedging instruments		-1.5	-7.5
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>196.4</b>	<b>249.2</b>

# PARENT COMPANY BALANCE SHEET AT 31 DECEMBER

SEK M	Note	2010	2009
<b>ASSETS</b>	32		
<b>Intangible assets</b>	14	<b>12.4</b>	<b>–</b>
<b>Tangible assets</b>	15	<b>0.7</b>	<b>0.7</b>
<b>Financial assets</b>			
Participations in group companies	16	332.0	332.0
Receivables from group companies	21	38.6	44.4
Other non-current securities	20	0.9	0.9
<b>Total financial assets</b>		<b>371.5</b>	<b>377.3</b>
<b>Total non-current assets</b>		<b>384.6</b>	<b>378.0</b>
<b>Current assets</b>			
Trade receivables		0.0	0.0
Receivables from group companies	21	1,395.1	1,296.9
Current tax assets		40.4	3.9
Other receivables		5.3	7.5
Prepaid expenses and accrued income	24	1.8	1.9
Cash and cash equivalents	25	211.2	409.7
<b>Total current assets</b>		<b>1,653.8</b>	<b>1,719.9</b>
<b>TOTAL ASSETS</b>	3	<b>2,038.4</b>	<b>2,097.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>	26		
Share capital		91.5	92.0
Statutory reserve		187.5	187.5
<b>Total restricted equity</b>		<b>279.0</b>	<b>279.5</b>
<i>Non-restricted equity</i>	26		
Fair value reserve		–0.2	1.3
Share premium reserve		51.5	51.5
Retained earnings		725.7	839.7
Profit for the year		197.9	256.7
<b>Total non-restricted equity</b>		<b>974.9</b>	<b>1,149.2</b>
<b>Total equity</b>		<b>1,253.9</b>	<b>1,428.7</b>
<b>Untaxed reserves</b>	9	<b>0.1</b>	<b>–</b>
<b>Liabilities</b>	32		
<b>Current liabilities</b>			
Current interest-bearing liabilities	27	100.4	101.6
Trade payables		3.0	3.9
Liabilities to group companies		663.6	551.6
Other current liabilities	30	5.4	6.5
Accrued expenses and deferred income	30	12.0	5.6
<b>Total current liabilities</b>		<b>784.4</b>	<b>669.2</b>
<b>Total liabilities</b>	3	<b>784.5</b>	<b>669.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,038.4</b>	<b>2,097.9</b>
Contingent liabilities	31	201.7	274.0



# PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2010	2009
<b>Operating activities</b>			
Profit after net financial items		248.9	241.8
<b>Adjustments for non-cash items</b>			
Amortisation/depreciation and impairment losses	7	1.9	0.3
Group contributions	8	-269.5	-257.3
Different between interest recognised and received	8	-0.2	-0.3
<b>Total non-cash items</b>		<b>-267.8</b>	<b>-257.3</b>
Income taxes paid		-87.4	-89.1
<b>Cash flow from operating activities before changes in working capital</b>		<b>-106.3</b>	<b>-104.6</b>
<b>Changes in working capital</b>			
Change in current receivables		-85.7	178.8
Change in current liabilities		108.1	-77.8
<b>Cash flow from operating activities</b>		<b>-83.9</b>	<b>-3.6</b>
<b>Investing activities</b>			
Purchase of intangible assets	14	-14.0	-
Purchase of tangible assets	12, 15	-0.3	-0.1
<b>Cash flow from investing activities</b>		<b>-14.3</b>	<b>-0.1</b>
<b>Financing activities</b>			
Group contributions		257.3	431.3
Issue expenses		-0.7	-
Issue of warrants	26	-	0.1
Capital distribution to owners of the Parent Company	26	-355.7	-174.3
Loans raised		-	54.6
Repayment of borrowings		-1.2	-50.2
<b>Cash flow from financing activities</b>		<b>-100.3</b>	<b>261.5</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-198.5</b>	<b>257.8</b>
Cash and cash equivalents at beginning of year	25	409.7	151.9
Cash and cash equivalents at end of year	25	211.2	409.7

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Statutory reserve	Total restricted equity	Fair value reserve	Share premium reserve	Retained earnings	Total non-restricted equity	Total equity
<b>Equity, 1 January 2009</b>	26	<b>89.5</b>	<b>187.5</b>	<b>277.0</b>	<b>8.8</b>	<b>51.4</b>	<b>958.2</b>	<b>1,018.4</b>	<b>1,295.4</b>
Profit for the year		–	–	–	–	–	256.7	256.7	256.7
Exchange difference arising from hedging instruments		–	–	–	–7.5	–	–	–7.5	–7.5
Comprehensive income for the year		–	–	–	–7.5	–	256.7	249.2	249.2
Capital distribution to the shareholders – dividend		–	–	–	–	–	–174.3	–174.3	–174.3
Share bonus program – issue of shares		2.5	–	2.5	–	–	–	–	2.5
Share bonus program – value of employee service		–	–	–	–	–	61.6	61.6	61.6
Issue of warrants		–	–	–	–	0.1	–	0.1	0.1
Group contributions paid		–	–	–	–	–	–5.8	–5.8	–5.8
<b>Equity, 31 December 2009/ 1 January 2010</b>	26	<b>92.0</b>	<b>187.5</b>	<b>279.5</b>	<b>1.3</b>	<b>51.5</b>	<b>1,096.4</b>	<b>1,149.2</b>	<b>1,428.7</b>
Profit for the year		–	–	–	–	–	197.9	197.9	197.9
Exchange difference arising from hedging instruments		–	–	–	–1.5	–	–	–1.5	–1.5
Comprehensive income for the year		–	–	–	–1.5	–	197.9	196.4	196.4
Capital distribution to the shareholders – dividend		–	–	–	–	–	–177.9	–177.9	–177.9
Capital distribution to the shareholders – share redemption		–	–	–	–	–	–177.8	–177.8	–177.8
Share bonus program – value of employee service		–	–	–	–	–	–6.6	–6.6	–6.6
Cancellation of repurchased shares		–0.5	–	–0.5	–	–	0.5	0.5	–
Issue expenses		–	–	–	–	–	–0.7	–0.7	–0.7
Group contributions paid		–	–	–	–	–	–8.2	–8.2	–8.2
<b>Equity, 31 December 2010</b>	26	<b>91.5</b>	<b>187.5</b>	<b>279.0</b>	<b>–0.2</b>	<b>51.5</b>	<b>923.6</b>	<b>974.9</b>	<b>1,253.9</b>
<b>Proposed distribution to the shareholders</b>									
Dividend	26, 35						–274.6	–274.6	–274.6

# NOTES

Amounts in SEK M unless otherwise specified.

## 1 SIGNIFICANT ACCOUNTING POLICIES

### Compliance with norms and laws

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. Furthermore, the Annual Accounts Act and RFR 1.3 Supplementary Accounting Rules for Groups, have been applied.

The Parent Company applies the same accounting policies as the Group, except in those cases described under "Parent Company accounting policies".

The annual report and consolidated financial statements were approved for publication by the Board of Directors on 23 February 2011. The income statements and balance sheets of the Parent Company and the Group will be put before the Annual General Meeting for adoption on 13 April 2011.

### Basis for preparation of the consolidated and Parent Company financial statements

Assets and liabilities are stated at historical cost, aside from certain financial assets and liabilities which are stated at fair value. The financial assets and liabilities stated at fair value consist of derivatives and financial assets classified as financial assets at fair value through profit or loss.

### Functional currency and presentation currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency of the Parent Company and the Group. The consolidated financial statements are therefore presented in SEK.

### Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are evaluated on a regular basis. Changes in estimates are reported in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Note 36 provides a description of inputs and assessments used by the company's management which have a significant impact on the financial reports, and estimates which can lead to significant adjustments in the financial statements of later years.

### Significant applied accounting policies

The following accounting policies for the Group have been consistently applied in the periods presented in the consolidated financial statements, unless otherwise stated below. The Group's accounting policies have been consistently applied by all companies in the Group, when needed after adjustment to the Group's policies in associated companies.

### New standards, amendments and interpretations effective 1 January 2010

#### *Changes in accounting policies resulting from new, revised or amended IFRSs*

Below is a description of the new or changed accounting policies that have been applied by the Group with effect from 1 January 2010. Other changes in IFRSs effective 1 January 2010 have not had any significant impact on the financial statements of the Group.

As of 1 January 2010, Sweco presents its reports in accordance with the revised IFRS 3, Business Combinations, and the amended IAS 27, Consolidated and Separate Financial Statements. The revisions and changes include the following: the definition of a business combination has changed, all acquisition-related costs must be expensed as incurred, any contingent consideration payable is recognised at fair value at the acquisition date and subsequent changes to the fair value of contingent consideration are recognised in profit or loss. Another new feature is that there are two alternative ways to measure non-controlling interests and goodwill, either at fair value, i.e. goodwill is included in non-controlling interests, or at the acquiree's proportionate share of identified net assets. The choice between these two methods is made on an acquisition-by-acquisition basis. Furthermore, subsequent acquisitions once control has been achieved are regarded as transactions with owners and are recognised directly in equity, which is a change from Sweco's earlier policy to recognise excess amounts as goodwill.

The changed policies have not had any retrospective effect on the company's financial statements, which means that none of the amounts in the financial statements have been adjusted with respect to these. The changed standards have led to a few changes in disclosure requirements, which have affected Note 13 for the current year.

### *New IFRSs that are not yet applied by the Group:*

A number of new, revised or amended IFRSs for annual periods beginning on or after the start of the coming financial year and have not been adopted in advance in the preparation of the year's financial statements. Sweco does not plan to adopt new features or changes for future application in advance of the effective date.

IFRS 9, Financial Instruments, is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, by 2013 at the latest. The IASB has published the first of at least three parts that will together comprise IFRS 9. The first part deals with classification and measurement of financial assets. The categories for financial assets defined in IAS 39 have been replaced by two categories which are measured at either fair value or amortised cost. Amortised cost is used for instruments managed in a business model where the objective is to hold the financial assets to obtain the contractual cash flows; consisting of payments of principal and interest on the principal outstanding on specified dates. Other financial assets are measured at fair value and the opportunities to apply the "fair value option" as in IAS 39 remain. Fair value changes are recognised in profit or loss, with the exception of value changes for equity instruments that are not held for trading and for which an irrevocable election has been made at initial recognition to measure value changes in other comprehensive income. Value changes for derivatives that are treated as hedging instruments are not affected by this part of IFRS 9 and the requirements of IAS 39 still apply to these. Sweco has not yet decided whether the new requirements will be adopted early or with effect from 1 January 2013.

The following changes in standards for future application are not expected to have any impact on the Group's financial statements:

- Amendment to IAS 24, Related Party Disclosures, mainly simplifies the disclosures requirements for state-controlled entities but also includes changes in the definition of related party.
- Amendment to IAS 32, Financial Instruments: Presentation, addresses classification of rights issues.
- Amendment to IFRS 7, Financial Instruments: Disclosures, addresses new disclosure requirements for financial assets that are derecognised in part or in their entirety.
- Amendment to IFRIC 14 IAS 19, Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction, addresses prepayments of a minimum funding requirement.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.
- Annual improvements to IFRSs that are not already effective, primarily among those published in May 2010.

### Classifications

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or settled later than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or settled within 12 months from the balance sheet date.

### Segment reporting

For accounting purposes, a segment is an identifiable component of the Group that provides products or services (business area) within a particular economic environment (geographical area) and is subject to risks and returns that are different from those of other segments. In accordance with IFRS 8, information about segments is provided only for the Group.

### Basis of consolidation

#### *Subsidiaries*

Subsidiaries are all entities over which Sweco AB has a controlling influence, meaning that the Parent Company directly or indirectly has the power to govern the subsidiary's financial and operating policies in order to obtain economic benefits. The existence and effect of potential voting rights that can be readily used or converted are a factor to be considered in deciding whether significant influence exists.

All subsidiaries are consolidated according to the acquisition method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. A purchase price allocation (PPA) is used to determine the acquisition date fair value of the identifiable assets acquired and liabilities assumed, as well as any non-controlling interest in the acquiree. Acquisition-related costs, with the exception of those associated with the issue of equity or debt instruments, are expensed as incurred.

In business combinations where the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree (in a business combination achieved in stages) exceeds the Group's share in the fair value of net identifiable assets acquired and liabilities assumed, the difference is recorded as goodwill. When the difference is negative,



the resulting gain is recognised as a bargain purchase directly in profit or loss.

The consideration transferred for the acquisition of a subsidiary does not include amounts related to the settlement of pre-existing business relationships. Such amounts are recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, it is not remeasured and settlement is accounted for within equity. Otherwise, the fair value of contingent consideration is remeasured at each reporting date and the change is recognised in profit or loss.

In business combinations where less than 100 per cent of the subsidiary is acquired, non-controlling interests arise. There are two alternative methods for accounting for non-controlling interests. The first of these is to record non-controlling interests as their proportionate share of net assets, while the second is to record non-controlling interests at fair value, which means that the non-controlling interests have a share in goodwill. The choice between these two methods can be made on an acquisition-by-acquisition basis. For acquisitions carried out during 2010, non-controlling interests are measured as their proportionate share of net assets.

For business combinations achieved in stages (step acquisitions), the amount of goodwill is determined on the date when control is obtained. Any previously-held equity interests are measured at fair value and value changes are recognised in profit or loss.

Partial disposals of an investment in a subsidiary that result in loss of control are measured at fair value and value changes are recognised in profit or loss.

For business combinations carried out between 1 January 2004 and 31 December 2009 where the cost of acquisition exceeds the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed, the difference was recorded as goodwill. When the difference was negative, it was recognised directly in profit or loss. Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

For business combinations prior to 1 January 2004, after impairment testing, goodwill was measured at a cost of acquisition corresponding to the carrying amount according to the previously applied accounting policies. The classification and accounting treatment of business combinations prior to 1 January 2004 have not been restated according to IFRS 3 in presentation of the Group's opening balance sheet according to IFRS at 1 January 2004.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from non-controlling interests are accounted for as equity transactions, i.e. transactions between owners of the Parent Company (retained earnings) and non-controlling interests. As a result, goodwill arises in these transactions. Changes in non-controlling interests are based on their proportionate share in net assets.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction, i.e. a transaction between owners of the Parent Company and non-controlling interests. The difference between the consideration received and the non-controlling interests' proportionate share in acquired net assets is recognised in retained earnings.

#### *Associated companies*

Associated companies are all entities over which the Group has a significant influence, but not control, over the operating and financial policies in a manner normally determined by the ownership of between 20 and 50 per cent of the voting power. From the date on which the significant influence passes the Group, investments in associates are reported according to the equity method of accounting, whereby the Group's carrying amount for the investment in an associate corresponds to the Group's share in the fair value of net assets of the associated company as well as goodwill and the effects of any fair value adjustments. In the consolidated income statement, shares in profit or loss attributable to owners of the Parent Company, adjusted for amortisation, impairment losses or reversals on goodwill or negative goodwill, are recognised in "Share in profit of associates". These shares in profit, less dividends received from associated companies, constitute the main change in the carrying amount of investments in associates. The Group's share in other comprehensive income of associates is recognised on a separate line in the Group's other comprehensive income.

On acquisition of the investment in an associate, any difference (whether positive or negative) between the cost of acquisition and the investor's share of the fair values

of the net identifiable assets including contingent liabilities of the associated company are accounted for in accordance with IFRS 3, Business Combinations.

Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition. When the Group's share in reported losses of an associated company exceeds the carrying amount of the Group's investment in the associated company, the value of the investment is reduced to zero. Losses are also recognised against long-term interests that, in substance, form part of the investor's net investment in the associated company. Additional losses are recognised by a provision (liability) only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company. The equity method is applied until the date on which the significant influence ceases.

#### *Joint ventures*

For accounting purposes, joint ventures are those companies for which the Group has entered into a contractual arrangement whereby two or more parties have joint control over the operating and financial policies. Joint ventures are consolidated according to the proportional method, whereby the Group's share of the joint venture's income, expenses, assets, and liabilities are recognised in the consolidated statement of comprehensive income and the statement of financial position. This is done by combining the venturer's share of the assets, liabilities, income and expenses of the jointly controlled entity with the corresponding items, line by line, in the venturer's consolidated financial statements. Only equity earned after the acquisition date is included in consolidated equity. The proportional method is applied from the date on which joint control passes to the Group and until the date on which joint control ceases.

#### *Transactions to be eliminated on consolidation*

All intra-group receivables and liabilities, income or expenses, and unrealised gains or losses arising on transactions between group companies are eliminated in full in presentation of the consolidated financial statements. Unrealised gains arising on transactions with associated companies and joint ventures are eliminated to the extent of the Group's interest in the company. Unrealised losses are similarly eliminated unless they provide evidence of impairment.

#### **Foreign currency**

##### *Transactions in foreign currency*

Transactions in foreign currencies are translated to the functional currency at the rate of exchange ruling on the transaction date. The functional currency is the currency of the primary economic environment in which the group company operates. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Foreign exchange differences arising on translation are recognised in the income statement.

##### *Financial statements of foreign operations*

Assets and liabilities in foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the Group's presentation currency, SEK, at the closing day rate of exchange. Income and expenses in foreign operations are translated to SEK at an average rate that is a reasonable approximation of actual rates on the respective transaction dates. Translation differences arising on translation of foreign operations are recognised in the statement of comprehensive income and accumulated as a separate component of equity, other reserves. When a foreign operation is disposed of, the cumulative amount of the exchange differences recognised in other comprehensive income and accumulated in the separate component of equity relating to that foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised. Sweco has no group companies in countries with hyperinflationary economies.

The following exchange rates have been used for translation of the most significant currencies:

	2010		2009	
	Closing day rate	Average rate	Closing day rate	Average rate
EUR	9.00	9.54	10.35	10.62
NOK	1.15	1.19	1.24	1.22

##### *Hedges of net investments in foreign operations*

On consolidation, exchange differences arising from the translation of net investments in foreign operations and other currency instruments designated as hedges of such investments are recognised in the statement of comprehensive income and accumulated in other reserves in equity, to the extent that the hedge is effective. The ineffective

portion is recognised in the consolidated income statement. When a foreign operation is disposed of, the cumulative amount of the exchange differences relating to that foreign operation, after deduction of any currency hedges, is reclassified from equity to profit or loss.

Cumulative translation differences arising before 1 January 2004 (transition to IFRS) have been recognised as a foreign currency translation reserve in equity.

### Revenue

Revenue is measured at the fair value of the consideration receivable for services rendered in the Group's operating activities. The Group recognises revenue when the amount can be measured reliably and it is probable that the economic benefits will flow to the company.

In the consolidated income statement, the year's contract revenue generated by service contracts is recognised in operating income. In the balance sheet, service contracts are recognised at the value of the contract revenue less confirmed losses and anticipated loss risks. Service contracts where the value of work in progress exceeds progress billings are reported among assets as work in progress less progress billings. Service contracts where the value of progress billings exceeds the value of work in progress are reported among liabilities as progress billings in excess of work in progress. The stage of completion of a contract is determined by comparing the proportion of contract costs incurred on the balance sheet date with the estimated total contract costs. If the outcome cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are expected to be recoverable. An expected loss should be recognised as an expense as soon as such loss is probable.

### Financial income and expenses

Financial income consists of interest income on invested funds, dividend income, revaluation gains on financial assets at fair value through profit or loss and gains on hedge instruments that are recognised in the income statement.

Interest income on financial instruments is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, accrued transaction costs and any other discounts and premiums. Dividend income is recognised when the right to payment has been established. Gains on the sale of financial instruments are recognised when the significant risks and rewards of ownership of the instrument have been transferred to the buyer and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, interest effects arising on reversal of the present value of provisions, revaluation losses on financial assets at fair value through profit or loss, impairment losses on financial assets and losses on hedge instruments that are recognised in the income statement. All borrowing costs are recognised in the income statement through application of the effective interest method, regardless of how the borrowed funds have been used.

Foreign exchange gains and losses are reported net. Foreign exchange gains and losses arising on operating receivables and liabilities are recognised in operating profit, while those arising on financial assets and liabilities are recognised in the income statement among financial items.

### Financial instruments

The financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, loans and receivables, financial investments and derivatives. On the liability side, these include trade payables, borrowings and derivatives.

#### *Recognition and derecognition of assets and liabilities*

A financial asset or liability is recognised in the balance sheet when the company initially becomes party to the contractual provisions of the instrument. Trade receivables are recorded in the balance sheet when an invoice has been issued. Financial liabilities are recognised when the counterparty has performed and there is contractual obligation to pay, even if no invoice has been received. Trade payables are recorded when an invoice has been received.

A financial asset is derecognised from the balance sheet when the company's rights under the agreement are realised, expire or the company has relinquished control of the asset. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies to a part of a financial liability.

A financial asset and a financial liability are set off and netted in the balance sheet only when a legal right of setoff exists and there is an intent and ability to set off and net these items or to simultaneously realise the asset and settle the liability.

The purchase or sale of a financial asset is recognised on the trade date, which is the date on which the transaction takes place, except for when the company acquires or sells listed securities, in which case settlement date accounting is applied.

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is established by using different valuation techniques such as recent transactions, prices for similar instruments and discounted cash flows.

#### *Classification and measurement*

Non-derivative financial instruments are initially measured at cost, corresponding to fair value including transaction costs for all financial assets and liabilities not measured at fair value through profit or loss, which are measured at fair value less transaction costs. On initial recognition, a financial instrument is classified based on the intent for acquisition of the financial instrument. Subsequent to initial recognition, the accounting treatment of financial liabilities depends on how they are classified, as described below.

Cash and cash equivalents comprise cash in hand and at bank and other highly liquid short-term investments with original maturities of less than three months which are exposed to insignificant risk for value fluctuations. Highly liquid short-term investments are investments that are readily convertible to known amounts of cash and do not require a buyer in order to be realised.

Financial investments comprise either financial assets or short-term investments depending on the period or intent of the holding. If the maturity or expected holding period is longer than one year the investments are recognised as financial assets, and if it is shorter they are recognised as short-term investments.

#### *Financial assets at fair value through profit or loss*

This category consists of financial assets held for trading and other financial assets which Sweco has designated to this category on initial recognition. Assets in this category are subsequently measured at fair value with fair value changes in net financial items. This category includes derivatives with a positive fair value and financial investments.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Such receivables arise when Sweco provides cash, goods or services directly to a customer with no intent of trading the resulting receivable. Assets in this category are subsequently recognised at amortised cost. Amortised cost is calculated using the effective interest rate on the acquisition date. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of those receivables. Financial difficulties of the debtor and default or delinquency of payments are considered objective evidence of impairment. If the expected holding period is longer than one year, they are non-current receivables, and if it is shorter they are other receivables.

#### *Held-to-maturity investments*

Held-to-maturity investments consist of fixed-income securities with fixed or determinable payments and fixed maturity that the company has a positive intention and is able to hold to maturity. Assets in this category are measured at amortised cost.

#### *Financial liabilities at fair value through profit or loss*

This category consists of financial liabilities held for trading and other financial liabilities which Sweco has chosen to place in this category. Liabilities in this category are subsequently measured at fair value, with value changes recognised in net financial items. This category includes the Group's derivatives with negative fair values.

#### *Other financial liabilities*

This category includes borrowings and other financial liabilities, such as trade payables. These liabilities are measured at amortised cost, which is calculated using the effective interest rate on the transaction date. Non-current liabilities have an expected maturity of longer than one year, while current liabilities have a maturity of shorter than one year.

The categories in which the Group's financial assets and liabilities are grouped are presented in Note 32 Financial assets and liabilities.

#### *Subscription warrants*

Premiums received on the issue of subscription warrants are recognised as other contributed capital within equity. Upon exercise of the warrants, the payment received is divided between the share capital and other contributed capital. The subscription warrants in Sweco have been granted only to senior executives in the Group and have been priced at fair market value, with application of the Black & Scholes valuation model.

tion model, see also Note 33. These are consequently not regarded as share-based payment.

### Derivatives and hedge accounting

Derivative instruments in the Sweco Group consist of forward exchange contracts entered into in order to reduce the risk for exchange rate movements. All derivatives are initially measured at fair value, which means that transaction costs affect profit or loss for the current period. Derivatives are subsequently measured at fair value and changes in fair value are recognised directly in the income statement within operating profit when the criteria for hedge accounting have not been met.

### Receivables and liabilities in foreign currency

Forward exchange contracts are used to hedge assets and liabilities against currency risk. Hedge accounting is not used for these currency hedges, since an economic hedge is reflected in the financial statements in that both the underlying asset or liability and the hedge instrument are translated at the rate of exchange on the balance sheet date and exchange gains and losses are recognised in the income statement. Changes in the fair value of operating receivables and liabilities are recognised in operating profit, while changes in the fair value of financial assets and liabilities are recognised in net financial items.

### Hedges of net investments

To a certain extent, investments in foreign operations (net assets including goodwill) are hedged through borrowing in foreign currency. These are translated at the rate of exchange on the balance sheet date. Translation differences on a financial instrument that is designated as, and is effective as, an economic hedge of a net investment in a foreign operation are recognised in the statement of comprehensive income. This is done in order to neutralise the impact of translation differences that affect the statement of comprehensive income when the foreign operation is consolidated. Cumulative translation differences in equity are recycled to the income statement when the subsidiary is sold.

### Tangible assets

#### Owned assets

A tangible asset is recognised as an asset in the balance sheet when it is probable that the economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Tangible assets in the Group are recognised at historical cost less accumulated depreciation and any impairment losses.

Historical cost includes the costs of purchase and all directly attributable costs necessary to bring the asset to its required working condition. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are included as part of the cost of that asset.

Tangible assets consisting of identifiable parts with different useful lives are treated as separate components of tangible assets.

The carrying amount of a tangible asset is derecognised in the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on sale arising from disposal of an asset is the difference between any disposal proceeds and the carrying amount of the asset less direct costs to sell, and is recognised in other operating income/expenses.

#### Leased assets

Leased assets are reported in accordance with IAS 17. In the consolidated financial statements, leases are classified as either finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recorded as non-current assets in the consolidated balance sheet. The obligation to pay future lease payments is reported in the balance sheet under current and non-current liabilities. The leased assets are depreciated on a straight-line basis, while the lease payments are recognised in interest expenses and repayment of borrowings. The finance charge is allocated to income throughout the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Variable charges are expensed as incurred.

For operating leases, the lease payments are recognised in profit or loss over the lease term according to the pattern of benefit, which may differ from the de facto amount of lease payments during the year. Incentives for the agreement of a new or renewed operating lease are recognised in the income statement as a reduction of the lease charges on a straight-line basis over the lease term. Variable charges are expensed as incurred.

### Subsequent expenditure

Subsequent expenditure is added to the recorded value of the asset or recognised as a separate asset when it is probable that the future economic benefits associated with the asset will flow to Group and the cost of the asset can be measured reliably.

The decisive factor in determining if subsequent expenditure should be capitalised as a component of the asset is whether the expenditure refers to replacement of an identified component, or parts thereof, in which case it is capitalised. In cases where a new component is created, the resulting expenditure is added to historical cost. Any residual value of a replaced component, or parts thereof, is recognised as an expense in connection with replacement. Repairs are expensed as incurred.

### Depreciation

Depreciation is charged on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The Group applies component depreciation, whereby depreciation is based on the estimated useful life of the components.

The estimated useful lives are:

– buildings, operating properties	50 years
– IT and computer equipment	3 years
– other equipment	5 years

The residual value and useful life of an asset is evaluated yearly.

### Intangible assets

#### Goodwill

Goodwill represents the difference between the fair value of purchase consideration given in connection with an acquisition and the fair value of net assets acquired and liabilities assumed including contingent liabilities.

For goodwill arising from business combinations prior to 1 January 2004, the carrying amount becomes the Group's deemed cost, after impairment testing. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and is no longer amortised but is instead tested for impairment at least annually (see next page). Goodwill arising on investments in associated companies is included in the carrying amount of the shares in the associated company.

#### Capitalised development costs

Costs for research aimed at obtaining new scientific or technical knowledge are expensed as incurred.

Costs for development, where knowledge is used to achieve new or improved products or processes, are recognised as an asset in the balance sheet only when the technical and commercial feasibility of the product or process has been established, the Group has adequate resources to complete development and the Group intends and is able to complete the intangible asset and either use it or sell it. It must also be possible to demonstrate how the asset will generate probable future economic benefits and to reliably measure expenditure attributable to the asset during its development. The costs recognised should include the costs of materials, direct employment costs and indirect costs that can be attributed to the asset in a reasonable and consistent manner. Other development costs are expensed as incurred. Capitalised development costs are carried at cost less any amortisation and impairment losses. In the Group, there is a developed software solution for project management.

#### Capitalisation of intangible assets in business combinations

In connection with a business combination, the value of the order backlog, customer relationships and brands/trademarks is measured. The capitalised order backlog is measured as the contribution margin on fixed orders. Customer relationships and brands/trademarks are measured at cost less accumulated amortisation.

#### Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less any amortisation and impairment losses (see next page). Expenses incurred for internally generated goodwill and internally generated brands/trademarks are recognised in profit or loss for the period in which they arise.

### Subsequent expenditure

Subsequent expenditure on a capitalised intangible asset is recognised within assets in the balance sheet only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expense can be measured reliably.



**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of so-called qualifying assets are capitalised as part of the cost of the asset. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. The Group capitalises borrowing costs primarily on borrowings that are specific to the qualifying asset and, alternatively, on borrowing costs arising on general borrowings that are not specific to any other qualifying asset.

**Amortisation**

Amortisation is recognised in profit or loss and is carried out straight-line over the estimated life of the asset, unless the useful life is indefinite. Goodwill and intangible assets with indefinite lives are tested for impairment at least annually, or more frequently if circumstances indicate a possible impairment. Amortisable intangible assets are amortised from the date on which they become available for use. The estimated useful lives are:

– capitalised development costs	5 years
– licenses	3 years
– customer relationships	5 years
– brands/trademarks	1–3 years
– order backlog	in pace with realisation

**Impairment**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to look for any indication that an asset may be impaired. If there is an indication of impairment, the asset's recoverable amount is calculated. For deferred tax assets the carrying amount is reviewed according to the applicable standards (see section on taxes).

For goodwill and other intangible assets with indefinite useful lives, the recoverable value is calculated annually.

For an asset that does not generate any cash flow independently from other assets, recoverable value is calculated for the smallest identifiable cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in the income statement.

In the event of an impairment loss, the carrying amount of any goodwill allocated to the cash-generating unit (group of units) is first reduced, and then the carrying amounts of the other assets of the unit (group of units) on a pro rata basis.

**Determining recoverable amount**

The recoverable amounts of assets in the category held-to-maturity investments are calculated as the present value of future cash flows discounted at the effective rate in force at initial recognition of the asset. Assets with a time to maturity of less than one year are not discounted.

The recoverable amount of other assets is the higher of fair value less costs to sell and value in use. In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. If it is not possible to determine the recoverable amount for the individual asset, the recoverable amount is calculated for the smallest identifiable cash-generating unit to which the asset belongs.

**Reversal of impairment**

Impairment losses are reversed when both an impairment test indicates that there has been a recovery of value and there has been a change in the estimates used to determine the asset's recoverable amount. Reversal of impairment losses on goodwill is prohibited. An impairment loss is reversed only when the increased carrying amount due to reversal is not more than what the depreciated historical cost would have been if the impairment had not been recognised, with an adjustment of amortisation for future periods.

Impairment losses on held-to-maturity investments or loans and receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event occurring after the date of the impairment loss.

**Share capital****Treasury shares**

On the repurchase of shares (treasury shares), the amount of consideration given is recognised as a reduction in equity. Proceeds from the sale of treasury shares are recognised as an increase in equity. Any transaction costs are recognised directly in equity.

**Dividends**

Dividends are recognised as a liability when they have been approved by the Annual General Meeting.

**Earnings per share**

Earnings per share are calculated by dividing profit or loss attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by adjusting the earnings and the average number of shares for the effects of dilutive potential ordinary shares, which during the reported periods consist of warrants issued to employees.

**Employee benefits****Pension plans**

The pension plans are financed through payment of premiums to insurance companies or pension funds, according to periodic actuarial computations. A defined benefit plan is based on a formula indicating the exact amount of benefit to be received by the employee after retiring, normally based on one of more factors such as age, duration of employment or salary. In a defined contribution plan, the employer pays a fixed contribution to a separate legal entity (insurance company). Sweco has both defined contribution and defined benefit plans.

**Defined contribution plans**

A defined contribution plan is classified as a plan where the company's legal or constructive obligation is limited to the amount that it agrees to contribute. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by the company to the pension plan or to an insurance company, together with investment returns arising from the contributions. Consequently, it is the employee who bears both the actuarial risk (that the amount of benefits will be lower than anticipated) and the investment risk (that the invested assets will not be adequate to provide the anticipated benefits). For defined benefit plans, the expense to be recognised in the profit loss account for the period is the contribution payable in exchange for service rendered by employees during the period.

**Defined benefit plans**

The Group's net obligation under defined benefit plans is determined separately for each plan through a reliable estimate of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. This obligation is discounted to a present value reduced by the fair value of plan assets. The discount rate is determined by reference to market yields at the balance sheet date on high quality corporate bonds with a term to maturity corresponding to the Group's pension obligations. When there is no active market for such corporate bonds, the market yield on government bonds with a corresponding term to maturity is instead used. Valuation is carried out by a qualified actuary using the Projected Unit Credit Method. The fair value of plan assets is also computed on the reporting date.

When the benefits of a plan are improved, that portion of increased benefits attributable to employee service in prior periods is recognised as an expense and is amortised on a straight-line basis over the average period until the amended benefits become vested. If the benefits are fully vested, past service cost is recognised immediately.

The corridor approach is applied, whereby accumulated unrecognised actuarial gains and losses that exceed +/- ten per cent of the higher of the present value of plan obligations and the fair value of plan assets are recognised in income or expense over the expected average remaining working lives of the participating employees. In other case, actuarial gains and losses are not recognised.

When valuation leads to an asset for the Group, the recognised value of the asset is limited to the net total of unrealised actuarial losses and past service costs and the present value of any benefits available in the form of refunds or reductions in future employer contributions to the plan.

When there is a difference between how the pension expense is determined in a legal entity and in the Group with respect to the Swedish group companies, a provision or asset for special payroll tax is recognised on the basis of this difference.

**Termination benefits**

An expense is recognised on the termination of employees only if the company is demonstrably committed to terminate an employee or group of employees before the normal retirement date.

**Short-term employee benefits**

For short-term employee benefits, the undiscounted amount of benefits expected to be paid in respect of service rendered by employees in a period is recognised in that period.

**Share-based payment**

In the Sweco Group, a share bonus program (2009 Share Bonus Program) was completed during the year. Under this program, a bonus was paid to the employees in the form of shares in the company. The program covered the majority of employees in

Sweden, Finland, Norway and Denmark and was a so-called equity-settled instrument. The number of shares granted was calculated on the basis of an established base share price, which is equal to the average volume-weighted bid price for Sweco AB's class B share during a certain period less the amount of any decided dividends. The base share price is recalculated according to standard terms if Sweco's general meeting of shareholders resolves on a split, preferential rights issue or other similar procedure during the term of the program. The estimated bonus is recognised on a straight-line basis over the remaining vesting period as a personnel expense with a corresponding increase in equity. The amount recognised as an expense is equal to the fair value of the estimated number of shares expected to vest. This expense will be adjusted in subsequent periods to reflect the current number of vested shares.

Social security expenses in respect of share-based payments to employees as consideration for services rendered are recognised over the same period or periods in which the services are provided. Provisions for social security expenses are based on the fair value of the shares on the reporting date.

### Provisions

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. When the timing effect of payment is significant, provisions are measured at discounted present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Group's provisions consist of pension provisions.

### Income taxes

Income taxes consist of current tax and deferred tax. Income taxes are included in profit or loss except when the underlying transaction is recognised in the statement of comprehensive income, in which case the resulting tax effect is also recognised in the statement of comprehensive income.

Current tax refers to tax payable or receivable with respect to the year's profit or loss, with the application of the tax rates that have been enacted or substantively enacted by the balance sheet date. This also includes adjustments in current tax from earlier periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying amount of an asset or liability and its tax base. The following temporary differences are not recognised; temporary differences arising on initial recognition of goodwill, initial recognition of assets and liabilities that are not acquired operations at the time of the transaction affect neither reported nor taxable profit, nor temporary differences attributable to participations in subsidiaries and associated where the Group can control the date for recovery of these and it is probable that these will not be recovered in the foreseeable future. The measurement of deferred tax reflects the manner in which the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is computed with the application of the rates/laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets for deductible temporary differences and unused tax loss carry-forwards are recognised to the extent that it is probable that these can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Any additional income tax arising on dividends is recorded on the date when the dividend is recognised as a liability.

### Contingent liabilities

A contingent liability is recognised where there is a possible obligation depending on the occurrence of some uncertain future event, or whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when an obligation is not recognised as a liability or provision because the possibility of an outflow of economic resources is remote.

### Parent Company accounting policies

The annual financial statements of the Parent Company are presented in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2, Accounting for Legal Entities. The statements for listed companies issued by the Swedish Accounting Standards Board's Urgent Issues Task Force are also applied. RFR 2 states in the report for the legal entity, the Parent Company shall apply all EU-endorsed IFRS and statements as far as possible within the framework of the Annual Accounts Act and the Pension Protection Act, and with respect to the connection between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS.

*Differences between the accounting policies of the Group and the Parent Company*  
The differences between the accounting standards applied by the Group and the Parent Company are described below. The following accounting standards for the Parent Company have been applied consistently for all periods presented in the Parent Company financial statements.

### Changed accounting policies

Unless otherwise specified, the accounting policies applied by the Parent Company in 2010 have been adjusted in accordance with the changes described above for the Group.

The changed accounting standards in the revised IFRS 3, Business Combinations, and IAS 27, Group and Separate Financial Statements, which have been applied in the Group, do not result in the same changes in the accounting policies of the Parent Company with regard to acquisition-related expense and contingent consideration, see below.

### Subsidiaries, associates and joint ventures

In the Parent Company, investments subsidiaries, associates and joint ventures are accounted for in accordance with the cost method of accounting. This means that acquisition-related costs are included in the carrying amount of the investment in a subsidiary, associate or joint venture. In the consolidated financial statements, acquisition-related costs are expensed as incurred.

The value of contingent consideration is measured based on the probability that the consideration will be paid. Any changes in the provision/receivable are added to/reduce the historical cost. In the consolidated financial statements, contingent consideration is measured at fair value with value changes through profit or loss.

A bargain purchase (negative goodwill) that is related to expectations of future losses and expenses is recognised when the expected losses and expenses occur. Negative goodwill arising for other reasons is recognised as a provision to the extent that it does not exceed the aggregate fair value of acquired identifiable non-monetary assets. The portion exceeding this value is recognised directly in profit or loss. That portion that does not exceed the aggregate fair value of acquired identifiable non-monetary assets is recognised as income on a systematic basis over the remaining weighted average useful life of the acquired identifiable depreciable/amortisable assets. In the consolidated financial statements, bargain purchases are recognised directly in profit or loss.

### Sale of goods and performance of services

In the Parent Company, revenue from the sale of services is recognised when the performance of the service is completed, according to Chapter 2, paragraph 4 of the Annual Accounts Act. Until then, work in progress is recognised at the lower of cost and net realisable value on the balance sheet date.

The Parent Company's invoicing of group-wide administration and other operations is recognised in net sales in the income statement.

### Dividends

Dividends are recognised when the right to receive payment is deemed certain. Similar requirements apply to dividends from subsidiaries, and that the distributed profits must be earned after Sweco's acquisition date. Dividends can also be anticipated if the dividend has been decided or if Sweco can ensure that dividends are paid via its holding in the company.

### Work in progress

In the balance sheet, work at a fixed price is reported at the lower of cost and fair value. Work on current account is not assigned a value in the balance sheet.

### Finance leases

In the Parent Company, all leases are recognised according to the rules for operating leases.

### Defined benefit pension plans

The Parent Company applies different grounds for calculation of defined benefit pension plans than those stated in IAS 19. The Parent Company complies with the provisions in the Pension Protection Act and the regulations of the Swedish Financial Supervisory Authority since this is a requirement for tax deductibility. The most significant differences compared to the rules in IAS 19 are how the discount rate is determined, that the defined benefit obligation is calculated on the basis of current salary level with no assumption about future salary increases, and that actuarial gains and losses are recognised in the income statement for the period during which they arise.

*Income taxes*

In the Parent Company, untaxed reserves are reported including deferred tax liabilities. In the consolidated financial statements, however, untaxed reserves are divided between a deferred tax liability and equity.

*Financial guarantees*

The Parent Company's financial guarantee contracts consist of guarantees issued on behalf of subsidiaries. A financial guarantee contract is a contract that requires the company to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due or as agreed. The Parent Company reports financial guarantee contracts according to an optional exception permitted by the Swedish Financial Accounting Standards Council compared to the rules in IAS 39. This optional exception refers to financial guarantee contracts on behalf of subsidiaries, associated companies and joint ventures. The Parent Company reports financial guarantees as a provision in the balance sheet when there is an obligation for which it is probable that settlement will require an outflow of resources.

*Group and shareholder contributions for legal entities*

Shareholder contributions are recognised directly in equity by the recipient and are capitalised in shares and participations by the giver, to the extent that no impairment charge is required. Group contributions are reported in accordance with their financial significance. This means that group contributions equated with dividends are reported by the recipient in profit from participations in group companies and by the giver as a reduction in non-restricted equity.

## 2 NET SALES

The Group's net sales are essentially attributable to the performance of services.

## 3 SEGMENT REPORTING

### OPERATING SEGMENTS – BUSINESS AREAS

The Group's operations are divided into operating segments on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Management, with application of the so-called management perspective. In the Group, the operating segments are defined as business areas.

The Group's operations are organised in such a way that the Executive Management monitors the profit, operating margin and billing ratio generated by the Group's different geographical areas. Each business area is headed by an individual who is responsible overseeing day-to-day operations and who regularly reports the business area's operating results and performance to the Executive Management. Since the Executive Management monitors the results of the business areas, these comprise the Group's operating segments.

The Group's internal reporting is structured so that the Group Management can monitor the performance and results of all geographical areas. However, the Industry business area, whose activities consist of industrial consulting engineering services, is an exception since its operations are based in several countries. Based on this internal reporting, the Group's business areas have been identified and their various components have undergone a process aimed at merging or combining segments that are similar. This means that segments have been combined when they have similar financial attributes, services, customers and distribution methods and operate in a similar regulatory environment.

#### The following business areas have been identified:

Sweco Sweden	Architecture, structural engineering, building service systems, infrastructure, water and environment, project management, energy, Geographical IT, analysis & strategic development									
Sweco Norway	Structural engineering, energy, water and environment, infrastructure, building service systems									
Sweco Finland	Project management									
Sweco Russia	Water and environment, energy									
Sweco Central & Eastern Europe	Water and environment, structural engineering, building service systems, infrastructure, energy									
Sweco Industry	Chemical industry, pulp and paper industry, marine industry, energy, product development									
Group-wide	Group-wide functions									

	Sweco Sweden	Sweco Norway	Sweco Finland	Sweco Central & Eastern Europe	Sweco Russia	Sweco Industry	Group-wide	Eliminations	Unallocated	Total Group
<b>2010</b>										
External sales	3,101.6	1,289.9	81.4	269.8	26.9	502.8	–	–	–	5,272.4
Internal sales	2.3	6.7	0.5	8.4	1.6	33.8	49.1	–102.4	–	–
<b>TOTAL NET SALES</b>	<b>3,103.9</b>	<b>1,296.6</b>	<b>81.9</b>	<b>278.2</b>	<b>28.5</b>	<b>536.6</b>	<b>49.1</b>	<b>–102.4</b>	<b>–</b>	<b>5,272.4</b>
Amortisation/depreciation and impairment	–46.9	–18.9	–0.5	–10.3	–0.4	–8.9	–8.5	–	–	–94.4
Operating profit/loss	334.2	130.8	7.2	7.3	3.4	1.5	–51.7	–	–	432.7
Financial income							5.3			5.3
Financial expenses							–14.3			–14.3
Profit/loss before tax										423.7
Significant non-cash items aside from amortisation/depreciation	7.1	6.0	0.0	–1.1	–0.3	0.4	–4.7	–	–	7.4
Assets	1,725.0	768.7	84.2	321.2	40.3	418.4	2,021.7	–2,398.2	7.1	2,988.4
Investments in tangible assets	47.3	20.1	0.1	38.7	0.2	1.5	0.3	–	–	108.2
Investments in intangible assets	19.3	14.6	0.3	3.6	0.0	2.2	–	–	–	40.0
Liabilities	1,741.9	335.6	20.4	296.8	42.2	75.0	1,021.3	–2,107.8	133.4	1,558.8



	Sweco Sweden	Sweco Norway	Sweco Finland	Sweco Central & Eastern Europe	Sweco Russia	Sweco Industry	Group- wide	Eliminations	Unallocated	Total Group
<b>2009</b>										
External sales	2,931.6	1,284.6	89.8	296.8	29.2	706.7	0.0	–	–	<b>5,338.7</b>
Internal sales	23.0	3.6	4.9	10.2	1.8	55.6	59.7	–158.8	–	<b>–</b>
<b>TOTAL NET SALES</b>	<b>2,954.6</b>	<b>1,288.2</b>	<b>94.7</b>	<b>307.0</b>	<b>31.0</b>	<b>762.3</b>	<b>59.7</b>	<b>–158.8</b>	<b>–</b>	<b>5,338.7</b>
Amortisation/depreciation and impairment	–52.4	–19.1	–0.6	–13.7	–0.7	–27.5	–6.1	–	–	<b>–120.1</b>
Operating profit/loss	327.4	141.2	8.9	5.4	1.2	–22.3	–18.2	–	–	<b>443.6</b>
Financial income							10.6			<b>10.6</b>
Financial expenses							–10.6			<b>–10.6</b>
Profit/loss before tax										<b>443.6</b>
Significant non-cash items aside from amortisation/depreciation	–39.3	–22.9	0.2	–2.5	–0.4	3.7	5.5	–	–	<b>–55.7</b>
Assets	1,623.4	765.0	95.1	296.1	44.8	524.2	2,008.5	–2,219.8	14.0	<b>3,151.3</b>
Investments in tangible assets	43.9	20.4	1.5	2.9	0.1	4.4	0.1	–	–	<b>73.3</b>
Investments in intangible assets	26.6	1.7	0.3	5.2	0.1	1.1	–	–	–	<b>35.0</b>
Liabilities	1,698.6	361.2	21.8	256.4	49.4	152.4	838.3	–1,929.4	109.6	<b>1,555.6</b>

Net financial items are not followed up at the business area level since they are affected by measures taken by the central treasury department, which handles the Group's cash liquidity.

Net sales in the Parent Company amounted to SEK 49.1 million (59.7). Of total net sales in the Parent Company, 100 per cent (100) consisted of sales to group companies. Of the Parent Company's other external expenses, 23 per cent (19) consisted of purchases from group companies.

Amortisation/depreciation and impairment losses 2009 include a goodwill write-down of SEK 12.8 million in Sweco Industry due to restructuring in the Finnish operations, see also Note 7.

Non-cash items refer to capital gains, share-based bonus payments and the difference between pension premiums recognised and paid, see also cash flow statement on page 46.

Assets consist of operating receivables, IT equipment and office equipment. The breakdown of intangible assets is shown in Note 14. Group-wide items include cash and cash equivalents and short-term investments of SEK 211.2 million (409.7).

The business areas' profits, assets and liabilities have included directly attributable items that can be allocated to the business areas in a reasonable and reliable manner. The reported items in profits, assets and liabilities of the operating segments are measured in accordance with the profits, assets and liabilities regularly reviewed by the Executive Management.

Transfer prices between the Group's various operating segments are set according to the "arm's length" principle, i.e. market-based prices.

Group-wide consist of gains and losses on the sale of financial investments, income tax expenses, tax expenses and general administrative expenses. The group-wide assets and liabilities that have not been allocated are deferred tax assets and deferred tax liabilities.

#### NET SALES FROM EXTERNAL CUSTOMERS BY SERVICE SEGMENT

	Group	
	2010	2009
Water & Environment	932.6	929.0
Infrastructure	840.4	822.1
Energy	756.2	773.7
Building Service Systems	727.5	757.0
Structural Engineering	673.2	544.8
Industry	475.9	689.9
Architecture	435.0	393.3
Project Management	306.4	309.6
Geographical IT	125.2	119.3
<b>TOTAL</b>	<b>5,272.4</b>	<b>5,338.7</b>

#### OPERATING SEGMENTS – GEOGRAPHICAL AREAS

	External sales		Assets	
	2010	2009	2010	2009
Sweden	2,974.4	2,641.1	1,840.8	1,886.9
Norway	1,302.1	1,294.8	802.4	811.0
Denmark	57.8	50.0	15.6	22.8
Finland	280.0	452.3	371.3	472.2
Estonia	22.3	33.3	51.2	63.0
Lithuania	69.7	83.6	66.1	80.2
Czech Republic	115.3	145.1	102.0	113.9
Slovakia	9.3	2.7	1.5	1.7
Bulgaria	26.6	33.8	37.7	36.3
Poland	44.2	9.2	58.4	–
Rest of EU	66.6	94.0	–	–
Russia	81.8	75.7	35.0	35.6
Rest of Europe	40.8	70.2	–	–
Africa	47.0	111.3	–	–
Asia	122.6	219.4	–	–
Oceania	0.4	4.3	–	–
North America	3.2	4.3	–	–
South and Central America	8.3	13.6	–	–
Unallocated	–	–	7.1	14.0
Eliminations	–	–	–400.7	–386.3
<b>TOTAL</b>	<b>5,272.4</b>	<b>5,338.7</b>	<b>2,988.4</b>	<b>3,151.3</b>

#### INFORMATION ABOUT MAJOR CUSTOMERS

The Group has no net sales attributable to any individual customer that accounts for 10 per cent or more of the Group's total net sales. See also section on credit risk in Note 33.

#### 4 FEES TO AUDITORS

	Group		Parent Company	
	2010	2009	2010	2009
PricewaterhouseCoopers AB				
– auditing services	3.3	3.8	0.4	1.0
– auditing services aside from the audit	0.8	0.4	0.4	0.4
– tax advice	0.2	0.1	–	–
– non-auditing services	2.7	0.7	2.2	0.1
Other auditing firms				
– auditing services	0.3	0.2	–	–
– tax advice	0.1	–	–	–
– non-auditing services	0.2	0.3	–	0.0
<b>TOTAL</b>	<b>7.6</b>	<b>5.5</b>	<b>3.0</b>	<b>1.5</b>

Auditing services refer to examination of the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of the company, other tasks incumbent on the company's auditor, and advice or other assistance prompted by observations from such audits or the performance of other such tasks. All other work is classified as non-auditing services.

#### 5 OPERATING LEASES AND RENTAL CONTRACTS

Fees according to leases and rental contracts in force	Group		Parent Company	
	2010	2009	2010	2009
Rents paid during the year	187.6	208.5	1.1	1.1
Other charges paid during the year	7.2	7.8	0.2	1.3
<b>TOTAL RENTS AND CHARGES PAID DURING THE YEAR</b>	<b>194.8</b>	<b>216.3</b>	<b>1.3</b>	<b>2.4</b>
Future lease payments and rents,				
– within one year	202.5	189.4	1.0	1.1
– between one and five years	469.3	438.9	4.0	2.2
– longer than five years	584.2	105.2	8.6	–
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>1,256.0</b>	<b>733.5</b>	<b>13.6</b>	<b>3.3</b>

Future lease payments refer to the nominal amount stipulated in non-cancellable leases and rental contracts, so-called future minimum payments. Of future minimum payments, approximately 99 per cent (98) consists of rents for premises. During the year, the rental contract for Sweco's head office in Marieberg, Stockholm, was extended by an additional 12 years. Other lease charges refer primarily to office equipment and IT equipment. For the Parent Company, future finance lease payments are included in an amount of SEK 0.2 million (0.3).

#### 6 EMPLOYEES AND PERSONNEL COSTS

Personnel costs	Group		Parent Company	
	2010	2009	2010	2009
Salaries and remuneration	2,325.8	2,346.9	17.8	15.1
Social security expenses, excl. pension costs	569.6	562.5	6.6	5.7
Pension costs, senior executives <sup>1) 2)</sup>	10.2	8.1	3.1	2.4
Pension costs, others <sup>1)</sup>	269.2	255.5	1.3	1.2
<b>TOTAL</b>	<b>3,174.8</b>	<b>3,173.0</b>	<b>28.8</b>	<b>24.4</b>

1) See also Note 28, Provisions for pensions.

2) Senior executives refer to 3 persons (3) in the Parent Company and 41 persons (40) in the Group.

	2010		2009	
Salaries and remuneration by country	Senior executives (46 persons)	Other employees	Senior executives (46 persons)	Other employees
<b>Sweden</b>				
Parent Company <sup>1)</sup>	11.1	6.7	10.1	5.0
Subsidiaries	18.4	1,244.0	19.6	1,191.3
<b>Total Sweden</b>	<b>29.5</b>	<b>1,250.7</b>	<b>29.7</b>	<b>1,196.3</b>
<b>Outside Sweden</b>				
Norway	3.9	679.4	4.2	637.6
Finland	5.5	197.2	5.6	299.0
Denmark	1.1	24.5	1.1	25.7
Estonia	0.6	8.5	1.5	18.2
Lithuania	0.7	24.0	0.9	31.4
Czech Republic	2.3	42.1	2.8	45.4
Bulgaria	1.1	9.5	0.9	11.4
Russia	0.8	11.2	0.5	18.3
Poland	1.6	13.8	–	–
Rest of Europe	0.1	0.5	0.1	1.7
Africa	–	5.4	–	5.9
Asia	–	11.3	–	8.3
South and Central America	–	0.5	–	0.4
<b>Total outside Sweden</b>	<b>17.7</b>	<b>1,027.9</b>	<b>17.6</b>	<b>1,103.3</b>
<b>TOTAL GROUP</b>	<b>47.2</b>	<b>2,278.6</b>	<b>47.3</b>	<b>2,299.6</b>

1) Senior executives in the Parent Company refer to 10 persons (9), which also include the Board of Directors.

Senior executives in the Group refer to 46 persons (46) and include board members and presidents of the Parent Company and all subsidiaries.

	2010		2009	
Average number of employees	Total	Of whom men, %	Total	Of whom men, %
<b>Sweden</b>				
Parent Company	13	38	13	38
Subsidiaries	2,673	73	2,634	72
<b>Total Sweden</b>	<b>2,686</b>	<b>72</b>	<b>2,647</b>	<b>72</b>
<b>Outside Sweden</b>				
Norway	933	74	891	74
Finland	459	83	649	83
Denmark	36	67	34	56
Estonia	57	53	89	51
Lithuania	243	55	272	56
Russia	96	34	139	38
Czech Republic	258	49	259	54
Slovakia	4	50	4	50
Bulgaria	75	44	70	46
Poland	110	67	–	–
Rest of Europe	–	–	3	67
Africa	9	100	9	100
Asia	19	95	15	93
South and Central America	1	100	1	100
<b>Total outside Sweden</b>	<b>2,300</b>	<b>68</b>	<b>2,435</b>	<b>69</b>
<b>TOTAL GROUP</b>	<b>4,986</b>	<b>70</b>	<b>5,082</b>	<b>71</b>

Percentage of women, %	Group		Parent Company	
	2010	2009	2010	2009
Board members in all companies	24	22	50	43
Other senior executives, 40 persons (39)	15	15	0	0

Sickness absence, %	Group		Parent Company	
	2010	2009	2010	2009
Total sickness absence	2.6	2.9	0.8	1.5
– long-term sickness absence	0.8	0.7		
– sickness absence for men	2.2	2.4		
– sickness absence for women	3.6	4.1		
– employees –29 years	2.4	2.9		
– employees 30–49 years	2.2	2.4		
– employees 50+ years	3.4	3.8		

## REMUNERATION TO SENIOR EXECUTIVES

### Principles

The Board of Directors appoints a Remuneration Committee whose task is to address matters related to terms of employment, pension benefits and bonus systems for senior executives. The Remuneration Committee also deals with general terms of employment and remunerative matters affecting all employees in the Company. Senior executives include the President, the members of the Executive Management and all managers who report directly to the President.

The Sweco Group's objective is to offer a competitive and market-based level of remuneration that makes it possible to recruit and retain qualified senior executives. Remuneration to senior executives consists of basic salary, a variable salary component, pension, other remuneration and share-based incentive schemes.

### Basic and variable salary

Remuneration shall be based on factors such as work duties, expertise, experience, position and performance. Furthermore, the relationship between basic and variable salary shall be proportionate to the responsibilities and powers of the individual in question. The maximum amount of variable salary for the President and Vice President is 75 per cent of basic salary. For other senior executives, the maximum amount of variable salary is 50 per cent of basic salary. The variable salary component is based on the actual results in relation to predetermined profitability targets. The targets for the President and other senior executives are established yearly by the Board of Directors.

### Pension

The pension terms of the President and other senior executives shall be market-based in relation to that which generally applies for comparable executives in the market and shall normally be based on defined contribution pension solutions.

### Other remuneration

Other remuneration may be awarded and may consist primarily of company car and telephone benefits.

### Share-based incentive schemes

Senior executives in the Sweco Group may be offered various forms of incentive schemes on market-based terms. The motive for share-based incentive schemes is to achieve an increase and spread of share ownership/exposure among the senior executives. A long-term personal share ownership commitment among key personnel can be expected to stimulate greater interest in the Company's operations and profit growth, and to increase motivation and alignment with the Company's goals.

Decisions regarding share-based incentive schemes shall always be resolved on by an Annual General Meeting or an Extraordinary General Meeting.

### Notice period and termination benefits

In the event of dismissal by the company, the President shall receive termination benefits equal to 18 monthly salaries. In the event of his resignation, the President has a six-month notice period. A notice period of 18 months shall apply even if the President resigns in the event of a change in circumstances whereby the company's principal owner is other than the two currently largest shareholders.

Between the company and other senior executives, the term of notice is normally 12 months in the event of dismissal by the company and six months in the event of resignation by the executive.

### Remuneration and other benefits in 2010 (SEK 000s)

	Basic salary/ board fees	Variable salary	Other benefits	Pension cost	TOTAL
Board Chairman					
Olle Nordström	390	–	–	–	390
Board member					
Sofia Arkelsten	88	–	–	–	88
Board member					
Anders G. Carlberg	215	–	–	–	215
Board member					
Gunnel Duveblad	255	–	–	–	255
Board member					
Aina Nilsson Ström	195	–	–	–	195
Board member					
Pernilla Ström	208	–	–	–	208
Board member					
Kai Wörn	108	–	–	–	108
President	4,092	1,010	103	1,223	6,428
Senior executives (6 persons)	9,649	1,045	656	3,250	14,600
<b>TOTAL</b>	<b>15,200</b>	<b>2,055</b>	<b>759</b>	<b>4,473</b>	<b>22,487</b>

The Chairman and other members of the Board receive Board fees and compensation for committee work according to the decision of the Annual General Meeting. The President and employee representatives receive no Board fees.

Senior executives consist of the Group Management and senior executives (excluding the President of Sweco AB) who are presented on pages 90–91.

Variable salary refers to bonuses expensed in 2010.

Sweco has issued subscription warrants to senior executives. In 2008 Sweco issued a new warrant series (2008/2011) to 50 senior executives in the Group. According to the Black & Scholes model, the value of the warrants has been appraised by an external party. A total of 1,300,000 warrants have thus been subscribed for on market-based terms, of which the President acquired 150,000 warrants and six senior executives acquired a combined 325,000 warrants. The warrants may be exercised for subscription to shares during the period from 30 May 2011 to 30 November 2011. The exercise price is SEK 65 per share.

## 7 AMORTISATION/DEPRECIATION AND IMPAIRMENT

	Group		Parent Company	
	2010	2009	2010	2009
Goodwill impairment	–	–12.8	–	–
Other intangible assets, amortisation	–22.1	–29.7	–1.6	–
Buildings, depreciation	–1.3	–0.7	–	–
Equipment, depreciation	–71.0	–76.9	–0.3	–0.3
<b>TOTAL</b>	<b>–94.4</b>	<b>–120.1</b>	<b>–1.9</b>	<b>–0.3</b>

Sweco Industry made a goodwill write-down of SEK 12.8 million in 2009 due to restructuring in the Finnish operations.



**8 NET FINANCIAL ITEMS**

GROUP	2010	2009
<b>Financial income</b>		
Interest income – trade receivables	1.3	1.3
Interest income – bank	3.8	3.4
Other financial income	0.2	0.3
Net foreign exchange gains	–	5.5
<b>Total financial income</b>	<b>5.3</b>	<b>10.5</b>
<b>Financial expenses</b>		
Value gains/losses on assets measured at fair value	–	–0.2
Interest expenses – trade payables	–0.2	–0.2
Interest expenses – bank	–6.2	–7.6
Other financial expenses	–2.2	–2.6
Net foreign exchange gains/losses	–5.7	–
<b>Total financial expenses</b>	<b>–14.3</b>	<b>–10.6</b>
<b>Shares in profit of associates</b>	<b>0.0</b>	<b>0.1</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>–9.0</b>	<b>0.0</b>
Interest income received during the year	5.1	4.7
Interest expenses paid during the year	–6.5	–7.7

**PARENT COMPANY**

	2010	2009
<b>Profit from participations in group companies</b>		
Dividends	43.5	5.5
Group contributions	269.5	257.3
<b>Total profit from participations in group companies</b>	<b>313.0</b>	<b>262.8</b>
<b>Financial income</b>		
Interest income from group companies	0.6	1.9
Other interest income	1.8	1.2
Foreign exchange gains	–	5.3
<b>Total financial income</b>	<b>2.4</b>	<b>8.4</b>
<b>Financial expenses</b>		
Interest expenses to group companies	–1.0	–0.8
Other interest expenses	–1.8	–1.5
Foreign exchange losses	–4.0	–
Other financial expenses	–1.8	–1.9
<b>Total financial expenses</b>	<b>–8.6</b>	<b>–4.2</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>306.8</b>	<b>267.0</b>
Interest income received during the year	2.3	2.8
Interest expenses paid during the year	–8.6	–4.2

**9 APPROPRIATIONS AND UNTAXED RESERVES****PARENT COMPANY**

Appropriations	2010	2009
Accelerated depreciation	–0.1	–
Provisions to tax allocation reserves	–	104.0
<b>TOTAL</b>	<b>–0.1</b>	<b>104.0</b>
<b>Untaxed reserves</b>	<b>2010</b>	<b>2009</b>
Accelerated depreciation	0.1	–
<b>TOTAL</b>	<b>0.1</b>	<b>–</b>

**10 INCOME TAXES**

	Group		Parent Company	
Current income tax	2010	2009	2010	2009
The period's income tax expense	–101.6	–149.8	–52.6	–89.1
Adjustment of tax attributable to prior years	2.0	–4.4	1.7	0.0
<b>Total current income tax</b>	<b>–99.6</b>	<b>–154.2</b>	<b>–50.9</b>	<b>–89.1</b>
<b>Deferred tax income/expense</b>				
Deferred tax on temporary differences	–13.4	–6.8	–	–
Deferred tax expense arising from prior tax values in loss carryforwards	–	–0.4	–	–
Deferred tax income/expense arising on change in untaxed reserves	–10.8	12.4	–	–
<b>Total deferred tax income/expense</b>	<b>–24.2</b>	<b>5.2</b>	<b>–</b>	<b>–</b>
<b>TOTAL REPORTED INCOME TAX</b>	<b>–123.8</b>	<b>–149.0</b>	<b>–50.9</b>	<b>–89.1</b>

The items in the statement of comprehensive income are reported net after tax. No tax is recognised for translation differences arising on translation of the financial statements of foreign operations, which before tax amount to SEK –101.1 million (0.0).

	Group		Parent Company	
Reconciliation of effective tax	2010	2009	2010	2009
Profit before tax	423.7	443.6	248.8	345.8
Income tax computed according to national tax rates for profit in each country	132.1	127.2	65.5	90.9
Tax effects of:				
– Non-taxable dividends	–15.0	–2.8	–11.4	–1.4
– Non-taxable revaluations and capital gains on shares	0.3	–5.0	–	–
– Other non-taxable income	–0.5	–0.3	–	–
– Other non-deductible expenses	8.9	25.5	0.7	1.1
Group contributions paid	–	–	–2.2	–1.5
Correction of income tax expense in prior years	–2.0	4.4	–1.7	0.0
<b>TOTAL REPORTED INCOME TAX</b>	<b>123.8</b>	<b>149.0</b>	<b>50.9</b>	<b>89.1</b>

## Deferred tax assets and liabilities

	Group	
	2010	2009
<b>The year's change in carrying amount</b>		
Opening carrying amount, deferred tax assets	14.0	15.0
Increase through business combinations	3.1	–
Reclassification to deferred tax	–0.4	0.1
Other deferred tax expenses in the income statement	–8.6	–2.1
Translation gains/losses in foreign currency	–1.0	1.0
<b>Closing carrying amount, deferred tax assets</b>	<b>7.1</b>	<b>14.0</b>
Opening carrying amount, deferred tax liabilities	–106.9	–113.4
Increase through business combinations	–13.2	–0.8
Reclassification to deferred tax asset	0.4	–0.1
Change in tax component of untaxed reserves in the income statement	–10.8	12.4
Other deferred tax expenses in the income statement	–4.8	–5.1
Translation gains/losses in foreign currency	1.9	0.1
<b>Closing carrying amount, deferred tax liabilities</b>	<b>–133.4</b>	<b>–106.9</b>
<b>Closing carrying amount, deferred tax liabilities</b>		
Deferred tax asset in loss carryforwards	0.9	0.1
Deferred tax asset in revaluation deficit relating to pensions	0.8	10.3
Deferred tax asset in other temporary differences	5.4	3.6
<b>Total deferred tax assets</b>	<b>7.1</b>	<b>14.0</b>
Deferred tax component of untaxed reserves recognised in the companies	–96.9	–83.9
Deferred tax liabilities in temporary differences	–36.5	–23.0
<b>Total deferred tax liabilities</b>	<b>–133.4</b>	<b>–106.9</b>
<b>TOTAL DEFERRED TAXES, NET</b>	<b>–126.3</b>	<b>–92.9</b>

Of the deferred tax assets, a sum of SEK 1.1 million is expected to be utilised within 12 months. Of the deferred tax liabilities, a sum of SEK 2.3 million is expected to be paid within 12 months. There are no temporary differences, loss carryforwards or other future tax deductions that are not included in deferred tax assets.

	Deferred tax assets		Deferred tax liabilities		Net	
	2010	2009	2010	2009	2010	2009
Tangible assets	1.6	1.8	–4.8	–	–3.2	1.8
Intangible assets	0.7	–	–15.5	–16.8	–14.8	–16.8
Financial assets	0.0	0.1	–1.4	–0.5	–1.4	–0.4
Current assets	3.1	1.7	–3.4	–1.0	–0.3	0.7
Untaxed reserves	–	–	–96.9	–83.9	–96.9	–83.9
Pensions	0.8	10.3	–11.4	–4.7	–10.6	5.6
Loss carryforwards	0.9	0.1	–	–	0.9	0.1
<b>TOTAL</b>	<b>7.1</b>	<b>14.0</b>	<b>–133.4</b>	<b>–106.9</b>	<b>–126.3</b>	<b>–92.9</b>

	Opening balance	Recognised through profit or loss	Acquisitions	Reclassifications	Translation gains/losses in foreign currency	Closing balance
2010	2010					2010
Tangible assets	1.8	0.1	–5.0	–	–0.1	–3.2
Intangible assets	–16.8	–5.8	–1.9	9.2	0.5	–14.8
Financial assets	–0.4	–1.0	–	–	0.0	–1.4
Current assets	0.7	–1.8	0.8	–	–	–0.3
Untaxed reserves	–83.9	–10.8	–2.2	–	–	–96.9
Pensions	5.6	–5.7	–1.8	–9.2	0.5	–10.6
Loss carryforwards	0.1	0.8	–	–	–	0.9
<b>TOTAL</b>	<b>–92.9</b>	<b>–24.2</b>	<b>–10.1</b>	<b>–</b>	<b>0.9</b>	<b>–126.3</b>

	Opening balance	Recognised through profit or loss	Acquisitions	Reclassifications	Translation gains/losses in foreign currency	Closing balance
2009	2009					2009
Tangible assets	2.0	–0.2	–	–	0.0	1.8
Intangible assets	–14.8	–1.3	–0.4	–0.4	0.1	–16.8
Financial assets	1.0	–1.4	–	–	–	–0.4
Current assets	–0.7	0.9	–	0.4	0.1	0.7
Untaxed reserves	–95.9	12.4	–0.4	–	–	–83.9
Pensions	9.5	–4.8	–	–	0.9	5.6
Loss carryforwards	0.5	–0.4	–	–	–	0.1
<b>TOTAL</b>	<b>–98.4</b>	<b>5.2</b>	<b>–0.8</b>	<b>–</b>	<b>1.1</b>	<b>–92.9</b>

## 11 EARNINGS PER SHARE

## GROUP

	2010	2009
Average number of shares before dilution	90,285,021	88,343,439
Effect of assumed utilisation of share bonus program	697,594	778,275
<b>Average number of shares after dilution</b>	<b>90,982,615</b>	<b>89,121,714</b>
<b>Earnings per share on profit attributable to owners of the Parent Company</b>		
Basic earnings per share, SEK	3.31	3.31
Diluted earnings per share, SEK	3.28	3.28

Earnings per share have been calculated on profit for the year attributable to owners of the Parent Company, divided by the average number of shares as specified above. For calculation of diluted earnings per share, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares. The dilutive effects are a result of the warrant program and the share bonus program, see also Note 26. The warrant program has not led to any adjustment in profit for the year in calculation of diluted earnings per share.

For additional information about outstanding warrants and treasury shares, see pages 86–87.

## 12 PURCHASE OF TANGIBLE ASSETS

	Group		Parent Company	
	2010	2009	2010	2009
The year's purchases according to Note 15	73.1	72.5	0.3	0.1
Held under finance leases	–11.8	–9.6	–	–
<b>TOTAL</b>	<b>61.3</b>	<b>62.9</b>	<b>0.3</b>	<b>0.1</b>

### 13 ACQUISITION AND DIVESTITURE OF SUBSIDIARIES AND OPERATIONS

#### GROUP

	Date	Holding, %	Holding after transaction, %	Consideration transferred
<b>Acquisitions</b>				
H Nilsson Bygghus AB, asset deal	1 January 2009	100	100	0.4
Sweco Projekt AS, Estonia, acquisition of non-controlling interests	2009	7	99	6.5
EL-Design AS, Norway, asset deal	1 February 2009	100	100	1.2
Sweco Paatela Architechts Oy, Finland, adjustment of contingent consideration	31 March 2009		100	3.5
EME Analys AB	2 July 2009	100	100	14.1
EuroFutures AB, adjustment of contingent consideration	10 July 2009		100	-1.2
Sweco Paatela Architechts Oy, Finland, adjustment of contingent consideration	31 August 2009		100	2.0
Taksokonsult AS, Norway, asset deal	13 November 2009	100	100	0.6
<b>TOTAL ACQUISITIONS IN 2009</b>				<b>27.1</b>
Ingeniør Per Ødemark AS, Norway, asset deal	1 January 2010	100	100	0.9
Sweco Lietuva, Lithuania, acquisition of non-controlling interests	25 January 2010	0.5	91	0.2
Hydroprojekt Kraków Sp. z o.o., Poland	8 February 2010	95	95	6.5
Ilje AS, Norway	1 April 2010	100	100	5.0
Conradi AS, Norway	1 June 2010	100	100	3.3
Hydroprojekt Kraków Sp. z o.o., Poland, acquisition of non-controlling interests	21 June 2010	5	100	0.4
Krakowskie Biuro Projektów Dróg i Mostów TRANSPROJEKT sp. z o.o., Poland	29 June 2010	97	97	33.2
B&B VVS Konsult AB, adjustment of contingent consideration	2 August 2010		100	0.1
Krakowskie Biuro Projektów Dróg i Mostów TRANSPROJEKT sp. z o.o., Poland, acquisition of non-controlling interest	19 August 2010, 10 November 2010	3	100	1.2
Kasos sp.zo.o (under change of name to Sweco Polska), Poland	1 September 2010	100	100	0.0
Aros Arkitekter AB	1 October 2010	100	100	28.3
Effekt RI AS, Norway, asset deal	1 October 2010	100	100	1.3
Eiendomsprosjektering AS, Norway	1 December 2010	100	100	6.2
<b>TOTAL ACQUISITIONS IN 2010</b>				<b>86.6</b>
<b>Divestitures</b>				
Part of Sweco Industry Oy, Finland	31 January 2009		100	6.0
Part of Sweco Industry Oy, Finland	28 February 2009		100	1.0
Part of Sweco Industry Oy, Finland	31 July 2009		100	9.6
Saratovskij Vodokanal Proekt, Russia	24 November 2009	100	0	0.0
<b>TOTAL DIVESTITURES 2009</b>				<b>16.6</b>
Part of Sweco Industry Oy, Finland	1 April 2010			-4.0
<b>TOTAL DIVESTITURES 2010</b>				<b>-4.0</b>

Acquisitions made in 2010 and 2009 are reported in aggregated form since they are not of an individual size that motivates separate reporting of each acquisition. The purchase price allocations in the tables are preliminary. In 2010 Sweco established a new market in Poland through acquisition of the water and environment consulting company. Hydroprojekt Kraków with 35 employees and the technology consulting company Transprojekt Kraków with 155 employees. In Norway, Sweco acquired five companies and operations with a total of 35 employees. In Sweden, Sweco acquired Aros Arkitekter AB with 76 employees. In 2010 Sweco sold operations in the industrial operations' Telecom unit with 77 employees. Gains on the sale of operations amounted to SEK 0.0 million. Settlement of assets and liabilities in conjunction with disposals amounted to SEK -4.0 million.

Acquired companies had a negative impact on the Group's cash and cash equivalents of SEK 63.1 million and divested operations decreased consolidated cash and cash equivalents by SEK 4.0 million. The net effect on the Group's cash and cash equivalents is SEK -67.1 million. Goodwill includes the value of the employees' technical expertise. The considerations transferred are cash considerations. Acquisition costs totalled SEK 3.4 million and relate to fees to consultants in connection with due diligence. This expenditure is recognised as other operating expenses in the statement of comprehensive income.

#### Net assets of companies acquired and divested on the acquisition date

	Acquired values	Divested values
<b>2010</b>		
Intangible assets	14.6	0.5
Tangible assets	35.1	-
Financial assets	3.4	-
Current assets	44.5	-
Cash and cash equivalents	12.6	-
Non-current liabilities	-4.2	-
Deferred tax	-13.2	-
Other current liabilities	-26.8	-4.5
Non-controlling interest recognised on acquisition	0.0	-
Consolidated goodwill recognised on acquisition	19.5	-
Acquisition of non-controlling interest	1.1	-
Capital gain recognised on divestiture	-	0.0
<b>Total purchase price</b>	<b>86.6</b>	<b>-4.0</b>
Unsettled purchase price commitment	-11.1	-
Payment of previously withheld purchase price	0.2	-
Cash and cash equivalents in acquired companies	-12.6	-
<b>DECREASE IN THE GROUP'S CASH AND CASH EQUIVALENTS</b>	<b>63.1</b>	<b>-4.0</b>



During the year Sweco made minor acquisitions of non-controlling interests. The effects of these acquisitions are shown in aggregated form.

<b>Effects of change of owner in company's holdings:</b>	
Company's holding at 1 January	2.6
Acquisition during the year	0.7
Effect of increased holding	-0.7
Share of profit for the year	-0.3
Translation difference in foreign currency	-0.3
<b>Company's holding at year-end</b>	<b>2.0</b>

Carrying amount before acquisition is in accordance with Group's accounting principles.

	<b>Acquired companies</b>		<b>Carrying amount in Group</b>	<b>Divested operations</b>
	Carrying amount prior to acquisition	Fair value adjustment		
<b>2009</b>				
Intangible assets	-	1.9	1.9	4.3
Tangible assets	0.8	-	0.8	0.9
Current assets	3.7	-	3.7	2.7
Cash and cash equivalents	5.1	-	5.1	0.1
Deferred tax	-0.4	-0.4	-0.8	-
Other current liabilities	-5.0	-	-5.0	-2.9
Non-controlling interest recognised on acquisition			2.8	-
Goodwill recognised on acquisition			18.6	-
Capital gain recognised on divestiture			-	11.5
<b>Total purchase price</b>			<b>27.1</b>	<b>16.6</b>
Unsettled purchase price commitment			-3.0	-5.2
Payment of previously withheld purchase price			10.7	-
Cash and cash equivalents in acquired companies			-5.1	-0.1
<b>INCREASE/DECREASE IN THE GROUP'S CASH AND CASH EQUIVALENTS</b>			<b>29.7</b>	<b>11.3</b>

Acquired companies had a negative impact on the Group's cash and cash equivalents of SEK 29.7 million and divested operations improved consolidated cash and cash equivalents by SEK 11.3 million. The net effect on the Group's cash and cash equivalents is SEK -18.4 million. The total consideration transferred includes transaction costs of SEK 0,0 million.

#### **Contribution of companies acquired and divested to the Group's net sales and operating profit**

	<b>2010</b>		<b>2009</b>	
	Acquisition	Divestiture	Acquisition	Divestiture
Contribution to net sales in the year's accounts	65.8	9.4	12.8	41.2
Contribution to net sales if the company had been owned for the full year	153.5		16.8	
Contribution to operating profit in the year's accounts	7.3	0.0	1.3	2.7
Contribution to operating profit if the company had been owned for the full year	11.1		1.5	

## 14 INTANGIBLE ASSETS

### GROUP

	2010			2009		
	Goodwill	Other intangible assets	Totalt	Goodwill	Other intangible assets	Totalt
Opening cost	813.0	126.2	939.2	787.6	119.9	907.5
Purchases	–	5.9	5.9	–	14.5	14.5
Increase through business combinations	19.4	14.6	34.0	14.3	1.9	16.2
Decrease on adjustment of purchase price allocation	–	–	–	–1.2	–	–1.2
Increase on adjustment of purchase price allocation	0.1	–	0.1	5.5	–	5.5
Sales and disposals	–	–0.9	–0.9	–3.6	–6.9	–10.5
Translation difference in foreign currency	–72.1	–10.8	–82.9	10.4	–3.2	7.2
<b>Closing accumulated cost</b>	<b>760.4</b>	<b>135.0</b>	<b>895.4</b>	<b>813.0</b>	<b>126.2</b>	<b>939.2</b>
Opening accumulated amortisation and impairment	–29.5	–72.8	–102.3	–15.9	–50.3	–66.2
Sales and disposals	–	0.8	0.8	–	5.8	5.8
Translation difference in foreign currency	3.5	8.4	11.9	–0.8	3.0	2.2
Impairment losses	–	–	–	–12.8	–1.6	–14.4
The year's amortisation	–	–22.1	–22.1	–	–29.7	–29.7
<b>Closing accumulated amortisation and impairment</b>	<b>–26.0</b>	<b>–85.7</b>	<b>–111.7</b>	<b>–29.5</b>	<b>–72.8</b>	<b>–102.3</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>734.4</b>	<b>49.3</b>	<b>783.7</b>	<b>783.5</b>	<b>53.4</b>	<b>836.9</b>
<b>SPECIFICATION</b>						
Sweco Sweden	112.1			103.7		
Sweco Norway	259.3			271.2		
Sweco Finland	47.3			54.4		
Sweco Central & Eastern Europe	81.8			92.6		
Sweco Russia	21.9			23.5		
Sweco Industry	212.0			238.1		
Capitalised licence costs for software		12.3			14.4	
Capitalised development costs for software		12.4			18.4	
Assets capitalised on acquisition		24.3			20.3	
Other intangible assets		0.3			0.3	
<b>CLOSING CARRYING AMOUNT</b>	<b>734.4</b>	<b>49.3</b>		<b>783.5</b>	<b>53.4</b>	

All of the above intangible assets have been acquired, aside from software developed within Sweco Sweden for a value of SEK 12.4 million (18.4). See also Note 7 regarding impairment of goodwill. No borrowing costs have been included in the historical cost of the assets in the above table. The interest rate for borrowing costs is determined according to the Group's centrally established internal rate of interest.

The most significant intangible values are found in the Sweco Industry and Sweco Norway business areas, which also comprise cash-generating units. The estimated recoverable amounts of both units are based on the same assumptions. The calculations are based on five-year forecasts with reference to historical data and external information sources. In the normal case, the cash flows forecasted after the first five years are based on an annual real growth rate of 2 per cent, which corresponds to the expected long-term growth rate in the business areas' markets. In some markets, however, a higher growth rate may be reasonable.

The following table shows the values (assumed values) used to determine value in use and the values (adjusted values) that result in a recoverable amount that is equal to the carrying amount, assuming that all other variables held constant.

The conclusion of this test is that there is no indication of impairment.

The most important variables are market growth, hourly rates and personnel costs.

### Market growth

Demand for consulting services has historically followed the business cycle. Projected market growth is based on a forecasted transition from the prevailing market situation to the anticipated long-term growth. The current market share has been assumed to apply for future periods. In this context, market growth means growth in operating profit.

### Hourly rates

Over a business cycle, hourly rates have essentially risen in pace with inflation and real income growth. The forecast for hourly rates is based on anticipated inflation and real wage/income growth.

### Personnel costs

The forecast for personnel costs is based on anticipated inflation, a certain degree of real salary growth (historical average), an unchanged billing ratio and efficiency improvements in operations.

The average discount rate before tax, based on general market conditions and the specific circumstances of the respective unit, is 13 per cent for Sweco Sweden, 14 per cent for Sweco Norway, 14 per cent for Sweco Finland, 16 per cent for Sweco Central & Eastern Europe, 21 per cent for Sweco Russia and 14 per cent for Sweco Industry.

### Impairment tests for cash-generating units with goodwill

Variable	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central & Eastern Europe		Sweco Russia		Sweco Industry	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average market growth, %	7	–26.5	2	–31.4	14	1.1	10	4.5	13	6.6	18	15.8
Average hourly rate, %	6	–2.8	2	–5.6	6	1.7	3	1.9	15	12.9	10	8.7
Average increase in personnel costs, %	6	17.5	2	13.3	7	14.7	3	5.1	16	20.1	14	16.1
Average discount rate, %	13	49.3	14	51.3	14	20.5	16	17.5	21	23.0	14	17.9

## PARENT COMPANY

Other intangible assets	2010	2009
Purchases from other group companies	14.0	–
<b>Closing accumulated cost</b>	<b>14.0</b>	<b>–</b>
Opening accumulated amortisation	–	–
The year's amortisation	–1.6	–
<b>Closing accumulated amortisation</b>	<b>1.6</b>	<b>–</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>12.4</b>	<b>–</b>

## 15 TANGIBLE ASSETS

## GROUP

	2010			2009		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening cost	16.4	539.8	556.2	18.7	535.0	553.7
Purchases	3.3	69.8	73.1	0.2	72.3	72.5
Increase through business combinations	32.1	3.0	35.1	–	0.8	0.8
Sales and disposals	–	–44.3	–44.3	–1.2	–68.5	–69.7
Translation difference in foreign currency	–3.8	–3.3	–7.1	–1.3	0.2	–1.1
<b>Closing accumulated cost</b>	<b>48.0</b>	<b>565.0</b>	<b>613.0</b>	<b>16.4</b>	<b>539.8</b>	<b>556.2</b>
Opening accumulated depreciation	–3.7	–378.6	–382.3	–3.8	–358.7	–362.5
Reclassification	–	–	–	–	–0.2	–0.2
Sales and disposals	–	39.6	39.6	0.2	62.5	62.7
Translation differences in foreign currency	1.5	0.0	1.5	0.6	0.3	0.9
Impairment costs	–	–	–	–	–5.7	–5.7
The year's depreciation	–1.3	–71.0	–72.3	–0.7	–76.8	–77.5
<b>Closing accumulated depreciation</b>	<b>–3.5</b>	<b>–410.0</b>	<b>–413.5</b>	<b>–3.7</b>	<b>–378.6</b>	<b>–382.3</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>44.5</b>	<b>155.0</b>	<b>199.5</b>	<b>12.7</b>	<b>161.2</b>	<b>173.9</b>
Of which, land:						
Opening cost	0.1	–	0.1	0.2	–	0.2
Translation differences in foreign currency	0.0	–	0.0	–0.1	–	–0.1
Increase through business combinations	0.3	–	0.3	–	–	–
<b>Closing carrying amount of land</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>	<b>0.1</b>	<b>–</b>	<b>0.1</b>
Of which, equipment financed through finance leases in the following amounts:						
Closing accumulated cost	–	36.6	36.6	–	31.4	31.4
Closing carrying amount of finance leases	–	–13.0	–13.0	–	–9.9	–9.9
<b>Closing carrying amount of finance leases</b>	<b>–</b>	<b>23.6</b>	<b>23.6</b>	<b>–</b>	<b>21.5</b>	<b>21.5</b>

## PARENT COMPANY

Equipment	2010	2009
Opening cost	4.5	4.5
Purchases	0.3	0.1
Sales and disposals	–	–0.1
<b>Closing accumulated cost</b>	<b>4.8</b>	<b>4.5</b>
Opening accumulated depreciation	–3.8	–3.5
The year's depreciation	–	0.0
The year's depreciation	–0.3	–0.3
<b>Closing accumulated depreciation</b>	<b>–4.1</b>	<b>–3.8</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>0.7</b>	<b>0.7</b>



## 16 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

### PARENT COMPANY

The year's change in carrying amounts	2010	2009
Opening carrying amount	332.0	332.0
<b>CLOSING CARRYING AMOUNT</b>	<b>332.0</b>	<b>332.0</b>

Shareholding at year-end	Corp. ID number	Domicile	Holding, %	No. of shares	Carrying amount
<b>Directly owned companies</b>					
Sweco Central Eastern Europe AB	556633-5831	Stockholm	100	1,000	0.1
Sweco Finland Oy	1578089-9	Finland	100	61,541	89.9
Sweco International AB	556079-1336	Stockholm	100	4,500	0.6
Sweco JAPS AB	556301-1765	Västerås	100	2,000	41.6
Sweco Norge AS	967032271	Norway	100	152,349	112.1
Sweco PM Oy	1657257-2	Finland	100	500	73.9
Sweco Russia AB	556221-1689	Stockholm	100	4,005	3.0
Sweco Sverige AB	556032-2496	Stockholm	100	100,000	10.0
Vattenbyggnadsbyrån AB	556077-9471	Stockholm	100	1,000	0.8
<b>Total shares and participations in group companies</b>					<b>332.0</b>

### Indirectly owned companies

#### Through Sweco Central Eastern Europe AB

Hydroprojekt C.Z a.s.	26475081	Czech Republic	100	517,510	
Hydroprojekt Slovakia s.r.o.	36036307	Slovakia	100		
Hydroprojekt Kraków sp.z o.o	103414	Poland	100	55	
Krakowskie Biuro Projektów Dróg i Mostów TRANSPROJEKT sp. z o.o.	56155	Poland	100	6,350	
Kasos sp.z.p (under change of name to Sweco Polska)	177699	Poland	100	100	
Sweco Energoprojekt JSC	1305488081	Bulgaria	73	400	
Sweco Projekt AS	11304200	Estonia	99	355,463	
UAB Sweco Hidroprojektas	132118698	Lithuania	99	1,000,702	
UAB Sweco Lietuva	301135783	Lithuania	91	5,557,199	

#### Through Sweco Finland Oy

Sweco Industry Oy	0350941-9	Finland	100	1,920,000	
Kiinteistö Oy Sammonpiha	0770284-4	Finland	75	166	
Sweco Industry AB	556341-2476	Stockholm	100	20,000	
Sweco Mecaplan Oy	1648295-6	Finland	57	54	
Sweco Mec AS	934537920	Norway	100	1,000	
Sweco PIC Engenharia LTDA	07.984.459/001-16	Brazil	100	34,999	

#### Through Sweco Russia AB

Lenvodokanalprojekt	1057803925409	Russia	100	100	
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#### Through Sweco Norge AS

Conradi AS	984364849	Norway	100	100,000	
Eiendomsprosjektering AS	960012321	Norway	100	10	

#### Through Sweco Sverige AB

Sweco Architects AB	556173-0606	Stockholm	100	20,000	
Aros Arkitekter AB	556665-0700	Stockholm	100	10,000	
SIA Aros Architects	40103889521	Latvia	100	2,000	
Sweco Architects A/S	13 64 20 01	Denmark	94	11,814	
Sweco Architects OU	11210887	Estonia	100	40,000	
Sweco Paatela Architects Oy	0635637-4	Finland	100	100	
Sweco Connect AB	556083-8624	Stockholm	100	15,000	
Sweco Energuide AB	556007-5573	Stockholm	100	60,000	
Sweco Environment AB	556346-0327	Stockholm	100	20,000	
Sweco Bulgaria BKG	131429098	Bulgaria	100	400	
Sweco-COWI Joint Venture AB	556085-5867	Stockholm	100	1,000	
Sweco EuroFutures AB	556342-6559	Stockholm	100	3,000	
Sweco Infrastructure AB	556507-0868	Stockholm	100	120,000	
Sweco China Holding AB	556730-8167	Stockholm	100	102	
Sweco Position AB	556337-7364	Stockholm	100	1,250	
Sweco Management AB	556140-0283	Stockholm	100	5,000	
Sweco Structures AB	556140-9557	Stockholm	100	20,000	
Sweco Systems AB	556030-9733	Stockholm	100	1,500,000	
Probeko AB	556279-4148	Stockholm	100	3,360	

## 17 SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

### GROUP

The year's change in carrying amounts	2010	2009
Opening carrying amount	1.0	0.9
Share in profit of associates after tax	0.0	0.1
<b>CLOSING CARRYING AMOUNT</b>	<b>1.0</b>	<b>1.0</b>

Shareholding at year-end	Corp. ID number	Domicile	Holding, %	No. of shares	Carrying amount
<b>2010</b>					
I2E Energisystemintegration AB	556211-9684	Stockholm	50	50	1.0
<b>Total shares and participations</b>					<b>1.0</b>
<b>2009</b>					
I2E Energisystemintegration AB	556211-9684	Stockholm	50	50	1.0
<b>Total shares and participations</b>					<b>1.0</b>

No operations were conducted in the associated companies during the year. At 31 December 2010, the assets of the associated companies amounted to SEK 1.9 million (1.9) and the liabilities to SEK 0.1 million (0.1).

## 18 JOINT VENTURES

### GROUP

Shareholding at year-end	Corp. ID number	Domicile	Holding, %
<b>2010</b>			
Sweco Sojyz Engineering (owned through Sweco Industry Oy)	5077746846920	Russia	45
<b>2009</b>			
Sweco Sojyz Engineering (owned through Sweco Industry Oy)	5077746846920	Russia	45

### The Group's shareholdings in joint ventures

### GROUP

	2010	2009
Operating income	10.1	9.3
Operating expenses	-9.8	-8.0
Net financial items	-0.1	-0.3
Taxes	-0.1	-0.2
<b>PROFIT FOR THE YEAR</b>	<b>0.1</b>	<b>0.8</b>
Non-current assets	0.1	0.1
Current assets	4.7	5.3
<b>Total assets</b>	<b>4.8</b>	<b>5.4</b>
Current liabilities	-3.8	-4.2
<b>Total liabilities</b>	<b>-3.8</b>	<b>-4.2</b>
<b>NET ASSETS</b>	<b>1.0</b>	<b>1.2</b>

There are no pledged assets or contingent liabilities.

## 19 FINANCIAL INVESTMENTS

### GROUP

The year's change in carrying amounts	2010	2009
Opening carrying amount	10.0	10.8
Disposal of other shares	–0.1	–0.1
Fair value adjustments	0.0	–0.2
Translation differences in foreign currency	–1.0	–0.5
<b>CLOSING CARRYING AMOUNT</b>	<b>8.9</b>	<b>10.0</b>

Financial investments are classified as financial assets at fair value through profit or loss. Changes in the fair value of financial assets are recognised in net financial items, see also Note 8.

Shareholding at year-end	Corp. ID number	Domicile	Holding, %	No. of shares	Carrying amount
<b>2010</b>					
BRF Störloppet	716414-8764	Åre			0.9
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	4.9
Other shares and participations					3.1
<b>Total shares and participations</b>					<b>8.9</b>
<b>2009</b>					
BRF Störloppet	716414-8764	Åre			0.9
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	5.6
Other shares and participations					3.5
<b>Total shares and participations</b>					<b>10.0</b>

## 20 OTHER NON-CURRENT SECURITIES

### PARENT COMPANY

The year's change in carrying amounts	2010	2009
Opening carrying amount	0.9	0.9
<b>CLOSING CARRYING AMOUNT</b>	<b>0.9</b>	<b>0.9</b>

Shareholding at year-end	Corp. ID number	Domicile	Carrying amount
<b>2010</b>			
BRF Störloppet	716414-8764	Åre	0.9
<b>Total shares and participations</b>			<b>0.9</b>
<b>2009</b>			
BRF Störloppet	716414-8764	Åre	0.9
<b>Total shares and participations</b>			<b>0.9</b>

## 21 RECEIVABLES FROM GROUP COMPANIES

### PARENT COMPANY

The year's change in carrying amount	2010	2009
<b>Non-current assets</b>		
Opening carrying amount	44.4	98.2
Loans to group companies	–	34.5
Capitalised interest	0.5	0.2
Recovered receivables	–0.5	–90.2
Translation differences in foreign currency	–5.8	1.7
<b>Closing carrying amount</b>	<b>38.6</b>	<b>44.4</b>
<b>Current assets</b>		
Opening carrying amount	1,296.9	1,545.8
The year's change	98.2	–248.9
<b>Closing carrying amount</b>	<b>1,395.1</b>	<b>1,296.9</b>
<b>Total receivables from group companies</b>	<b>1,433.7</b>	<b>1,341.3</b>



## 22 OTHER NON-CURRENT RECEIVABLES

GROUP		
	2010	2009
<b>The year's change in carrying amounts</b>		
Opening non-current receivables	34.3	32.3
Increase in receivables	2.1	0.0
Increase through business combinations	0.2	–
Decrease in receivables	–1.4	–1.2
Translation differences in foreign currency	–2.6	3.2
<b>CLOSING NON-CURRENT RECEIVABLES</b>	<b>32.6</b>	<b>34.3</b>
<b>Non-current receivables at year-end</b>		
Pension assets according to Note 28	29.5	29.6
Other receivables	3.1	4.7
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>32.6</b>	<b>34.3</b>

## 23 WORK IN PROGRESS

GROUP		
	2010	2009
<b>Work in progress less progress billings</b>		
Work in progress	1,806.0	1,658.5
Progress billings	–1,241.7	–1,132.3
<b>NET WORK IN PROGRESS LESS PROGRESS BILLINGS</b>	<b>564.3</b>	<b>526.2</b>
<b>Progress billings in excess of work in progress</b>		
Recognised income	432.0	678.4
Progress billings	–704.6	–982.0
<b>NET PROGRESS BILLINGS IN EXCESS OF WORK IN PROGRESS</b>	<b>–272.6</b>	<b>–303.6</b>

## 24 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2010	2009	2010	2009
Prepaid rents	30.8	29.5	–	–
Prepaid insurance premiums	4.8	8.5	–	–
Accrued income	5.1	6.0	–	0.3
Other prepaid expenses	76.2	64.5	1.8	1.6
<b>TOTAL</b>	<b>116.9</b>	<b>108.5</b>	<b>1.8</b>	<b>1.9</b>

## 25 CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Surplus cash is invested in fixed-income securities such as commercial paper or certificates of deposit, which are special time accounts where the funds are held for a predetermined period of time. Commercial paper is recognised in the balance sheet and cash flow statement as short-term investments, within current receivables. Commercial paper is classified as financial assets at fair value through profit or loss. Deposits are recognised as short-term investments within cash and cash equivalents. Sweco always has the option of withdrawing the deposited funds prior to the maturity date, but could then lose part of the higher interest payable on the funds.

Cash and cash equivalents and short-term investments in the balance sheet				
	Group		Parent Company	
	2010	2009	2010	2009
Cash and bank	376.7	557.3	211.2	409.7
<b>TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>	<b>376.7</b>	<b>557.3</b>	<b>211.2</b>	<b>409.7</b>

There was no commercial paper in the Sweco Group at 31 December 2010 and 2009.

## 26 EQUITY

Change in the number of shares	A shares	B shares	C shares	Total
Number of shares at 1 January 2009	9,389,075	77,755,168	–	87,144,243
Issue of shares	–	–	2,500,000	2,500,000
Purchase of treasury shares	–	–	–2,500,000	–2,500,000
Issue of treasury shares	–	1,798,794	–	1,798,794
<b>NUMBER OF SHARES AT 31 DECEMBER 2009</b>	<b>9,389,075</b>	<b>79,553,962</b>	<b>–</b>	<b>88,943,037</b>
Issue of treasury shares	–	2,014,737	–	2,014,737
<b>NUMBER OF SHARES AT 31 DECEMBER 2010</b>	<b>9,389,075</b>	<b>81,568,699</b>	<b>–</b>	<b>90,957,774</b>

A statement of changes in equity is found on page 47 for the Group and on page 51 for the Parent Company. Additional information about the Sweco share is provided on pages 86–87.

In 2009 Sweco issued 2,500,000 C shares for fulfilment of the 2009 Share Bonus Program as resolved by the Annual General Meeting.

### Share capital

The quota value per share is 1. All shares carry entitlement to dividends, which are determined from year to year at the Annual General Meeting. Class A shares grant entitlement to one vote in a general meeting and class B shares grant entitlement to one-tenth of one vote each. All shares grant equal entitlement to the company's assets and profits. With regard to treasury shares (see below), all rights are suspended until the shares are reissued.

### Other contributed capital

Other contributed capital consists of equity contributed by the shareholders in the form of shares and other equity instruments issued at a premium, meaning that the amount paid exceeds the quota value of the shares.

### Other reserves

Other reserves consist of a translation reserve containing all exchange differences arising on the translation of foreign operations which present their financial statements in a currency other than that used by the Group. The translation reserve also includes exchange differences arising on translation of liabilities designated as hedges of net investments in foreign operations, which amounted to SEK –0.2 million (1.3).

### Retained earnings including profit for the year

Retained earnings including profit for the year consist of profits earned in the Parent Company and its subsidiaries, associated companies and joint ventures. Retained earnings also include treasury shares, which are recognised at the historical cost of own shares held by the Parent Company, its subsidiaries or associated companies. Upon utilisation of treasury shares, an amount equal to the market value of the shares is transferred to retained profit. At 31 December 2010 the Group held 559,073 class B treasury shares (559,073), all of which may be used as payment in business combinations. The treasury shares were purchased at an average price of SEK 22.10 each, equal to a total of SEK 12.4 million. The market value at 31 December 2010 was SEK 32.6 million. The repurchased shares correspond to 0.6 per cent of the total number of shares and 0.3 per cent of the votes.

### Distribution to the shareholders

After the balance sheet date, the Board of Directors has proposed the following for decision by the Annual General Meeting on 13 April 2011.

	2010	2009
Dividend of SEK 3.00 per common share (SEK 2.00)	274.6	177.9
Share redemption equal to SEK 2.00 per common share 2009	–	177.8
	<b>274.6</b>	<b>355.7</b>

The amounts for 2010 have been calculated including treasury shares that can be used as payment in business combinations. If 559,073 class B shares remain in treasury on the record date, the amount distributed to shareholders will be reduced by SEK 1.7 million. Should the Board exercise the authorisation granted by the Annual General Meeting in April 2010 to acquire additional treasury shares, the amount distributed to the shareholders would be further reduced.

**PARENT COMPANY****Restricted reserves**

Restricted reserves may not be reduced through distribution to the shareholders.

**Statutory reserve**

The purpose of the statutory reserve is to set aside a portion of net profit that is not used to cover an accumulated deficit. This includes the part of the share premium reserve that was transferred on 31 December 2005. The share premium reserve arose through the issue of shares and other equity instruments at a premium, meaning that the amount paid exceeded the quota value of the shares.

**Fair value reserve**

The fair value reserve contains exchange differences attributable to non-current receivables that are part of the net investment in group companies.

**Share premium reserve**

The share premium reserve arose through the issue of shares and subscription warrants at a premium, meaning that the amount paid exceeded the quota value of the shares.

**Retained earnings**

Retained earnings consist of the previous year's non-restricted equity after deduction of dividends. Retained earnings together with profit for the year, the share premium reserve and any fair value reserves comprise total non-restricted equity, i.e. the amount available for distribution to the shareholders.

## 27 CURRENT AND NON-CURRENT INTEREST-BEARING LIABILITIES

The year's change in carrying amount	Group		Parent Company	
	2010	2009	2010	2009
<b>Non-current interest-bearing liabilities</b>				
Provisions for pensions	4.7	5.6	–	–
Liabilities to credit institutions	0.1	0.3	–	–
Liabilities under finance leases according to Note 30	10.9	13.3	–	–
<b>Total</b>	<b>15.7</b>	<b>19.2</b>	<b>–</b>	<b>–</b>
<b>Current interest-bearing liabilities</b>				
Bank overdraft facilities	104.4	105.4	100.4	101.6
Other liabilities to credit institutions	2.6	4.7	–	–
Liabilities under finance leases according to Note 30	13.9	9.5	–	–
<b>Total</b>	<b>120.9</b>	<b>119.6</b>	<b>100.4</b>	<b>101.6</b>
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>136.6</b>	<b>138.8</b>	<b>100.4</b>	<b>101.6</b>

There are no non-current liabilities with a time to maturity of longer than five years. All financial liabilities are recognised at amortised cost. Bank overdraft facilities are renewed yearly and are not associated with any special conditions or obligations.

**Granted overdraft and credit terms**

	Group		Parent Company	
	2010	2009	2010	2009
Granted overdraft facilities	676.8	670.3	647.0	647.2
Utilised bank overdraft facilities on the balance sheet date	–107.0	–105.4	–100.4	–101.6
<b>UNUTILISED BANK OVERDRAFT FACILITIES</b>	<b>569.8</b>	<b>564.9</b>	<b>546.6</b>	<b>545.6</b>
<b>Average rates of interest during the financial year</b>				
Borrowing from credit institutions, variable interest, %	4.63	3.04	–	–
Utilised bank overdraft facilities, variable interest, %	1.73	0.69	1.73	0.49

## 28 PROVISIONS FOR PENSIONS

**DEFINED BENEFIT PENSION PLANS****Sweden**

The Group's retirement pension obligations for salaried employees in Sweden are secured through insurance in Alecta and AI Pension (AIP). According to statement UFR 3 from the Swedish Accounting Standards Board's Urgent Issues Task Force, these are classified as "multi-employer" plans. The pension plan in AIP is similarly structured and is therefore reported in the same manner. The Group has not had access to sufficient information to report these as defined benefit pension plans. Consequently, the ITP-based pension plans which are secured through insurance in Alecta and AIP are reported as defined contribution plans.

Surpluses in Alecta and AIP can be refunded to the policyholders and/or the insured. At the end of 2010 Alecta's surplus measured as a collective consolidation ratio was 143 per cent (141) and AIP's was 133 per cent (122). The collective consolidation ratio is the market value of Alecta's and AIP's plan assets as a percentage of insurance obligations computed according to their own actuarial assumptions, which are not consistent with IAS 19.

**Norway**

Sweco Norge AS has several defined benefit pension plans with similar demographic and financial assumptions. Assets and liabilities in these plans are therefore computed according to the same actuarial assumptions.

**Finland**

The employees in Finland are covered by defined contribution pension plans. For the employees added through the acquisition of Kemira Engineering Oy in 2004, there is a defined benefit pension plan for supplementary pensions.

Actuarial assumptions, %	Norway		Finland	
	2010	2009	2010	2009
Discount rate	3.7	4.3	4.3	4.8
Expected return on plan assets	5.1	5.6	4.0	4.0
Annual rate of salary increase	4.0	4.3	2.0	2.5
Annual rate of pension increase	1.5	1.3	0.5	0.5
Inflation	2.0	2.0	2.0	2.0

Assumptions with regard to the future life expectancy are based on official statistics and historical experience in each country. The average remaining life expectancy for an individual who retires at the age of 67 years is 16 years for men and 19 for women.

Defined benefit pension plans in the balance sheet	2010	2009
Present value of pension obligations	–596.1	–558.4
Fair value of plan assets	437.1	438.4
Unrecognised actuarial gains and losses	183.8	144.0
<b>NET ASSETS AT END OF YEAR</b>	<b>24.8</b>	<b>24.0</b>
Other non-current receivables	29.5	29.6
Provisions for pensions	–4.7	–5.6
<b>NET ASSET IN THE BALANCE SHEET</b>	<b>24.8</b>	<b>24.0</b>

The year's change in defined benefit pension obligations	2010	2009
Defined benefit pension obligation, 1 January	–558.4	–527.5
Current service costs and interest expenses	–60.0	–68.9
Actuarial gains and losses	13.1	12.9
Benefits paid	21.1	17.4
Effects of business combinations	–57.1	68.0
Translation differences in foreign currency	45.2	–60.3
<b>Defined benefit pension obligation at end of year</b>	<b>–596.1</b>	<b>–558.4</b>

The year's change in fair value of plan assets	2010	2009
Fair value of plan assets, 1 January	438.4	371.3
Employer contributions	42.4	64.9
Expected return on plan assets	22.0	26.4
Actuarial gains and losses	-12.3	-14.3
Contributions	2.5	2.5
Benefits paid	-21.1	-17.4
Effects of business combinations	—	-37.1
Translation differences in foreign currency	-34.8	42.1
<b>Fair value of plan assets at end of year</b>	<b>437.1</b>	<b>438.4</b>

Plan assets consist of	2010	2009
Shares	48.4	35.3
Fixed-income securities	199.1	254.4
Real estate	66.5	68.6
Other	123.1	80.1
<b>TOTAL PLAN ASSETS</b>	<b>437.1</b>	<b>438.4</b>

Defined benefit pension plans	2010	2009
<b>Net expense in the income statement</b>		
Current service costs	-37.8	-44.2
Interest expense on pension obligations	-22.2	-24.7
Recognised actuarial gains and losses	-7.4	-11.6
Expected return on plan assets	22.0	26.4
<b>TOTAL NET EXPENSE</b>	<b>-45.4</b>	<b>-54.1</b>

Pension expenses recognised in the income statement as	2010	2009
Personnel costs	-45.3	-55.9
Net financial items	-0.1	1.8
<b>TOTAL NET EXPENSE</b>	<b>-45.4</b>	<b>-54.1</b>

The actual return on plan assets was SEK 2.2 million (0.4).

The expected return on plan assets was established with reference to the expected return on the assets covered by the applicable investment policy. The expected return on investments with fixed interest is based on the return earned if these securities are held to maturity. The expected return on shares and real estate is based on historical long-term return in each respective market.

For the financial year 2011, fees for post-retirement benefits are estimated at approximately SEK 42 million.

	2010	2009	2008	2007
Present value of defined benefit pension obligations	-596.1	-558.4	-527.5	-440.2
Fair value of plan assets	437.1	438.4	371.3	317.1
<b>DEFICIT</b>	<b>-159.0</b>	<b>-120.0</b>	<b>-156.2</b>	<b>-123.1</b>
Experience adjustments of defined benefit pension obligations	13.1	12.9	11.5	4.6
Experience adjustments of plan assets	-12.3	-14.3	-11.2	-33.0

Defined contribution pension plans	2010	2009
<b>Allocation of expenses by pension plan</b>		
Sweden, Alecta	-164.2	-131.0
Sweden, AIP	-12.5	-11.4
Finland	-32.7	-47.0
Norway	-23.2	-16.9
Other countries	-1.6	-1.4
<b>TOTAL EXPENSE OF DEFINED CONTRIBUTION PENSION PLANS</b>	<b>-234.2</b>	<b>-207.7</b>

## 29 LIABILITIES UNDER FINANCE LEASES

### GROUP

	2010		2009	
	Present value	Nominal amount	Present value	Nominal amount
In current interest-bearing liabilities				
Due within one year	13.9	15.8	9.5	11.0
<b>Total current liabilities</b>	<b>13.9</b>	<b>15.8</b>	<b>9.5</b>	<b>11.0</b>
In liabilities to credit institutions				
Due within more than one but less than two year	5.7	7.0	10.0	10.6
Due within more than two but less than three years	5.2	4.7	3.3	3.5
<b>Total non-current liabilities</b>	<b>10.9</b>	<b>11.7</b>	<b>13.3</b>	<b>14.1</b>
<b>TOTAL LIABILITIES UNDER FINANCE LEASES</b>	<b>24.8</b>	<b>27.5</b>	<b>22.8</b>	<b>25.1</b>

Liabilities under finance leases are recognised in the balance sheet at present value.

The above table also shows nominal liabilities, comprising the sum of minimum lease payments and residual value at the end of the lease period.

Sweco has no liabilities under finance leases falling due after more than three years.

## 30 ACCRUED EXPENSES, DEFERRED INCOME AND OTHER CURRENT LIABILITIES

	Group		Parent Company	
	2010	2009	2010	2009
Accrued payroll costs	92.5	31.9	1.9	0.5
Accrued vacation and overtime pay	230.7	246.2	1.0	0.6
Accrued social security expenses	171.1	161.8	3.1	1.9
Other	69.4	101.8	6.0	2.6
<b>TOTAL</b>	<b>563.7</b>	<b>541.7</b>	<b>12.0</b>	<b>5.6</b>
<b>Other current liabilities</b>				
VAT	121.1	104.2	0.1	0.0
Employee withholding tax	78.1	80.8	0.5	0.5
Other	26.6	30.9	4.8	6.0
<b>TOTAL</b>	<b>225.8</b>	<b>215.9</b>	<b>5.4</b>	<b>6.5</b>

## 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2010	2009	2010	2009
<b>Pledged assets</b>				
Real estate mortgages	16.6	—	—	—
<b>TOTAL</b>	<b>16.6</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Contingent liabilities</b>				
Guarantee for liability of subsidiary	—	—	28.7	39.2
Performance bonds	198.4	260.3	173.0	234.8
<b>TOTAL</b>	<b>198.4</b>	<b>260.3</b>	<b>201.7</b>	<b>274.0</b>

## 32 FINANCIAL INSTRUMENTS BY CATEGORY

### GROUP

Fair value and carrying amount are recognised in the balance sheet as shown below:

	Financial assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
<b>2010</b>					
Financial investments	8.9	–	–	8.9	8.9
Non-current receivables	–	3.1	–	3.1	3.1
Trade receivables	–	775.4	–	775.4	775.4
Other current receivables	5.2	–	–	5.2	5.2
Cash and cash equivalents	–	376.7	–	376.7	376.7
<b>TOTAL</b>	<b>14.1</b>	<b>1,155.2</b>	<b>–</b>	<b>1,169.3</b>	<b>1,169.3</b>
Non-current interest-bearing liabilities	–	–	11.0	11.0	11.0
Other non-current liabilities	–	–	2.2	2.2	2.2
Current interest-bearing liabilities	–	–	120.9	120.9	120.9
Trade payables	–	–	191.7	191.7	191.7
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>325.8</b>	<b>325.8</b>	<b>325.8</b>

	Financial assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
<b>2009</b>					
Financial investments	10.0	–	–	10.0	10.0
Non-current receivables	–	4.7	–	4.7	4.7
Trade receivables	–	810.5	–	810.5	810.5
Other current receivables	1.9	–	–	1.9	1.9
Cash and cash equivalents	–	557.3	–	557.3	557.3
<b>TOTAL</b>	<b>11.9</b>	<b>1,372.5</b>	<b>–</b>	<b>1,384.4</b>	<b>1,384.4</b>
Non-current interest-bearing liabilities	–	–	13.6	13.6	13.6
Other non-current liabilities	–	–	0.9	0.9	0.9
Current interest-bearing liabilities	–	–	119.6	119.6	119.6
Trade payables	–	–	206.9	206.9	206.9
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>341.0</b>	<b>341.0</b>	<b>341.0</b>

In the above table, non-current receivables consist of non-current receivables other than pension assets. Other current liabilities/assets consist of derivatives and refer to fair value changes in forward transactions. Non-current and current interest-bearing liabilities include finance lease agreements, see also Notes 27 and 29.

### PARENT COMPANY

Fair value and carrying amount are recognised in the balance sheet as shown below:

	Financial assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
<b>2010</b>					
Other non-current securities	0.9	–	–	0.9	0.9
Cash and cash equivalents	–	211.2	–	211.2	211.2
<b>TOTAL</b>	<b>0.9</b>	<b>211.2</b>	<b>–</b>	<b>212.1</b>	<b>212.1</b>
Current interest-bearing liabilities	–	–	100.4	100.4	100.4
Trade payables	–	–	3.0	3.0	3.0
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>103.4</b>	<b>103.4</b>	<b>103.4</b>

	Financial assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
<b>2009</b>					
Other non-current securities	0.9	–	–	0.9	0.9
Cash and cash equivalents	–	409.7	–	409.7	409.7
<b>TOTAL</b>	<b>0.9</b>	<b>409.7</b>	<b>–</b>	<b>410.6</b>	<b>410.6</b>
Current interest-bearing liabilities	–	–	101.6	101.6	101.6
Trade payables	–	–	3.9	3.9	3.9
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>105.5</b>	<b>105.5</b>	<b>105.5</b>



The table below provides information about the method for determining the fair value of financial instruments measured at fair value in the balance sheet. The hierarchy for determining fair value is based on the following three levels.

Level 1: according to quoted market prices in active markets for identical instruments

Level 2: according to directly or indirectly observable market inputs that are not included in level 1

Level 3: according to inputs that are not based on observable market data

#### GROUP

Information about financial instruments measured at fair value through profit or loss

	Level 1	Level 2	Level 3	Total carrying amount
<b>2010</b>				
Financial investments	–	–	8.9	8.9
Other current receivables	5.2	–	–	5.2
<b>TOTAL</b>	<b>5.2</b>	<b>–</b>	<b>8.9</b>	<b>14.1</b>

	Level 1	Level 2	Level 3	Total carrying amount
<b>2009</b>				
Financial investments	–	–	10.0	10.0
Other current receivables	1.9	–	–	1.9
<b>TOTAL</b>	<b>1.9</b>	<b>–</b>	<b>10.0</b>	<b>11.9</b>

#### PARENT COMPANY

Information about financial instruments measured at fair value through profit or loss

	Level 1	Level 2	Level 3	Total carrying amount
<b>2010</b>				
Other non-current securities	–	–	0.9	0.9
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>0.9</b>	<b>0.9</b>

	Level 1	Level 2	Level 3	Total carrying amount
<b>2009</b>				
Other non-current securities	–	–	0.9	0.9
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>0.9</b>	<b>0.9</b>

The table below presents a reconciliation between the opening and closing balances for financial instruments measured at fair value in the balance sheet according to a valuation technique based on non-observable inputs (level 3).

#### GROUP

	Financial investments
Opening balance, 1 January 2009	10.8
Total recognised gains and losses	
– recognised in profit for the year	–0.2
– recognised in other comprehensive income	–0.5
Proceeds from sale	–0.1
<b>CLOSING BALANCE, 31 DECEMBER 2009</b>	<b>10.0</b>
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2009	–0.2
Opening balance, 1 January 2010	10.0
Total recognised gains and losses	
– recognised in profit for the year	–
– recognised in other comprehensive income	–1.0
Cost of acquisitions	–
Proceeds from sale	–0.1
<b>CLOSING BALANCE, 31 DECEMBER 2010</b>	<b>8.9</b>
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2010	–

#### Measurement of fair value

Below is a summary of the primary methods and assumptions used to determine the fair values of the financial instruments reported in the table above.

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is determined through the use of a valuation technique that makes maximum use of market inputs, such as recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same and discounted cash flows.

For forward exchange contracts, fair value is determined on the basis of quoted market prices for forward exchange contracts on the balance sheet date.

The fair value of liabilities under finance leases is based on the present value of future cash flows discounted at the market rate of interest for similar lease contracts.

For trade receivables and payables with a remaining life of less than one year, the carrying amount is assessed to reflect fair value.

### 33 FINANCIAL RISKS AND FINANCE POLICY

Through its operations, the Group is exposed to various types of financial risk arising as a result of fluctuations in earnings and cash flow due to changes in exchange and interest rates, refinancing and credit risks.

#### FINANCE POLICY

To control and minimise the financial risks to which the company is exposed, the Board of Directors has drawn up a finance policy that is revised and adopted at least once a year. The policy regulates the division of responsibilities between the local companies and the central treasury department, which financial risks the Group is permitted to take and how these risks are to be managed. Surplus cash is invested primarily in fixed-income instruments in the money market, where low credit risk and high liquidity are required criteria. Transaction exposure is hedged mainly through forward contracts.

#### MARKET RISK

Market risk is the risk for fluctuations in the value of financial instruments due to changes in market prices. Sweco's policy minimises this risk by limiting the average duration of financial instruments to 120 days. There was no commercial paper in the Group during 2010.

#### CURRENCY RISKS

##### Transaction exposure

The Group's exposure to exchange rate risk is primarily related to potential exchange rate fluctuations in contracted and anticipated payment flows in foreign currency. The objective in management of exchange rate risk is to minimise the effects of exchange rate movements on the Group's profit and financial position. The Group normally has natural risk coverage in that both sales and expenses are denominated in local currency. In cases where contracts are entered into a non-local currency, the contracted and anticipated payment flows are hedged through forward contracts after matching of incoming and outgoing payments in the same currency.

The Group's transaction exposure from exports in 2010 can be broken down into the following significant currencies:

SEK M	EUR	USD	NOK
Income	123.0	90.9	2.0
Expenses	-45.7	-3.3	-5.6
<b>NET</b>	<b>77.3</b>	<b>87.6</b>	<b>-3.6</b>

On the balance sheet date, the Group had the following open forward contracts with a remaining time to maturity of between 0 and 40 months (previous year 0 to 42 months).

Currency	Contract amount		Unrealised gains + / losses –		Average rate	
	2010	2009	2010	2009	2010	2009
EUR	33.0	28.7	1.6	0.0	9.43	10.37
USD	48.3	92.1	3.5	1.9	7.30	7.36
Others	3.2	6.0	0.1	0.0		

Hedge accounting has not been applied for the forward contracts outstanding on the balance sheet date. Valuation gains/losses on forward exchange contracts are recognised in other current receivables/liabilities in the balance sheet.

##### Translation exposure

When the balance sheets of foreign subsidiaries are translated to SEK, a translation difference arises in that the current year is translated at a different rate than the preceding year, and that the income statement is translated at the average exchange rate during the year while the balance sheet is translated at the closing day rate.

Translation exposure consists of the risk for changes in equity resulting from translation differences. For the significant currencies, translation exposure at 31 December 2010 was NOK 387 million (353) and EUR 31.4 million (35.9). The Group's policy is to not hedge translation exposure in foreign currencies.

##### Balance sheet exposure

On the translation of assets and liabilities in intra-group transactions, balance sheet exposure arises in the difference between exchange rates on the transaction date and the closing day rate. The resulting exchange difference is recognised over the income statement. The Group's policy is to eliminate balance sheet exposure by taking up loans in the exposed currency to the extent that this exposure does not refer to normal trade receivables or payables.

Foreign exchange differences recognised in profit	Group		Parent Company	
	2010	2009	2010	2009
Net sales	0.9	1.9	0.0	0.0
Other operating expenses	-1.3	-1.9	0.0	0.0
<b>Total foreign exchange differences in operating profit</b>	<b>-0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Financial income	–	5.5	–	5.2
Financial expenses	-5.7	–	-4.0	–
<b>Total foreign exchange differences in net financial items</b>	<b>-5.7</b>	<b>5.5</b>	<b>-4.0</b>	<b>5.2</b>
<b>TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT</b>	<b>-6.1</b>	<b>5.5</b>	<b>-4.0</b>	<b>5.2</b>

#### INTEREST RATE RISK

Interest rate risk refers to the effects of interest rate movements on the Group's net financial items and fluctuations in the value of financial instruments due to changes in market interest rates. Sweco has a strong balance sheet with a low level of borrowing, which means that direct interest rate risk is low. All loans carry variable interest rates and are not associated with any special conditions or obligations. The company's assessment is that loans with variable interest result in the lowest financing cost over time. Indirectly, interest rates can affect the general economic climate and propensity to invest.

#### OTHER FINANCIAL RISKS

In view of the Group's financial position with unutilised bank overdraft facilities which including cash and cash equivalents amounted to SEK 946.5 million and a net interest-bearing receivable of SEK 240.1 million, liquidity risk (the risk that the Group will incur higher costs due to insufficient liquidity), cash flow risk (the risk for variations in the size of future cash flows generated by financial instruments) and refinancing risk (the risk for unfavourable refinancing of matured loans) are deemed minor. To minimise the borrowing requirement through the use of surplus liquidity in the Group, there are cash pools in Sweden, Norway and Finland. The bank overdraft facilities are renewed every year and are not associated with any special conditions or obligations, see also Note 27.

Other financial risks are shown in the table below:

	Nom. amount in original currency	Total	Within 1 mth	1–3 mths	3 mths– 1 yr	1–5 yrs
<b>2010</b>						
Forward contracts, EUR	3.7	33.0	4.3	3.1	14.4	11.2
Forward contracts, USD	7.1	48.3	–	0.7	18.2	29.4
Forward contracts, others		3.2	3.2	–	–	–
Finance lease liabilities, SEK	27.5	27.5	1.8	3.5	10.5	11.7
<b>TOTAL</b>		<b>112.0</b>	<b>9.3</b>	<b>7.3</b>	<b>43.1</b>	<b>52.3</b>

	Nom. amount in original currency	Total	Within 1 mth	1–3 mths	3 mths– 1 yr	1–5 yrs
<b>2009</b>						
Forward contracts, EUR	2.8	28.7	–	3.4	25.3	–
Forward contracts, USD	12.8	92.1	0.0	22.4	25.0	44.7
Forward contracts, others		6.0	0.1	5.9	–	–
Finance lease liabilities, SEK	25.1	25.1	2.8	1.5	6.7	14.1
<b>TOTAL</b>		<b>151.9</b>	<b>2.9</b>	<b>33.2</b>	<b>57.0</b>	<b>58.8</b>

#### CREDIT RISK

The risk that the Group's clients will not meet their obligations, i.e. that payment will not be received from the clients, constitutes a customer credit risk. The Group carries out continuous credit assessment of new clients.

Sweco currently has around 10,000 clients in both the private and public sectors. The public sector accounts for 48 per cent, property and construction companies for 13 per cent, industrial companies for 27 per cent and other private sector companies for 12 per cent.

The clients include most of the Nordic region's major companies. The ten largest clients account for 20 per cent of total sales. Since Sweco is not dependent on any individual clients, there is little risk that trade receivable losses will have a significant impact on the company. Historically, such losses have been minor.

#### Age analysis, trade receivables

	2010			2009		
	Gross	Reserve	Net	Gross	Reserve	Net
Trade receivables not yet due	579.7	–	579.7	593.1	–	593.1
Overdue trade receivables 0–30 days	121.8	–0.9	120.9	120.2	–0.9	119.3
Overdue trade receivables > 31–90 days	25.7	–0.3	25.4	26.2	–0.1	26.1
Overdue trade receivables > 91–180 days	25.4	–0.7	24.7	33.6	–1.0	32.6
Overdue trade receivables > 180 days	35.9	–11.2	24.7	54.2	–14.8	39.4
<b>TOTAL</b>	<b>788.5</b>	<b>–13.1</b>	<b>775.4</b>	<b>827.3</b>	<b>–16.8</b>	<b>810.5</b>

At 31 December 2010, trade receivables amounting to SEK 195.7 million (217.4) were overdue without any assessed need to recognise an impairment loss. These apply to a number of independent clients that have not previously had any solvency problems.

Trade receivables by currency	2010	2009
SEK	502.0	424.0
EUR	84.6	112.2
USD	1.7	26.6
NOK	125.6	180.4
Other currencies	61.5	67.3
<b>TOTAL</b>	<b>775.4</b>	<b>810.5</b>

Changes in the reserve for doubtful trade receivables	2010	2009
Opening reserve for doubtful trade receivables	–16.8	–19.9
Provisions to reserve for doubtful trade receivables	–4.2	–6.4
The year's write-off of non-collectible receivables	7.3	9.7
Reversal of unutilised amount	–0.1	0.0
Translation differences	0.7	–0.2
<b>CLOSING RESERVE FOR DOUBTFUL TRADE RECEIVABLES</b>	<b>–13.1</b>	<b>–16.8</b>

#### SENSITIVITY ANALYSIS

To manage currency risks, the Group strives to minimise the impact of short-term fluctuations in profit and cash flows. In a longer perspective, however, more long-term changes in exchange and interest rates will have an effect on profit and cash flows.

Factor	Change +/-, %	2010 Effect +/-	2009 Effect +/-
Currency			
EUR	10	5.8	3.8
USD	10	6.4	3.7
NOK	10	9.4	9.8
Interest rate on lending/borrowing	1 %-point	1.5	1.6

The sensitivity analysis is based on the assumption that all other factors are constant. The effect is stated after a standard tax rate of 27 per cent.

**CAPITAL MANAGEMENT**

The Sweco Group's financial objective is to uphold a good capital structure and financial stability in order to maintain the confidence of investors, creditors and the market and to create a foundation for ongoing development of the Group's business operations. Capital is defined as total equity and non-controlling interests.

Capital	2010	2009
Equity	1,419.6	1,584.9
Non-controlling interests	10.0	10.8
<b>TOTAL</b>	<b>1,429.6</b>	<b>1,595.7</b>

The Sweco Group's capital is used to finance acquisitions, to maintain a high level of financial flexibility and to provide competitive dividends to Sweco's shareholders.

The Group's dividend policy is to distribute at least half of profit after tax to the shareholders, while at the same time maintaining a capital structure that provides scope for development of, and investment, the company's core operations. The Board of Directors has proposed that the 2011 Annual General Meeting approve a dividend of SEK 3.00 per share, equal to a dividend share of 92 per cent of profit after tax. A maximum of SEK 274.6 will be distributed to shareholders as a result of this dividend.

Sweco's financial target is that Sweco should maintain a level of net debt over time. Sweco's net debt should not exceed 40 per cent of equity. After the proposed dividend, the ratio of net debt to equity, based on the balance sheet at 31 December 2010, will amount to approximately 3 per cent and the equity/assets ratio will be approximately 43 per cent. During the past five years the ordinary dividends and redemption procedures in 2005, 2006 and 2009 have amounted to an average of 80 per cent of profit after tax. The Group's policy is to pay an extra dividend when this is permitted by the capital structure and financing requirements. Decisions to pay an extra dividend and/or capital contribution to the shareholders through redemption programs reflect an ambition to distribute any capital to the shareholders that is not deemed necessary for the Group's development. In addition to the regular dividend, the Group has paid an extra dividend in 2002 and carried out share redemption procedures in 2005, 2006 and 2009.

In 2008 Sweco issued a subscription warrant series (2008/2011) to 50 senior executives in the Group. According to the Black & Scholes model, the value of the warrants has been appraised by an external party. A total of 1,300,000 warrants have thus been subscribed for on market-based terms, equal to a dilutive effect of 1.4 per cent on the share capital and 0.7 per cent on the number of votes. The warrants may be exercised for subscription to shares during the period from 30 May 2011 to 30 November 2011. The exercise price amounts to SEK 65 per share.

Sweco's 2010 Annual General Meeting granted authorisation for the Board to repurchase treasury shares. The aim of the proposed repurchase is to create scope to optimise the company's capital structure and opportunities to use Sweco shares as consideration in connection with future acquisitions. The Annual General Meeting also authorised the Board to decide on the transfer of treasury shares. Such transfers may take place in connection with acquisitions. The Board also proposes that the 2011 Annual General Meeting resolve also grant authorisation for the Board to decide on the repurchase and transfer of treasury shares.

**34 RELATED PARTY TRANSACTIONS**

Sales to related parties are carried out on market-based terms. The Group has not had any sales to associated companies.

Consulting services have been sold for an amount of SEK 0.0 million (0.2) to companies owned by the Nordström family, which is a shareholder controlling approximately 34 per cent of the votes in Sweco. Consulting services have been sold for an amount of SEK 0.4 million (1.4) to companies owned by the Douglas family, which has a controlling interest in Investment AB Latour, a shareholder controlling approximately 23 per cent of the votes in Sweco. To companies owned jointly by the Nordström and Douglas families, consulting services have been sold for an amount of SEK 0.0 million (0.2).

See also transactions with senior executives in Note 6.

**35 EVENTS AFTER THE BALANCE SHEET DATE**

On 11 February 2011 The Board of Directors proposed that the Annual General Meeting resolve on a distribution to the shareholders in the form of a dividend amounting to a maximum of SEK 274.6 million (see Note 26).

After the end of the year, Sweco acquired TD VVS-konsult with five employees and thus strengthened HVAC and sanitation operations in Linköping. The company offers services within heating, ventilation, sanitation, energy and property management.

**36 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS****KEY SOURCES OF ESTIMATION UNCERTAINTY****Pension assumptions**

Provisions for pensions are based on Sweco's best actuarial assumptions about the future (see Note 28). When there are large differences between the assumptions and actual outcomes of these variables, the resulting actuarial gains/losses may fall outside the corridor and a portion of the net gain/loss must be recognised in the income statement and balance sheet.

**Impairment testing of goodwill**

In determining the recoverable amount of cash generating units for impairment testing of goodwill, the company has made assumptions about future conditions and estimated key variables, see Note 14. As illustrated in Note 14, significant changes in these estimates and assumptions can affect the value of goodwill.

**Valuation of work in progress**

Around 21 per cent of Sweco's sales are generated in fixed-price service contracts. Assets and liabilities in these contracts represent significant amounts. Work in progress is recognised at the value of contract revenue less confirmed losses and anticipated loss risks. The stage of completion of a contract is determined by comparing the proportion of contract costs incurred on the balance sheet date with the estimated total contract costs. If the outcome cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are expected to be recoverable. Determination of the risks in the assignments and the percentage of completion is based on prior experience of similar projects and the specific conditions of each assignment. The balance sheet item consists of multiple contracts, none of which makes up a substantial share of the total. While miscalculation of an individual contract would not have a significant impact on the value of work in progress, a general miscalculation could have a significant impact, although this is not probable.

**37 INFORMATION ABOUT THE PARENT COMPANY**

SWECO AB (publ), corporate identification number 556542-9841, is a Swedish-registered public limited company domiciled in Stockholm. The Parent Company's shares are quoted on NASDAQ OMX Stockholm. The address to the head office is: Sweco AB, Gjörwellsgatan 22, Box 34044, SE-100 26 Stockholm, Sweden.



# PROPOSED APPROPRIATION OF PROFITS

## PARENT COMPANY

The Board of Directors and the President & CEO propose that retained earnings, non-restricted reserves and net profit for the year together amounting to  
*be appropriated*  
so that the shareholders receive a dividend of SEK 3.00 per share  
and that the remaining sum be carried forward to new account.

SEK 777.0 million  
SEK 197.9 million  
SEK 974.9 million  
  
SEK 274.6 million  
SEK 700.3 million

1) The distribution will amount to a maximum of SEK 274.6 million calculated on the number of shares outstanding at 23 February 2011, including shares held in treasury. Should the Board exercise the authorisation granted by the Annual General Meeting in April 2010 to either purchase additional treasury shares or transfer treasury shares, the amount to be distributed will change.

The estimated record date for payment of dividends is 18 April 2011.

The income statements and balance sheets of the Group and the Parent Company will be put before the Annual General Meeting on 13 April 2010 for adoption.

The Board of Directors of SWECO AB (publ) has proposed that the 2010 Annual General Meeting resolve to approve a dividend of SEK 3.00 (2.00) per share, or a maximum of SEK 274.6 million (177.9).

Sweco's dividend policy states that at least half of profit for the year attributable to owners of the Parent Company shall be distributed to the shareholders, while at the same time maintaining a capital structure that provides scope for development of, and investment in, the company's core operations. Sweco's financial targets mean that the company should maintain a level of net debt over time. Sweco's net debt should not exceed 40 per cent of equity. In view of the Board's proposal for payment of dividends as stated above, the Board hereby issues the following statement pursuant to Chapter 18, Paragraph 4 and Chapter 19, paragraph 22 of the Swedish Companies Act.

The Board of Directors is of the opinion that the proposed distribution to the shareholders do not represent a hinder for the company to meet its obligations in the short or long term, at the same time that the company's financial position permits continued investment and expansion. Based on the balance sheet at 31 December 2010, the Group's net debt/equity ratio after the proposed dividend will amount to around

3 per cent. The net debt/equity ratio prior to the dividend is approximately –17 per cent. Based on the balance sheet at 31 December 2010, the Group's equity/assets ratio after the proposed dividend will amount to approximately 43 per cent. The equity/assets ratio prior to the dividend is approximately 48 per cent.

In view of that stated above, the Board of Directors believes that the proposed dividend to the shareholders is warranted with respect to the amount of shareholders' equity required by the nature, scope and risks associated with the company's business, as well as its consolidation requirements, liquidity and overall financial position.

The Board of Directors and the President give their assurance that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards IFRSs as adopted by the EU and give a true and fair view of the financial position and results of operations of the Group. The annual accounts have been prepared in accordance with generally accepted accounting standards and give a true and fair view of the financial position and results of operations of the Parent Company.

The Board of Directors' report for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 23 February 2011

Olle Nordström  
*Chairman*

Anders G. Carlberg  
*Board member*

Gunnel Duveblad  
*Board member*

Aina Nilsson Ström  
*Board member*

Pernilla Ström  
*Board member*

Kai Wärn  
*Board member*

Håkan Brinkenberg  
*Employee representative*

Thomas Holm  
*Employee representative*

Anna Leonsson  
*Employee representative*

Mats Wäppling  
*Board member, President & CEO*

Our audit report was submitted on 1 March 2011

PricewaterhouseCoopers AB  
Lennart Danielsson  
*Authorised Public Accountant*

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# AUDIT REPORT

To the annual meeting of the shareholders of SWEKO AB (publ.)  
Corporate identity number 556542-9841

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of SWEKO AB (publ.) for the year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 30–79. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual

accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member 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 our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the 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, 1 March 2011  
PricewaterhouseCoopers AB

Lennart Danielsson  
*Authorised Public Accountant*

# SENSITIVITY ANALYSIS

## SENSITIVITY ANALYSIS

Sweco's earnings are influenced by a number of factors. The billing ratio is of vital importance for attaining high profitability in a consulting company, where small changes in capacity utilisation and prices have a significant impact on profit, both upwards and downwards. For Sweco, a change in the billing ratio (capacity utilisation) by one percentage point

(around 25 minutes per consultant and week) would have a profit effect of around SEK 61 million. A change of SEK 10 in the average hourly fee would affect annual profit by SEK 63 million. The table shows the effects of some key variables on cash flow, operating profit and earnings per share based on the annual accounts for 2010. For every assumed change, all other variables are assumed to be constant.

## Sensitivity analysis

			Effect +/-
Factor	+/-	Cash flow/ operating profit	Earnings per share
Net sales			
– average fee	1%	SEK 45 M	SEK 0.36
– average hourly fee	SEK 10	SEK 63 M	SEK 0.50
– billing ratio	1%-point	SEK 61 M	SEK 0.49
Personnel costs	1%	SEK 33 M	SEK 0.27
Overhead expenses	1%	SEK 8 M	SEK 0.06

## Billing ratio by quarter and rolling 12 months



## FIVE-YEAR OVERVIEW

SEK M	2010	2009	2008	2007	2006
<b>Income statement, SEK M</b>					
Net sales	5,272.4	5,338.7	5,522.8	4,569.5	3,894.7
Operating profit	432.7	443.6	596.3	432.5	361.9
Net financial items	-9.0	0.0	-8.1	-6.8	2.5
Profit before tax	423.7	443.6	588.2	425.7	364.4
Profit for the year	299.9	294.6	402.9	303.3	258.3
<b>Balance sheet, SEK M</b>					
Balance sheet total	2,988.4	3,151.3	3,012.5	2,438.0	2,050.9
Equity	1,429.6	1,595.7	1,414.8	950.3	835.9
Cash and cash equivalents and current interest-bearing receivables	376.7	557.3	321.3	192.0	255.6
Interest-bearing liabilities	136.6	138.8	161.2	209.8	105.8
Net interest-bearing receivable/liability	240.1	418.5	160.1	-17.8	149.8
<b>Cash flow statement, SEK M</b>					
Cash flow from operating activities	341.8	529.7	557.1	314.2	243.8
Cash flow from investing activities	-132.5	-93.6	-273.1	-203.6	30.2
Cash flow from financing activities	-362.5	-201.3	-176.5	-155.7	-283.1
<b>Cash flow for the year</b>	<b>-153.2</b>	<b>234.8</b>	<b>107.5</b>	<b>-45.1</b>	<b>-9.1</b>
<b>Key ratios</b>					
Operating profit per employee, SEK 000s	87	87	109	92	91
Value added per employee, SEK 000s	758	743	720	701	701
Billing ratio, %	73.4	73.6	75.6	76.1	75.3
Operating margin, %	8.2	8.3	10.8	9.5	9.3
Profit margin, %	8.0	8.3	10.6	9.3	9.4
Equity/assets ratio, %	47.8	50.6	47.0	39.0	40.8
Net debt/equity ratio, %	-16.8	-26.2	-11.3	1.9	-17.9
Debt/equity ratio, times	0.1	0.1	0.1	0.2	0.1
Interest coverage ratio, times	31	42	32	35	51
Return on equity, %	19.9	19.6	34.6	33.8	29.9
Return on capital employed, %	26.5	27.5	44.4	41.7	38.2
Return on total assets, %	14.3	14.7	22.3	19.5	18.2
Average number of employees	4,986	5,082	5,453	4,699	3,986
<b>Share data</b>					
Earnings per share, SEK	3.31	3.31	4.68	3.53	3.00
Diluted earnings per share, SEK	3.28	3.28	4.65	3.46	2.99
Dividend return, %	5.2	7.4	5.7	3.1	6.1
Equity per share, SEK	15.61	17.82	16.09	11.06	9.80
Diluted equity per share, SEK	15.61	17.40	15.72	10.83	9.72
Cash flow per share, SEK	-1.70	2.66	1.25	-0.54	-0.11
Diluted cash flow per share, SEK	-1.68	2.63	1.24	-0.53	-0.11
Bid price Sweco B at 31 December, SEK	58.25	53.75	35.00	65.00	52.80
Market capitalisation, SEK M	5,394	4,963	3,211	5,599	4,422
Ordinary dividend per share, SEK (2010 – proposed)	3.00	2.00	2.00	2.00	1.50
Extraordinary dividend or profit distribution	–	2.00	–	–	1.70
Number of shares at 31 December <sup>1)</sup>	90,957,774	88,943,037	87,144,243	84,260,044	84,251,350
Diluted number of shares at 31 December <sup>1)</sup>	90,957,774	91,074,951	89,172,369	86,029,339	84,887,845
Number of shares after full dilution at 31 December <sup>1)</sup>	92,257,774	92,374,951	90,424,369	86,947,804	85,739,700
Number of class B and C treasury shares <sup>1)</sup>	559,073	3,059,073	2,357,867	2,154,306	1,163,000

1) The number of shares for prior periods has been restated with respect to the completed share split in 2007.



# COMMENTS ON THE FIVE-YEAR OVERVIEW

## 2006

In 2006 Sweco enjoyed robust demand for its services both in the Nordic countries and internationally. Sweco further strengthened its positions in the Nordic home markets, above all in the energy area. 2006 was a record year of powerful growth and high profitability. The Sweco Group's sales rose by 16 per cent, of which 40 per cent was due to acquisitions and 60 per cent to organic growth. The share of international sales rose to 50 per cent. Operating profit increased by 33 per cent to SEK 362 million, an improvement explained mainly by a continued strong market for all business units, improved internal efficiency and the accretive effects of acquisitions. During the year, companies were acquired in Sweden, Norway, Finland and Lithuania with annual sales of more than SEK 350 million and 379 employees. In the second quarter Sweco created a new organisation that is designed to improve the scope for international expansion. The share price rose by 27 per cent and ended the year at SEK 52.80. The number of employees at 31 December 2006 was approximately 4,200.

## 2007

All of Sweco's business units saw keen demand for consulting engineering services during 2007, resulting in continued strong performance and yet another record year for Sweco. The Sweco Group's net sales rose by 17 per cent, of which around 60 per cent was attributable to acquisition-driven growth and 40 per cent to organic growth. Operating profit improved by 20 per cent to SEK 433 million, an increase mainly explained by a sustained strong market, improved internal efficiency and the accretive effects of past acquisitions. During the year, Sweco acquired companies and operations with total annual sales of approximately SEK 329 million and around 620 employees. In Norway, Sweco continued its expansion through a number of acquisitions and is now one of the country's leading multidisciplinary engineering consultancies. Further advances were made in the Group's expansion in Central and Eastern Europe. Through the acquisition of Czech-based Hydroprojekt, a new home market was established in Central Europe. Additional acquisitions were made in Estonia and Lithuania, where Sweco now has a clearly dominant market position. The bid price of the Sweco B share rose by 23 per cent during the year and was SEK 65 at year-end. The number of employees at the end of the period was 4,934.

## 2008

The market for consulting engineering services was good during the year. Demand was particularly keen for services in the environment, energy and infrastructure areas, while weaker demand was noted in the construction sector and parts of the industrial sector in the fourth quarter. In spite of the rapid economic downturn at the end of the year, Sweco recorded its best performance ever in 2008. The Sweco Group's net sales rose to SEK 5,523 million, an increase of 21 per cent of which around 50 per cent was organic and 50 per cent was acquisition-driven. Operating profit improved by 38 per cent to SEK 596 million, with the Swedish and Norwegian units showing the strongest earnings growth. During the year Sweco continued its expansion and

strengthened its market positions in both the Nordic region and in Eastern and Central Europe. Several acquisitions were carried out in Norway and the expansion in Eastern Europe continued through additional acquisitions in Lithuania and Bulgaria. In 2008 subscription warrants were issued to some 50 senior executives in the Group. The bid price for the Sweco B share at year-end 2008 was SEK 35, a decrease of 47 per cent during the year. The number of employees at 31 December 2008 was 5,536.

## 2009

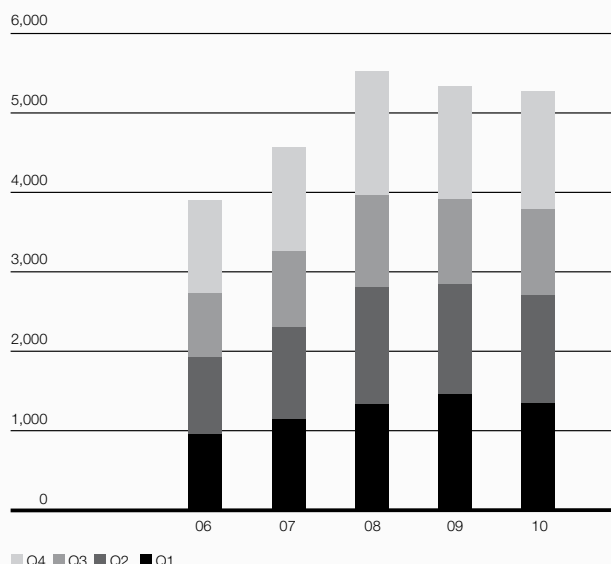
2009 was characterised by a weak market for building-related and industrial services, particularly in Finland and the Baltic countries. At the same time, demand for services related to the environment, energy and infrastructure was generally good. As a result of the unfavourable market, the Sweco Group's net sales fell by 3 per cent to SEK 5,339 million. Operating profit amounted to SEK 444 million with an operating margin of 8.3 per cent. Sweden and Norway delivered strong performance with operating margins of around 11 per cent. Operating profit was burdened with restructuring charges and a write-down of goodwill in Sweco Industry amounting to a total of SEK 41 million, as well as SEK 8 million in costs for resource adaptations in the Baltic countries. The Sweco Group's financial position was strong, with a net receivable of SEK 419 million and cash and cash equivalents include unutilised bank overdraft facilities of SEK 1,122 million. Acquisition activity was low during the year and only a few minor acquisitions were carried out. The bid price for the Sweco B share rose by 54 per cent and amounted to SEK 53.75 at year-end. The number of employees at year-end 2009 was 5,137.

## 2010

2010 was characterised by weak market development during the spring and a burgeoning recovery in the autumn. At the end of the year the market recovery gained momentum in several of Sweco's segments, including the industrial and building sectors. Net sales amounted to SEK 5,272 million. Overall net sales fell by 1 per cent, mainly due to downsizing in the industrial operations in Finland. Operating profit was SEK 432.7 million. Three business areas, Sweco Sweden, Sweco Norway and Sweco Russia, reported strong earnings with operating margins of over 10 per cent. Profit in Sweco Norway was affected by one-time project write-downs of more than SEK 20 million. Ambitious brand-building activities in a number of countries and acquisition-related expenses, together amounting to SEK 26 million, led to an increase in group-wide costs. The financial position was strong, with a net receivable of SEK 240 million and cash and cash equivalents including unutilised bank overdraft facilities of SEK 947 million. Through the acquisitions of Hydroprojekt Kraków and Transprojekt Kraków, a new market was established in Poland. In Sweden, Aros Arkitekter was acquired and Sweco now has close to 500 architects, making it one of the largest architectural companies in Europe. Sweco acquired nine companies with more than 300 employees during the year. The bid price for the Sweco B share at 31 December 2010 was SEK 58.25, representing an increase of 13 per cent. The number of employees at the end of the year was 5,418.

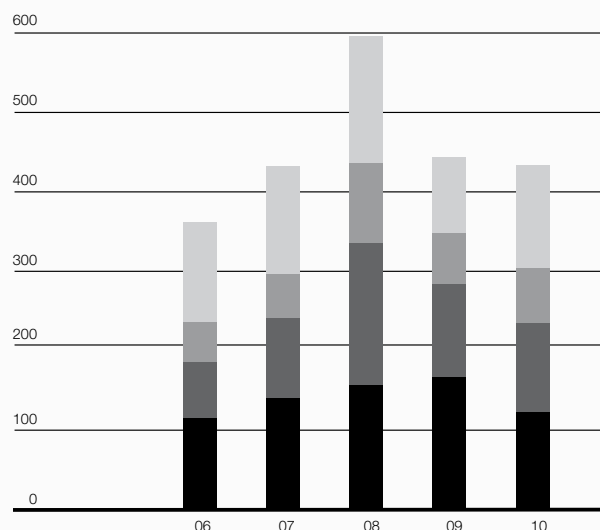
## Net sales

SEK M



## Operating profit

SEK M



# RISKS

## RISK MANAGEMENT

The goal of risk management is to secure the Group's profit growth and guarantee uninterrupted operations in the various business units. The company's Board of Directors and executive management are responsible for Sweco's risk management. Some of the practical measures related to risk management are part of the Group's day-to-day management and are handled by Sweco's entire organisation and subsidiaries. Sweco's significant risks and uncertainties include business risks tied

to the general economic trend and investment propensity in different markets, the ability to attract and retain competent personnel and the effects of political decisions. The Group is also exposed to different types of financial risk, such as foreign exchange, interest rate and credit risk. The risks Sweco has identified as significant in its business operations together with an explanation of the way in which these are managed are found below.

RISK	MANAGEMENT
<b>Business cycle</b> Sweco's operations are affected by general trends in the business cycle and the propensity to invest.	Sensitivity to shifts in the business cycle is reduced through: <ul style="list-style-type: none"> <li>• The wide geographical spread of operations.</li> <li>• Operations in many technical disciplines.</li> <li>• A good mix between public and private sector clients.</li> <li>• A wide client base operating in different areas of business/industry.</li> <li>• Sweco's strong market position and size.</li> </ul>
<b>Political decisions</b> Political objectives can influence investment decisions that affect Sweco.	<ul style="list-style-type: none"> <li>• 52 per cent of the assignment volume comes from the private sector and 48 per cent of the clients come from municipal and county governments, public agencies and government authorities. This balanced client mix reduces sensitivity to political decisions.</li> <li>• Sweco has subsidiaries in 11 countries and extensive project exports, which reduces the risk for negative effects arising from investment decisions in individual countries.</li> </ul>
<b>Environmental risks</b> Operations that can cause damage, injuries or threats to human health, the environment or other interests can also give rise to financial risks.	<ul style="list-style-type: none"> <li>• Sweco conducts no activities that are subject to permitting or reporting requirements under the Swedish Environmental Code or similar laws.</li> </ul>
<b>Competition</b> Competition to attract new, and retain existing, clients.	<ul style="list-style-type: none"> <li>• Sweco's combined expertise, with multiple technical disciplines that work together, maximises client benefit and creates competitive advantages.</li> <li>• Sweco has a strong brand and a market-leading position in several countries where the company conducts operations.</li> </ul>
<b>Employees</b> The ability to attract new and retain educated and motivated employees is of significant importance for Sweco's competitiveness and ongoing development.	<ul style="list-style-type: none"> <li>• Sweco is an attractive employer that offers its employees extensive opportunities for development in areas that benefit the environment and society.</li> <li>• Sweco's operating breadth and in-depth expertise give the employees scope for ongoing development. This breadth leads to varied assignments and the depth offers the chance to work with the top talent in each area, providing a source of stimulus and development.</li> <li>• A flat and business-oriented organisation with far-reaching responsibility for the individual consultants and good potential for personal development.</li> <li>• Growth and internationalisation are opening up new paths for the employees' personal development and career opportunities.</li> <li>• Sweco offers qualified ongoing education and forums where the employees can network and share experiences.</li> <li>• Remuneration to employees and senior executives is paid on market-based and competitive terms. There are performance-based bonus systems for all employees, and senior executives are offered various types of incentive schemes.</li> <li>• Sweco works systematically on creation of a strong leadership culture in order to support employee and business development.</li> <li>• Global processes for employee development ensure implementation and quality in all business areas.</li> </ul>

RISK	MANAGEMENT
<b>Client structure</b> A concentrated client structure leads to increased credit risk.	<ul style="list-style-type: none"> <li>Sweco has a balanced base of around 10,000 clients. The ten largest clients account for 20 per cent of net sales. Consequently, Sweco is not dependent on any individual clients. In a historical perspective, trade receivable losses have been low.</li> </ul>
<b>Assignments</b> The risk for miscalculation of the expenses and time required to complete an assignment.	<ul style="list-style-type: none"> <li>The group-wide business system sweco@work, processes and tools for effective management, follow-up and control of the assignments reduce the assignment-based risks and facilitate early detection of possible losses.</li> <li>Around 79 per cent of Sweco's assignments are billed by the hour, which means that the clients are billed for the full number of hours of work performed. Around 21 per cent are performed at a fixed price under constructive and professionally sound contracts.</li> <li>Sweco's consultants are given continuous training, according to the needs of the company and employees, in order to improve quality and efficiency in the assignments.</li> </ul>
<b>Financial risks</b> Changes in interest rates, foreign exchange rates and the market prices of financial instruments can impact Sweco's cash flow, profit and balance sheet.	<ul style="list-style-type: none"> <li>To control and minimise financial risks, the Board of Directors has drawn up a finance policy which is updated and adopted at least yearly. For more information see Note 33 on page 76.</li> <li>With regard to foreign exchange risk, the Group normally has natural risk coverage in that both sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through forward contracts.</li> <li>Sweco has a strong balance sheet with a low level of borrowing, which means that direct interest rate risk is low.</li> <li>In view of the Group's financial position with a low level of borrowing and large unutilised bank overdraft facilities, Sweco's liquidity risk is low.</li> <li>Credit risks have been historically low, since Sweco is not dependent on individual clients.</li> </ul>
<b>IT security</b> Modern working methods place rigorous demands on IT access and security.	<ul style="list-style-type: none"> <li>Sweco has an IT security policy that maximises the availability and reliability of the company's IT environment and thereby guarantees uninterrupted business operations.</li> <li>Firewall and virus protection and regular software upgrades reduce the risk for disruptions in operations due to technical problems.</li> </ul>
<b>Acquisition of companies</b> The anticipated outcomes and positive effects for the Sweco Group fail to materialise.	<ul style="list-style-type: none"> <li>Sweco's growth takes place organically and through the acquisition of other companies. The risks are minimised through a well developed acquisition and integration process with fixed decision-making points. Sweco's Board of Directors conducts a yearly evaluation of previous acquisitions.</li> </ul>
<b>Brand</b> Risk for bad PR and a damaged image.	<ul style="list-style-type: none"> <li>An established CSR policy that places high demands on Sweco's employees with regard to integrity, ethics, business morals and consideration to ethical and socioeconomic aspects.</li> <li>Established policies for corporate communications and crisis management.</li> </ul>
<b>Legal risks</b> Disputes can arise in operations.	<ul style="list-style-type: none"> <li>Quality assurance of assignments takes place in the group-wide business system sweco@work. The use of templates and guidelines already in the initiation phase ensures that contracts are properly executed from a business and legal standpoint.</li> <li>Sweco has an insurance program that includes professional indemnity insurance in order to cover the risks connected to disputes in the assignments.</li> </ul>
<b>Risks related to financial reporting</b> Errors can arise in the reporting and that the financial reporting is not prepared in accordance with legal requirements, rules for listed companies and applicable accounting standards.	<ul style="list-style-type: none"> <li>A good control environment through clear instructions and rules of procedure for the Board of Directors, President, audit committee and remuneration committee. Signatory and decision-making instructions clearly regulate the responsibilities and powers at each level in the organisation. Internal normative documents for financial reporting include a finance policy, a finance manual that contains rules for accounting and reporting, a policy for financial information, etc.</li> <li>Ongoing updating of the risk assessments for financial reporting.</li> <li>Extensive monitoring and control through reporting systems, budgets, forecasts, etc. Monthly reviews of earnings, risks, etc., with the management of each business area.</li> <li>Controllers in each business unit that regularly follow up compliance with the established monitoring and control systems.</li> </ul>

# THE SWECO SHARE

The Sweco share has been listed on NASDAQ OMX Stockholm AB since 21 September 1998. Sweco's share capital is divided into class A and class B shares, both of which grant equal entitlement to dividends. The class A share grants entitlement to one vote and the class B share to one-tenth of one vote in general share-holder meetings. Sweco's Articles of Association stipulate the right to convert shares of class A to class B. The combined market capitalisation of the Sweco share at year-end was SEK 5,394 million.

## SHARE PRICE DEVELOPMENT AND TRADING

The bid price of the Sweco B share was SEK 51.72 at the beginning of the year and SEK 58.25 at the end of the year, representing an increase of 13 per cent. Over the same period, NASDAQ OMX Stockholm rose by 23 per cent. The highest bid price for the class B share in 2010 was SEK 59.25 and the lowest was SEK 48.40. The highest bid price for the class A share was SEK 72.50 and the lowest was SEK 55.50.

A total of 7,347,746 Sweco shares were traded on NASDAQ OMX Stockholm in 2010 for a total value of approximately SEK 397.9 million, equal to a daily average of around SEK 1.57 million. The trading volume per business day was 28,633 class B shares and 295 class A shares.

Annual total return on the Sweco share, defined as the sum of share price growth and dividends received and reinvested, has averaged at 12 per cent over the past five years. The corresponding aggregate trend for NASDAQ OMX Stockholm was 8 per cent.

## TREASURY SHARES

Sweco holds a total of 559,073 class B treasury shares. The shares were at an average price of SEK 22.10 each, equal to a total of SEK 12.4 million. The market value at the end of the period was SEK 32.6 million. The treasury shares correspond to 0.6 per cent of the total number of shares and 0.3 per cent of the votes.

Sweco's 2010 Annual General Meeting authorised the Board of Directors to purchase treasury shares during the period before the next Annual General Meeting. No more than 10 per cent of the total number of shares outstanding may be repurchased. The aim of the repurchase is to optimise the company's capital structure and create opportunities to use Sweco shares as consideration in future acquisitions. The same Annual General Meeting also authorised the Board to decide on the transfer of treasury shares. Such transfers may take place in connection with acquisitions, in an amount corresponding to an appraised market value. The goal is to finance future acquisitions in a cost-effective manner. The Board has decided to propose that the 2011 Annual General Meeting grant the Board renewed authorisation for the purchase and transfer of treasury shares.

## DIVIDEND POLICY

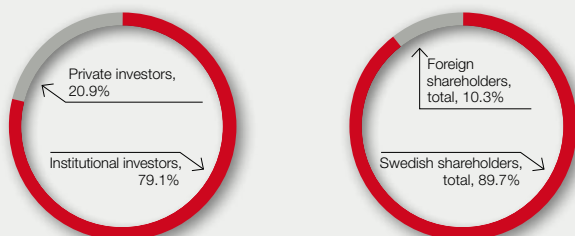
Sweco's dividend policy is to distribute at least half of profit after tax to the shareholders.

## PROPOSED DIVIDEND

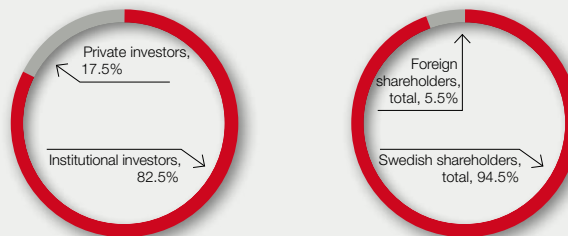
The Board of Directors proposes a dividend for 2010 of SEK 3.00 per share (2.00), amounting to a maximum capital distribution of SEK 274.6 million (177.9).

## SHAREHOLDERS BY CATEGORY, 31 DECEMBER 2010

### HOLDING AS A % OF SHARES



### HOLDING AS A % OF VOTES

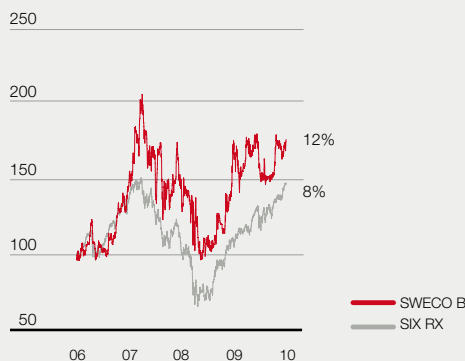


including 559,073 class B shares and 55,907.3 votes pertaining to treasury shares. Based on data from Euroclear Sweden AB.

## SHARE PRICE TREND



## TOTAL RETURN



Sweco's total annual return over the past five years has averaged at 12 per cent.



## SWECO AB'S SHARES<sup>1) 2)</sup>

	Number of		Holding, %	
	Shares	Votes	Shares	Votes
A	9,389,075	9,389,075	10.3	53.3
B	82,127,772	8,212,777	89.7	46.7
<b>TOTAL</b>	<b>91,516,847</b>	<b>17,601,852</b>	<b>100.0</b>	<b>100.0</b>

1) Including 559,073 class B shares and 55,907.3 votes pertaining to treasury shares.

2) Upon full conversion of the warrant program, the number of class B shares will increase by 1,300,000, which is equal to a dilutive effect of 1.4 per cent on the share capital and 0.7 per cent on the votes.

## DISTRIBUTION OF SHAREHOLDINGS AT 31 DECEMBER 2010<sup>1), 2)</sup>

Number of shares	Number of shareholders	Number of class A shares	Number of class B shares	Holding, %	% of votes
1–500	4,426	44,059	908,279	1.0	0.8
501–1,000	1,643	39,750	1,289,950	1.5	1.0
1,001–10,000	2,290	229,903	6,348,646	7.2	4.9
10,001–50,000	242	283,901	4,665,901	5.4	4.3
50,001–100,000	41	158,172	2,771,821	3.2	2.5
100,001–	55	8,633,290	66,143,175	81.7	86.5
<b>Total</b>	<b>8,697</b>	<b>9,389,075</b>	<b>82,127,772</b>	<b>100.0</b>	<b>100.0</b>

1) Including 559,073 class B shares and 55,907.3 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

## LARGEST SHAREHOLDERS AT 31 DECEMBER 2010<sup>1), 2)</sup>

Shareholder	A	B	Total	% of shares	% of votes
Nordström family	5,155,945	8,203,850	13,359,795	14.6	34.0
Investment AB Latour	1,222,760	27,775,000	28,997,760	31.7	22.7
J. Gust. Richert Memorial Fund	1,769,420	40,025	1,809,445	2.0	10.1
KAS Depository Trust Company	0	5,282,925	5,282,925	5.8	3.0
SSB CL OMNIBUS	0	4,713,558	4,713,558	5.2	2.7
Swedbank Robur Fonder	0	3,333,384	3,333,384	3.6	1.9
Öhman, Anders	245,500	434,500	680,000	0.7	1.6
Lannebo Fonder	0	2,440,200	2,440,200	2.7	1.4
Eriksson family	147,207	795,883	943,090	1.0	1.3
Verdipapirfond Odin Sverige	0	1,562,990	1,562,990	1.7	0.9
<b>Total, 10 largest shareholders</b>	<b>8,540,832</b>	<b>54,582,315</b>	<b>63,123,147</b>	<b>69.0</b>	<b>79.6</b>
<b>Others</b>	<b>848,243</b>	<b>27,545,457</b>	<b>28,393,700</b>	<b>31.0</b>	<b>20.4</b>
<b>Total</b>	<b>9,389,075</b>	<b>82,127,772</b>	<b>91,516,847</b>	<b>100.0</b>	<b>100.0</b>

1) Including 559,073 class B shares and 55,907.3 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

## DEVELOPMENT OF THE SHARE CAPITAL SINCE THE COMPANY'S FORMATION<sup>1)</sup>

Date	Comment	Change in the number of shares			Total number of shares			Quota value, SEK	Share capital, SEK M
		A	B	C	A	B	C		
1997, June	Company formed	1,000	–	–	1,000	–	–	100	0.1
1997, December	20-for-1 split	19,000	–	–	20,000	–	–	5	0.1
1997, December	New share issue	1,857,815	12,925,790	–	1,877,815	12,925,790	–	5	74.0
2003, July–November	Conversion	–	234,924	–	1,877,815	13,160,714	–	5	75.2
2004, January	New share issue	–	1,649,601	–	1,877,815	14,810,315	–	5	83.4
2004, June	Conversion	–	394,740	–	1,877,815	15,205,055	–	5	85.4
2006, May	2-for-1 split	1,877,815	15,205,055	–	3,755,630	30,410,110	–	2.5	85.4
2006, May	Redemption	–1,877,815	–15,205,055	–	1,877,815	15,205,055	–	2.5	42.7
2006, May	Bonus issue	–	–	–	–	–	–	5	85.4
2007, April	New share issue	–	–	200,000	1,877,815	15,205,055	200,000	5	86.4
2007, May	10-for-1 split	16,900,335	136,845,495	1,800,000	187,781,501	152,050,550	2,000,000	0.5	86.4
2007, May	Redemption	–9,389,075	–76,025,275	–1,000,000	9,389,075	76,025,275	1,000,000	0.5	43.2
2007, May	Bonus issue	–	–	–	9,389,075	76,025,275	1,000,000	1	86.4
2008, February	Conversion	–	850,000	–850,000	9,389,075	76,875,275	150,000	1	86.4
2008, June	New share issue	–	–	1,400,000	9,389,075	76,875,275	1,550,000	1	87.8
2008, June	New share issue	–	1,588,480	–	9,389,075	78,463,755	1,550,000	1	89.4
2008, October	New share issue	–	99,280	–	9,389,075	78,563,035	1,550,000	1	89.5
2009, February	Conversion	–	1,500,000	–1,500,000	9,389,075	80,113,035	–	1	89.5
2009, May	New share issue	–	–	2,500,000	9,389,075	80,113,035	2,500,000	1	92.0
2010, March	Conversion	–	2,500,000	–2,500,000	9,389,075	82,613,035	–	1	92.0
2010, May	2-for-1 split	9,389,075	82,613,035	–	18,778,150	165,226,070	–	0.5	92.0
2010, May	Redemption	–9,389,075	–82,613,035	–	9,389,075	82,613,035	–	0.5	46.0
2010, May	Bonus issue	–	–	–	9,389,075	82,613,035	–	1	92.0
2010, September	Cancellation	–	–485,263	–	9,389,075	82,127,772	–	1	91.5

1) Including 559,073 class B shares and 55,907.3 votes pertaining to treasury shares.

## BOARD OF DIRECTORS AND AUDITORS



**Olle Nordström** Born in 1958.  
Board Chairman. Member of the Board since 1997.

**Chairman of:** Skirner AB and Gustafs Inredningar AB.

**Board member of:** Sparbössan Fastigheter AB, ClimateWell AB, Stockholms Stads Brandförsäkringskontor and Teletec Connect AB, among others.

**Education:** M.Sc.Econ., Stockholm School of Economics.

**Experience:** Working Chairman of the family company Skirner AB, former Managing Director of Humlegården Fastigheter AB and FFNS Gruppen AB.

**Holdings in Sweco:** 525,000 directly held shares and 11,526,795 shares held through Skirner Förvaltning AB, which is owned by the Nordström family.



**Anders G. Carlberg** Born in 1943.  
Member of the Board since 2009.

**Chairman of:** Höganäs AB.

**Board member of:** Axel Johnson Inc., Mekonomen AB, Svenskt Stål AB, Sapa AB, Säki AB and Beijer-Alma AB, among others.

**Education:** M.Sc.Econ., Lund University.

**Experience:** former President and CEO of Axel Johnson International.

**Holdings in Sweco:** 10,000 shares.



**Gunnel Duveblad** Born in 1955.  
Member of the Board since 2008.

**Board member of:** Posten Norden AB, HiQ International AB, Aditro Holding AB and BANQIT AB.

**Education:** Systems Scientist, Umeå University.

**Experience:** former President of EDS Northern Europe.

**Holdings in Sweco:** 1,000 shares.



**Mats Wäpling** Born in 1956.  
Member of the Board since 2003.  
President and CEO since 2007.

**Board member of:** Pandox AB and Vasakronan AB.

**Education:** M.Sc.Eng, Royal Institute of Technology in Stockholm (KTH).

**Experience:** former Senior Vice President of Skanska AB and NCC AB.

**Holdings in Sweco:** 25,000 shares and 150,000 warrants.



**Håkan Brinkenberg** Born in 1946.  
Employee representative since 2005.

**Education/experience:** High school engineer.

**Employed by Sweco since:** 1970.

**Holdings in Sweco:** 3,294 shares.



**Kai Wärn** Born in 1959.  
Member of the Board since 2010.  
**Education:** M.Sc.Eng, Royal Institute of Technology in Stockholm (KTH).  
**Experience:** former President and CEO of Seco Tools AB, partner in IK Investment Partners, responsible for strategy, operations and business control.  
**Holdings in Sweco:** 0.



**Aina Nilsson Ström** Born in 1953.  
Member of the Board since 2006.  
**Board member of:** The Royal Swedish Academy of Engineering Sciences, (IVA) and the Finnish-Swedish Industrial Design Academy.  
**Education:** Industrial Designer, School of Design and Crafts, University of Gothenburg.  
**Experience:** Global Design Director at AB Volvo.  
**Holdings in Sweco:** 1,500 shares.



**Pernilla Ström** Born in 1962.  
Member of the Board since 2009.  
**Board member of:** Bonnier AB, Uniflex AB and Sydsvenska Dagbladet AB, among others.  
**Education:** studies at the Stockholm School of Economics and Stockholm University.  
**Experience:** Economist, journalist, financial analyst, active in own business Ity AB.  
**Holdings in Sweco:** 3,000 shares.



**Thomas Holm** Born in 1953.  
Employee representative since 2007.  
**Education/experience:** M.Sc.Eng., Licentiate in Engineering.  
**Employed by Sweco since:** 1988.  
**Holdings in Sweco:** 1,000 shares.



**Anna Leonsson** Born in 1971.  
Employee representative since 2005.  
**Education/experience:** Architect SAR/MSA.  
**Employed by Sweco since:** 1997.  
**Holdings in Sweco:** 401 shares.

#### DEPUTIES

**Sahar Almashta** Born in 1960.  
Employee representative since 2008.  
**Holdings in Sweco:** 231 shares.

**Anders Karlsson** Born in 1968.  
Employee representative since 2009.  
**Holdings in Sweco:** 438 shares.

**Göran Karloja** Born in 1953.  
Employee representative since 2008.  
**Holdings in Sweco:** 332 shares.

#### RESIGNED

**Sofia Arkelsten** Born in 1976.  
Left the Board on 28 October 2010.

#### AUDITORS

PricewaterhouseCoopers AB  
**Auditor in Charge:**  
Lennart Danielsson,  
Authorised Public Accountant.  
**Other assignments:** Clas Ohlson AB, Indutrade AB.

# EXECUTIVE MANAGEMENT AND SENIOR EXECUTIVES



## EXECUTIVE MANAGEMENT

**Mats Wäppling** Born in 1956.  
President and CEO since 2007.  
Member of the Board of Sweco AB since 2003.  
**Year of employment:** 2007.  
**Board member of:** Pandox AB and Vasakronan AB.  
**Holdings in Sweco:** 25,000 shares and 150,000 warrants.

**Bo Jansson** Born in 1952.  
Chief Financial Office since 2000 and Vice President since 2008.  
**Year of employment:** 2000.  
**Holdings in Sweco:** 120 shares and 150,000 warrants.

## SENIOR EXECUTIVES

**Eva Nygren** Born in 1955.  
President of Sweco Sweden since 2006.  
**Year of employment:** 1999.  
**Holdings in Sweco:** 15,000 warrants.

**Vibecke Hverven** Born in 1963.  
President of Sweco Norway since 2005.  
**Year of employment:** 1987.  
**Holdings in Sweco:** 50,000 warrants.

## OTHER SENIOR EXECUTIVES

### GROUP STAFFS

**Stig Bremer**  
Head of IT.  
Born in 1971.  
Year of employment: 1995.

**Fredrik Hedlund**  
Head of Corporate Communications.  
Born in 1961.  
Year of employment: 2000.

**Anna Johansson**  
Head of Group Accounting.  
Born in 1973.  
Year of employment: 2006.

**Jenny Klefström**  
Legal Counsel.  
Born in 1974.  
Year of employment: 2002.

**Lisa Lagerwall**  
Legal Counsel.  
Born in 1972.  
Year of employment: 2006.

**Jessica Petrini**  
Head of Human Resources.  
Born in 1971.  
Year of employment: 1998.

### SWECO SWEDEN

**Ann-Louise Lökhölm**  
President of Sweco Systems.  
Born in 1971.  
Year of employment: 2008.

**Åsa Bergman**  
President of Sweco Management.  
Born in 1967.  
Year of employment: 1991.

**Bo Carlsson**  
President of Sweco Environment.  
Born in 1956.  
Year of employment: 1990.

**Johan Dozzi**  
President of Sweco Infrastructure.  
Born in 1969.  
Year of employment: 1994.

**Sören Hed**  
President of Sweco Structures.  
Born in 1960.  
Year of employment: 1995.

**Jan Mattsson**  
President of Sweco Architects.  
Born in 1966.  
Year of employment: 1999.

**Erik Severin**  
President of Sweco Energiguide.  
Born in 1954.  
Year of employment: 1988.

**Helena Källerman**  
President of Sweco Position.  
Born in 1974.  
Year of employment: 2011.

### SWECO NORWAY

**Lars Enander**  
Head of Water & Environment Division.  
Born in 1963.  
Year of employment: 1999.

**Frøydis Espedal**  
Head of Building Service Systems Division.  
Born in 1967.  
Year of employment: 1996.

**Tron Kjølhamar**  
Head of Building & Construction Division.  
Born in 1957.  
Year of employment: 1988.





**Pär Hammarberg** Born in 1964.  
President of Sweco Central and Eastern Europe since 2008.  
**Year of employment:** 1995.  
**Holdings in Sweco:** 2,891 shares and 10,000 warrants.



**Jonas Dahlberg** Born in 1973.  
President of Sweco Russia and Head of Business Development since 2008.  
**Year of employment:** 2008.  
**Holdings in Sweco:** 50,000 warrants.



**Kari Harsunen** Born in 1953.  
President of Sweco Industry since 2007.  
**Year of employment:** 1999.  
**Holdings in Sweco:** 50,000 warrants.

**Snorre Lægran**  
Head of Infrastructure Division.  
Born in 1966.  
Year of employment: 2004.

**Tor-Helge Indrebø**  
Head of Vest Division.  
Born in 1961.  
Year of employment: 1987.

**Jørn Tyrdal**  
Head of Energy Division.  
Born in 1964.  
Year of employment: 2006.

#### **SWECO FINLAND**

**Jyrki Keinänen**  
President of Sweco PM.  
Born in 1960.  
Year of employment: 2008.

#### **SWECO CENTRAL & EASTERN EUROPE**

**Arturas Abromavicius**  
President of Sweco Lietuva.  
Born in 1961.  
Year of employment: 1993.

**Miroslav Kos**  
President of Hydroprojekt CZ.  
Born in 1955.  
Year of employment: 1979.

**Dimitar Popov**  
President of Sweco Energoprojekt JSC.  
Born in 1961.  
Year of employment: 2002.

**Aare Uusalu**  
President of Sweco Projekt.  
Born in 1949.  
Year of employment: 1986.

**Gregor Rolski**  
President of Sweco Polska.  
Born in 1962.  
Year of employment: 1996.

#### **SWECO RUSSIA**

**Alexander Limarenko**  
President of Lenvodokanalproekt.  
Born in 1959.  
Year of employment: 2008.

#### **SWECO INDUSTRY**

**Lars-Göran Sporre**  
President of Sweco Industry AB.  
Born in 1958.  
Year of employment: 2001.

**Jukka Korvenoja**  
Head of Chemical Industry Division.  
Born in 1957.  
Year of employment: 1988.

**Tapani Koski**  
Head of Project Execution Division.  
Born in 1950.  
Year of employment: 2004.

**Philip M. Pedersen**  
President of Sweco MEC AS.  
Born in 1960.  
Year of employment: 1989.

**Tapani Bastman**  
Head of Energy and Pulp & Paper Division.  
Born in 1955.  
Year of employment: 2004.

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# **ANNUAL GENERAL MEETING**

The Annual General Meeting of SWECO AB (publ) will be held on Wednesday, 13 April 2011, 3:00 p.m. at Hotel Courtyard by Marriott, Rålambshovsleden 50 in Stockholm, Sweden.

## **NOTIFICATION**

Shareholders who wish to participate in the Meeting must be entered in their own name in the register of shareholders maintained by Euroclear Sweden AB, and must have notified the company of their intention to participate no later than Thursday, 7 April 2011, via Sweco's website, by letter or by calling the number provided below. The notification should include name, address, telephone number, personal identity number, registered holding and special mention if the shareholder wishes to be accompanied by an assistant. Registered participants will be mailed an admission card which is to be presented at the entrance to the Meeting premises.

Notification can be made:

- online via Sweco's website: [www.swecogroup.com](http://www.swecogroup.com),
- by letter to Sweco AB, "Sweco Årsstämma", Box 7835, SE-103 98 Stockholm, Sweden
- by calling +46 (0)8-402 90 73, weekdays between 9:00 a.m. and 5:00 p.m.

## **NOMINEE SHARES**

Shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names in order to exercise their voting rights at the Meeting. Such re-registration should be requested in good time prior to Thursday, 7 April 2011, from the bank or securities broker than manages the shares.

## **FORM OF PROXY**

Shareholders who are represented by a proxy must submit an original form of proxy and a certificate of registration, where appropriate, to be sent to the company no later than Thursday, 7 April 2011. Proxies representing a legal entity must attach a verified certificate of registration or corresponding proof of authorisation to sign for the shareholder.

## **PROPOSED AGENDA**

The items of business required by law and the Articles of Association will be dealt with at the Annual General Meeting.

## **DIVIDEND**

The Board of Directors proposes that the shareholders receive a dividend of SEK 3.00 per share. The proposed record date is Monday, 18 April 2011. If the Meeting decides in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Thursday, 21 April 2011.

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# DEFINITIONS

## AVERAGE NUMBER OF EMPLOYEES

Hours of attendance plus hours of absence (excluding long-term absence) divided by normal working hours.

## BILLING RATIO

Billable hours in relation to total hours of attendance.

## CAPITAL EMPLOYED

Total assets less interest-free current and non-current liabilities and deferred tax liabilities.

## CASH FLOW PER SHARE

The year's cash flow divided by the average number of shares after dilution.

## DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

## DIRECT RETURN

The year's dividend (proposed dividend for 2010) divided by the closing bid price for the Sweco class B share.

## EARNINGS PER SHARE

Profit for the year attributable to owners of the Parent Company divided by the average number of shares outstanding.

## EMPLOYEE TURNOVER RATE

The number of employees who left the Group during the year divided by the average number of employees.

## EQUITY/ASSETS RATIO

Shareholders' equity divided by total assets.

## EQUITY PER SHARE

Equity attributable to owners of the Parent Company divided by the number of shares outstanding.

## IAS

International Accounting Standards.

## IFRS

International Financial Reporting Standards.

## INTEREST COVERAGE RATIO

Profit after net financial items plus financial expenses divided by financial expenses.

## MARKET CAPITALISATION

The year's closing bid price for the Sweco class A and class B share multiplied by the number of shares outstanding (excluding treasury shares) in each class.

## NET DEBT/EQUITY RATIO

Cash and cash equivalents less interest-bearing liabilities divided by shareholders' equity.

## OPERATING MARGIN

Operating profit as a percentage of net sales.

## OPERATING PROFIT PER EMPLOYEE

Operating profit excluding one-time items divided by the average number of employees.

## PROFIT MARGIN

Profit before tax in relation to net sales.

## RETURN ON CAPITAL EMPLOYED

Profit after net financial items plus financial expenses in relation to average capital employed.

## RETURN ON EQUITY

Profit for the year attributable to owners of the Parent Company in relation to average equity attributable to owners of the Parent Company.

## RETURN ON TOTAL ASSETS

Profit after net financial items plus financial expenses divided by average total assets.

## TOTAL RETURN

Share price trend including reinvested dividends.

## VALUE ADDED PER EMPLOYEE

Operating profit excluding one-time items plus personnel costs divided by the average number of employees.

