

Skanska AB Annual Report 1990

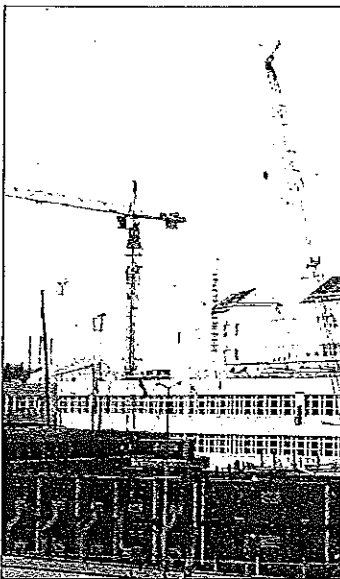
*The Skanska Group had
another good year in 1990.
Income before extraordinary items
climbed to SEK 2,370 M.
Order bookings kept pace with the sharp
rise in revenues during the year.*



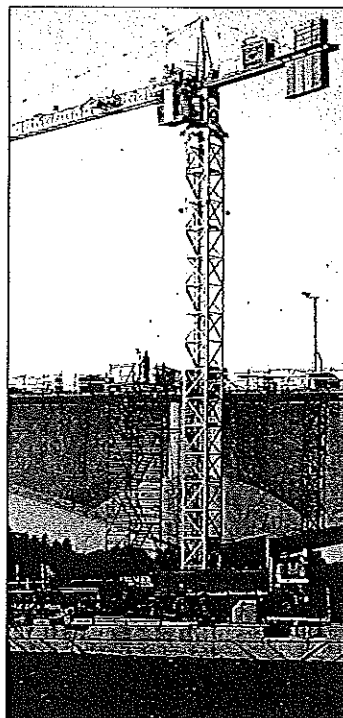
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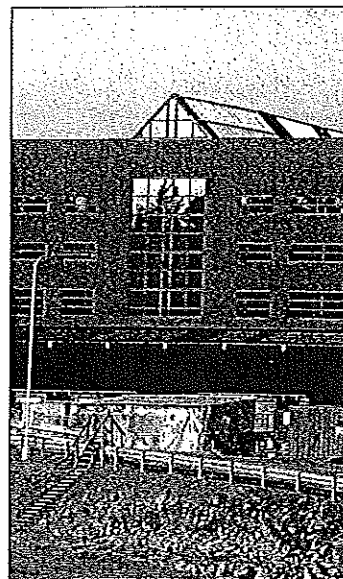
Comments on the English version of Skanska's Annual Report are found on page 64.



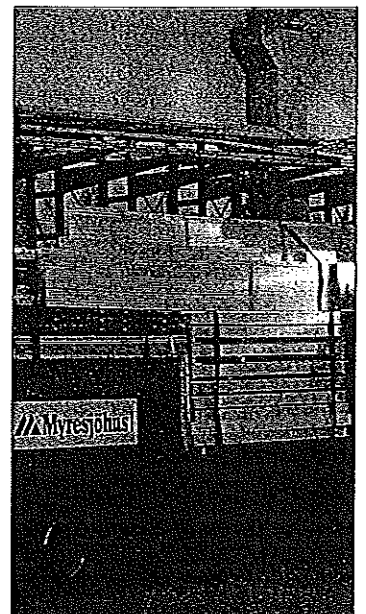
Swedish Construction Operations, the Group's largest business segment, reported its best earnings ever. Resource utilization is expected to fall during 1991.



There was heavy activity throughout the Technology and Services business segment.



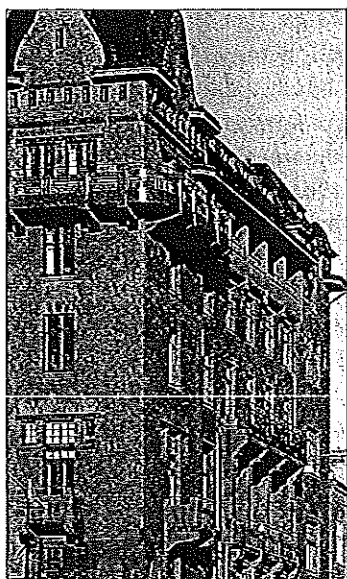
Specialized Companies continued to expand during 1990.



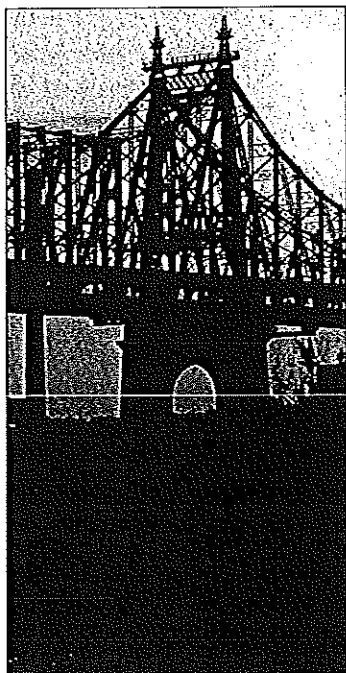
The Industrial Companies business segment increased its market share and earnings.

Skanska 1990

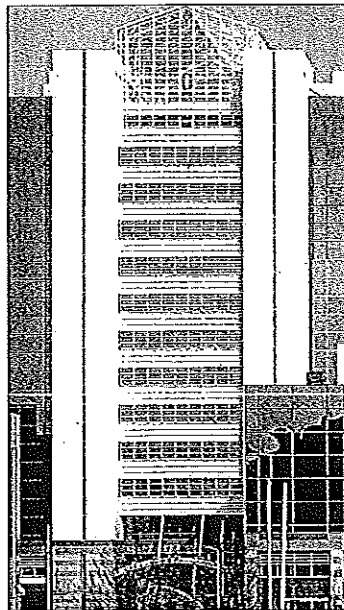
Group financial highlights	1990	1989
Revenues, SEK M	37,216	29,806
Of which, construction abroad	4,231	2,486
Income before extraordinary items, SEK M	2,370	2,035
Income before allocations and taxes, SEK M	2,265	2,744
Dividend per share, SEK	6.25	5.25
Adjusted earnings per share before extraordinary items, SEK	20.00	19.30
Adjusted earnings per share after extraordinary items, SEK	20.10	30.70



The real estate market had a trying year in 1990, but the Properties Sweden business segment reported increased rental revenues and continued high occupancy levels.



The vigorous expansion of Civil Engineering, an international business segment, included an improved market position in the United States.



Building and Properties, another international business segment, continued to focus on investments in Germany. Operations in Britain and Denmark felt the impact of the recession.



The Finance business segment was adversely affected by a stock market decline and a crisis that hit certain Swedish finance companies in the autumn. Money market and foreign exchange trading operations exceeded expectations.

In my review in the 1989 Annual Report, I predicted that poorer economic prospects would have a drastic impact on the construction industry in most of its areas of operations and that slower growth could be expected in the real estate market, among other things because of stagnating rents. It is now clear that the downturn will probably be even deeper than I foresaw at that time.

Declining demand for the services of construction companies became discernible during the fourth quarter of 1990. The favorable effects of the large devaluations of the krona in the early 1980s have been dissipated. Sweden is caught in a situation of high costs, high interest rates and rapid inflation, accompanied by low productivity growth. A large public sector and an undersized industrial sector, falling real estate investments and a lack of funds for investment by central and local government are disturbing omens of the future. Reforms of the residential financing system mean smaller subsidies on interest rates. There is falling demand for housing, which in turn means less residential construction. Stepping up the pace of infrastructural projects can do little to offset the decline in other construction sectors. Investments such as a Stockholm ring road, a high-speed rail line to Stockholm-Arlanda International Airport and a bridge over the Öresund to Denmark are much-needed not only to ensure future industrial production and related prosperity in Sweden, but also to ensure Sweden's ability to grow as part of the European Community.

Gradual downturn

At Skanska we are working on the assumption that the recession has not yet bottomed out. We will experience a gradual downturn for another year or so, and in our industry the recession will probably also

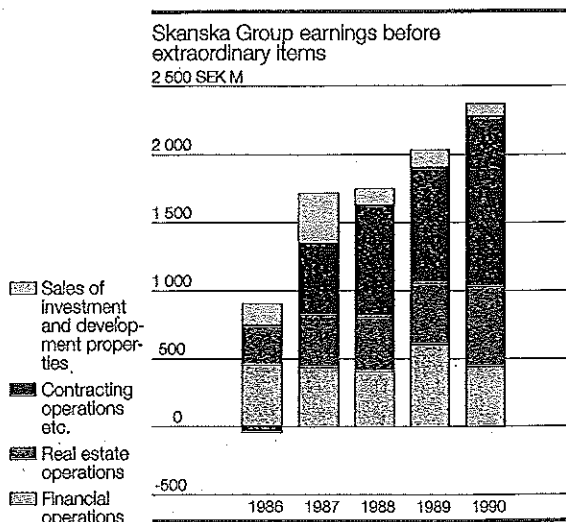
continue during 1992. Swedish construction companies thus face major challenges. They must shift resources from shrinking to expanding sectors, while adapting their resources to smaller production volume.

Well-equipped

In my judgment, Skanska is well-equipped to face this new situation. During the fall of 1990 we began taking steps to adapt our production resources. We have reduced fixed-asset investments and established cost-cutting programs. At the same time, we are continuing to pursue development efforts, both for our personnel and in production. A new development project called Operation 3 T was started. Its objective is to improve our time utilization. With time as a monitoring tool, we will achieve better capital and resource utilization, more efficient production and higher quality. At the same time, we will be better positioned to employ a total-cost concept in assuming overall responsibility for project planning, design, production and function, as a growing proportion of our clients want us to do. A project implementation process in which all specialists work together while sharing overall financial responsibility is necessary in order to minimize errors and enable us to guarantee that the product meets the client's demands. By creating a platform for continuous development from project to project, we are taking advantage of the great developmental potential that the construction industry possesses. Costly improvisations at the building site must be reduced, and the industry must become less dependent on wages and salaries. A reduction in political regulation and micromanagement will make it easier to move toward increasing the "industrialization" of construction work.

Real estate slump

During 1990 the upward trend in real estate operations also came to a halt. Rents stagnated and property prices fell. Only a year or so ago, most properties could be sold at prices that actually exceeded their "market values" even though the latter were continuously being adjusted upward in response to lower and lower dividend requirements. Suddenly the opposite is true. Few projects can be sold at their stated values, and we will certainly see these values become further depressed. So far, people have underestimated the strength of the downturn. A number of companies with low equity/assets ratios and negative cash flows need to sell their properties. Cut-backs in the public sector will make space available for renting. So we can anticipate continued weakness in





the real estate market. The growth we experienced for several years was accentuated, among other things, by many instances of thoughtless lending. A sound real estate market presupposes that rental revenues can at least cover site leasehold rents, real estate taxes, operating expenses and the costs of outside funding at reasonable interest rates.

Fewer projects

Site leasehold rents and land prices were driven up to levels that the market could not sustain. In recent years, we at Skanska have been restrictive in our decisions on whether to buy new land for real estate development. As a result, we will be starting fewer Swedish projects for our own account over the next few years.

Our main strategy remains unchanged: to purchase centrally located land to build high-quality, economically sound properties for our own account using the knowledge, experience and resources that the Group can mobilize. During 1991, a total of about SEK 2 billion worth of completed properties in Sweden is being added to our balance sheet. The occupancy rate for these is about 90 percent, and net operating revenues for 1991 will pay at least a 10 percent return on book value.

A long-term perspective

Our real estate investments are characterized by a long-term perspective. No profits have been projected in advance. On the contrary, most interest

costs during the construction period have been expensed and are not included in book values, and the maximum depreciation allowed under tax law is taken. Our good liquidity enabled us to finance our real estate investments during 1990 largely from our own funds.

In the global political arena, many big changes have occurred. The Middle East crisis only affected us marginally. Intensified cooperation in the European Community (EC) and the reunification of the two German states will hopefully benefit us. During 1990 our investments in Germany increased, and we will bring in additional resources to take advantage of the opportunities that have opened up, both in Germany and in Eastern Europe.

Targets achieved

In 1990 we achieved the earnings targets we had established for the Group. This was also true of nearly all subsidiaries. To Skanska, the soundness and competitiveness of our basic operations enjoy high priority, so we are very pleased with the fine earnings of our construction operations. Skanska is in a relatively good position to face the difficult years ahead. We see good opportunities for further improvement by means of concentration, specialization and smooth coordination among the various units in the Group. Our direction, our aims and our strategies remain unchanged. Turning more and more Group units into corporations has given them greater independence and clearer lines of responsibility. We intend to expand in a number of areas of technology over the next few years, and we will defend our position as Sweden's leading construction company.

Immediately after Skanska's annual meeting of shareholders on May 29, I will turn over responsibility for daily operations to Sven-Eric Hersvall and will have the pleasure of welcoming him as the new President of Skanska. In my continuing role as Chief Executive Officer, I will have a greater opportunity to focus on establishing priorities in areas that will be important to the future growth of the Group.

Nineteen ninety-one has begun well, with yet another mild winter construction season. Although economic developments are difficult to predict at the moment, in my judgment 1991 will be another good business year for the Skanska Group.

Lars-Ove Håkansson

**The Board of Directors and the President
of Skanska AB herewith present their report
on the Company's operations during 1990.**

The economic situation

Late in the summer, the Middle East conflict triggered a number of disruptions in the world economy. Interest rates as well as commodity and stock markets were characterized by instability and major fluctuations during the rest of the year. In Sweden, the economic situation rapidly deteriorated. Gross domestic product grew by a mere 0.6 percent in 1990. During the same period, the consumer price index climbed nearly 11 percent.

The Swedish construction market showed definite signs of a decline during the autumn. New construction rose only 3 percent in 1990, while the volume of renovation and maintenance jobs was down by 5 percent. Taken together, this represented a volume increase of less than 1 percent.

The increase in new production was mainly due to residential construction. According to preliminary figures, the number of housing starts was up 15 percent on 1989, reaching 67,600 – a level not seen since the mid-1970s.

International markets were characterized by instability, as already indicated. The supply of projects

with an acceptable risk level was thin.

Throughout the year, Swedish market interest rates were higher than during 1989. In February and October, short-term rates reached unusually high levels. The official discount rate was changed three times and stood at 11.5 percent at year-end, i.e. one percentage point higher than at the beginning of 1990.

Organizational structure

During 1990 the Group's organizational structure – Group Management, Group staff units and eight business segments – did not undergo any major change. On January 1, 1991 Skanska Entreprenad AB's six regional branches were reorganized into corporations, and together with Ohlsson & Skarne AB they make up the Swedish Construction Operations business segment. The six regional companies operate on a commission basis for the Parent Company. The Group's new structure is presented in the organizational chart on pages 12–13.

Invoiced sales and earnings

The Group. During 1990 the Skanska Group's consolidated invoiced sales, including all rental revenues but excluding real estate sales, amounted to SEK 37,216 M (29,806). On a current price basis, the increase was 25 percent (29). After adjusting for price changes, the rise was about 15 percent (21).

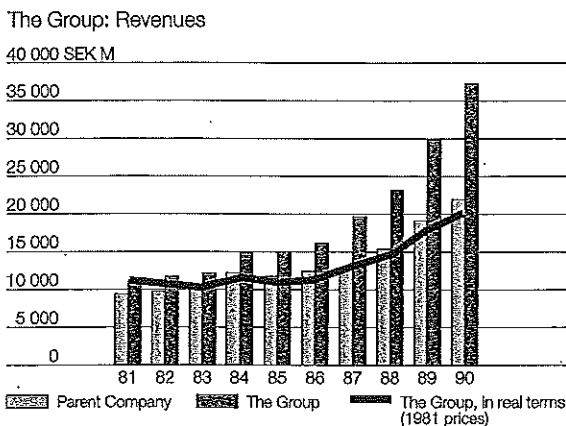
The Group's invoiced sales in the Swedish market rose to SEK 32,985 M (27,320). Invoiced sales outside Sweden rose to SEK 4,231 M (2,486). All these amounts include the shares of Group companies in construction operations that were carried out in consortia with outside firms.

The year's contracts credited to income totaled SEK 33,148 M (21,566). Invoicing on contracts credited to income rose to 95 percent (78) of invoiced sales excluding rental revenues during the year.

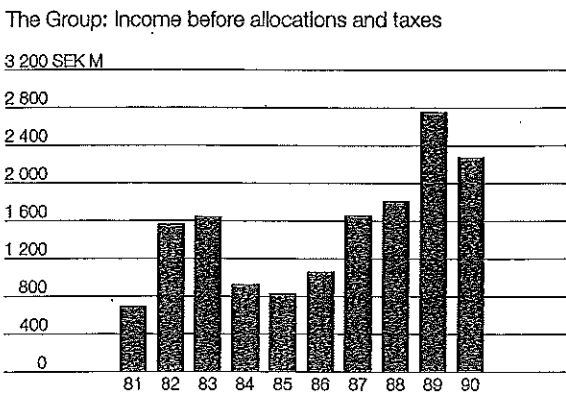
The Group's operating income after depreciation – i.e. income before financial items – rose to SEK 1,928 M (1,432).

Parent Company. The year's invoiced sales by the Parent Company and those subsidiaries which operated on a commission basis for the Parent Company amounted to SEK 21,919 M (19,100). The Parent Company's purchases from other Group companies totaled SEK 995 M, while sales to such companies reached SEK 2,636 M. Operating income after depreciation climbed to SEK 986 M (556).

Skanska Group revenues have more than tripled in 10 years. Rental revenues have grown from 5 percent of total revenues to 6.5 percent during the same period.



For the second consecutive year, Group income – both before and after extraordinary items – exceeded SEK 2 billion.



The Parent Company accounts – directly and via companies working for it on a commission basis – include operations from a number of business segments. In the following sections, the invoiced sales, earnings and other figures from the Parent Company and other Group companies are discussed on the basis of their distribution by respective business segments. In this way, the accounts have been adapted to the structuring of the Group into business segments.

JM Byggnads och Fastighets AB. Skanska's shareholding in JM booked as fixed assets was unchanged during 1990. This holding was equivalent to 82.2 percent of voting power and 64.4 percent of capital stock.

As in 1989, the income statement and balance sheet of the JM group have been included in their entirety in the corresponding Skanska consolidated financial statements. The necessary adjustment for Skanska's proportion of JM's equity was made under the heading "Minority interest."

During 1990, JM's invoiced sales including rental revenues rose to SEK 5,502 M (4,181). Of this amount, the sale of investment and development properties accounted for SEK 96 M (43) and rental revenues for SEK 444 M (387). Invoicing for construction contracts credited to income was SEK 4,145 M (2,276). As a percentage of invoiced sales, it rose to 84 percent (61).

The operating income of the JM group after depreciation but before financial items rose to SEK 313 M (214), mainly due to the sharply higher volume of invoicing credited to income. Before interest expenses, the earnings margin in construction operations was unchanged at about 4 percent.

Swedish Construction Operations. Revenues of this business segment rose to SEK 22,246 M (18,961). Invoicing for contracts credited to income increased to SEK 21,061 M (14,980). As a percentage of sales, it stood at 95 percent (79). Operating income after depreciation – before net interest items generated in operations – climbed to SEK 895 M (567). The earnings margin on contracting operations before interest items improved to about 4.3 percent.

In current prices, the year's order bookings rose by 17 percent (32) to SEK 23,395 M (19,927). At year-end 1990 the remaining order backlog exceeded SEK 17 billion (16). A more detailed presentation of this business segment is found on page 14.

Technology and Services. Revenues of this business segment amounted to SEK 560 M. Most invoicing was for services to Swedish Construction Operations. Skanska Data AB took over the development of the Construction Program – a PC-based cost accounting program for the entire building process – after Skanska sold its shares in Datatechnology Datech AB. A more detailed presentation of this business segment is found on page 24.

Specialized Companies. Invoiced sales of these companies amounted to SEK 3,388 M (3,060). Invoicing for contracts credited to income rose to SEK 3,220 M (2,784). This was 95 percent (91) of invoiced sales. The business segment's operating income after depreciation rose to SEK 146 M (93). Skanska Prefab and companies in such fields as electrical installations improved their earnings, while companies in the ventilation business showed somewhat lower earnings.

The year's order bookings rose about 7 percent to more than SEK 3 billion, while year-end order backlog was largely unchanged at around SEK 1.3 billion. A more detailed presentation of this business segment is found on page 26.

Industrial Companies. The three categories of companies in this business segment – forestry companies, Myresjö and SektionsByggarna – all showed very good growth during 1990. Revenues climbed to SEK 2,619 M (1,537). The Nordiska Trähus group, acquired by Myresjö effective September 1, 1989, accounted for SEK 426 M (103) of revenues. Invoicing for contracts credited to income rose to SEK 2,250 M (1,264).

Operating income after depreciation more than doubled to SEK 254 M (116). The Myresjö group accounted for SEK 184 M (91) of earnings, while the combined earnings of the two other categories of companies climbed to SEK 70 M (25).

The year's order bookings, and the backlog at the end of 1990, were largely unchanged compared with the previous year at SEK 2.4 and SEK 1.6 billion respectively. The business segment is presented further on page 28.

Properties Sweden. This business segment encompasses the Skanska Group's Swedish investment and development properties, except for those owned by JM and SektionsByggarna, i.e. investment properties, properties under construction and development properties.

During 1990, SEK 832 M (929) worth of new investment properties were added to the books. The

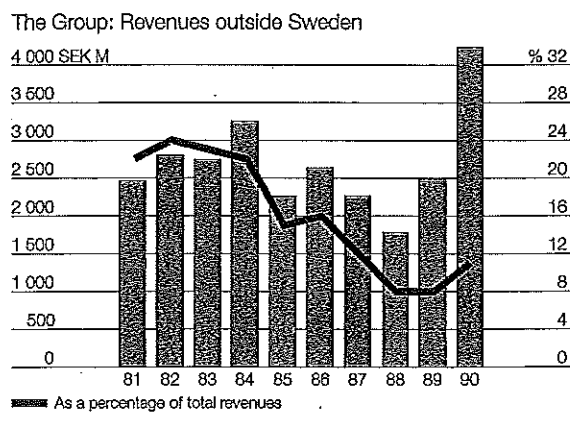
Invoiced sales and earnings	Revenues including rents		Contracts credited to income (excl rents)		Operating income after depreciation	
	1990	1989	1990	1989	1990	1989
SEK M						
Swedish Construction Operations	22,246	18,961	21,061	14,980	895	567
Technology and Services ¹⁾	560	100	533	117	50	9
Specialized Companies	3,388	3,060	3,220	2,784	146	93
Industrial Companies	2,619	1,537	2,250	1,264	254	116
Properties Sweden	1,923	1,544	-	-	655	598
Operations outside Sweden ²⁾	3,805	2,219	3,821	1,961	150	-50
Finance	-	-	-	-	-279	-8
JM	5,406	4,138	4,145	2,276	313	214
Miscellaneous ³⁾	-2,731	-1,753	-1,882	-1,816	-256	-107
Total, Group	37,216	29,806	33,148	21,566	1,928	1,432

1) Figures from 1989 include only parts of the current business segments.

2) Two international business segments, Civil Engineering and Building and Properties, are combined here.

3) Includes Groupwide companies not linked to business segments and elimination of Intra-Group sales and profits. See also the section entitled "Miscellaneous."

After having fallen since the early 1980s, revenues from outside Sweden have represented a rising percentage of total revenues during the past two years.



year's total expenditures for investment and development properties, i.e. 1990 production of both completed and ongoing projects plus the net amount of purchases and divestments, were SEK 3,033 M.

Rental revenues from the business segment's investment properties rose by 20 percent to SEK 1,624 M (1,343). Revenues of SEK 299 M (201) from development properties – a heading that also includes rents from properties under construction – should be added to this. At year-end, 98 percent of the total space in the business segment's investment properties was rented out.

The business segment's operating income after depreciation and after non-Group interest items amounted to SEK 655 M (598). Of this, property management accounted for SEK 504 M (430), development properties SEK 68 M (17) and capital gains on the sale of investment and development properties SEK 83 M (151). Additional information about the Skanska Group's real estate operations is provided on pages 30–33.

Operations outside Sweden. Of the Group's SEK 4,231 M (2,486) in total invoicing outside Sweden, including rental revenues, the two business segments now known as Civil Engineering and Building and Properties accounted for 90 percent or SEK 3,805 M (2,219). The increase in revenues was mainly attributable to the Uri hydroelectric power plant project in India and operations in the United States.

Invoicing for contracts credited to income jumped to SEK 3,821 M (1,961), which was equivalent to 102 percent (90) of invoiced sales. A number of large civil

Sales of investment and development properties SEK M	Sales revenues		Book value		Income	
	1990	1989	1990	1989	1990	1989
	Development properties					
Sweden	168	200	149	160	19	40
Abroad	296	123	296	139	0	-16
	464	323	445	299	19	24
Investment properties						
Sweden	84	151	19	39	65	112
Abroad	22	-	11	-	11	-
	106	151	30	39	76	112
Total	570	474	475	338	95	136

engineering projects in Africa and Asia were credited to income during the year, while in the Group's U.S. operations, the level of invoicing for contracts credited to income dropped below 50 percent (125).

Order bookings during the year amounted to SEK 3,731 M (5,933) while year-end order backlog rose to just over SEK 6 billion (5.5).

The Trinity Tower real estate project in London was completed during the spring of 1991. More than 20 percent of total rentable space has hitherto been leased or sold. Leasing is expected to be completed within the next year. Otherwise - except for some properties in the U.S. - the occupancy situation in real estate holdings outside Sweden is satisfactory. This is not, however, true of the Oslo City property in Norway, which was acquired in February 1991 and is further explained under the heading "Capital expenditures."

Taken together, the two international business segments improved their earnings to SEK 150 M (-50). They are presented in greater detail on pages 36-39.

Finance. The earnings of this business segment affected both the Group's operations and its net financial items. Its operating income, SEK -279 M, included a provision of SEK 117 M to a risk reserve for possible price declines in the money market and bond portfolios and SEK 73 M in unrealized losses because the year-end share inventory was valued at the lower of market value and acquisition value. For further comments on this business segment, see page 40.

Miscellaneous. The item Miscellaneous in the table on page 6 includes the revenues and operating income after depreciation of Groupwide companies not linked to business segments and elimination of intra-Group sales and profits. This income, SEK -256 M (-107), included a provision of SEK 70 M for contracted retirement benefits due to planned personnel cutbacks

in Sweden, plus a one-time writedown of SEK 150 M on certain real estate projects in the United States. These properties were booked in the early 1980s and it therefore did not seem justified to let the write-downs burden any of the business segments that were created later.

Invoiced sales and earnings. The table on page 6 presents consolidated revenues, invoicing on contracts credited to income and operating income after depreciation, distributed among the Group's business segments.

Sales of investment and development properties

The Group's sales of investment and development properties can be seen in the above table.

The largest single divestment was a portion of the Trinity Tower property complex in London. This resulted in a capital gain of SEK 142 M in one of the Group's English property-owning subsidiaries. Due to conservative accounting practices, however, in the consolidated financial statements the book value of the portion of the property which was sold was the same amount as the sales revenue.

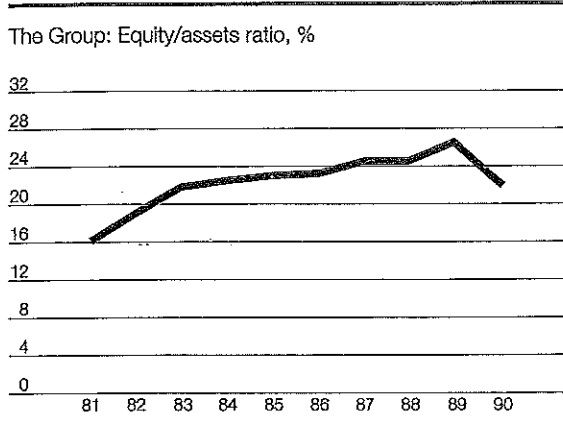
Financial items

Most of the Group's financial assets are managed by Skanska Kapitalförvaltning AB and Skanska Finance B.V.

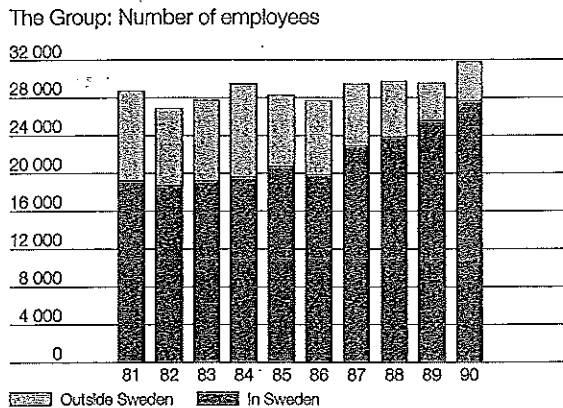
Because of higher dividend revenues from subsidiaries and adjustment of intra-Group interest rates to market levels, the Parent Company's surplus in net financial items rose to SEK 975 M (667). In contrast, that of the Group fell to SEK 442 M (603).

This decline can largely be attributed to net

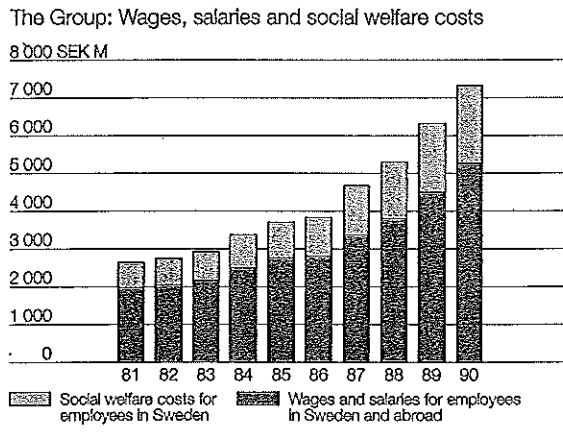
In 1990 the Group's visible equity/assets ratio fell to 21.9 percent (26.5) due to its sharply higher total assets.



The average number of employees in the Group rose by 8 percent in 1990.



Mandatory employer social welfare contributions and negotiated pension benefits totaled 39 percent (40) of wages, salaries and other remuneration in 1990.



interest items, which fell to a surplus of SEK 176 M (332). The main explanation is that according to Group practices, business segments that administer investment and development properties are charged only outside interest on loans related to each respective property. In recent years, the Group's investments in Swedish real estate have largely been made without taking out any mortgages on the finished properties. In order to preserve good liquidity, however, substantial outside borrowing has occurred without using these properties as collateral. The corresponding interest expenses have thus been charged to net financial items, except for interest related to the Trinity Tower project in London, which was capitalized in the consolidated balance sheet.

The Group's outside dividend revenues declined to SEK 325 M (343). However, dividends during 1989 included a nonrecurring item of SEK 78 M related to purchase options. If this item is excluded, outside dividends grew by more than 22 percent. Of outside dividends earned in 1990, SEK 202 M (240) came from companies classified as long-term investments. In such cases, their dividends are exempt from taxation.

Return on investment

Visible pretax return on capital employed was largely unchanged compared with 1989, reaching 14.6 percent (15.2). Return on shareholders' equity after taxes fell to 12.6 percent (15.0), mainly as a result of a higher tax burden. As in prior years, the increase in the market value of the Group's stock portfolio and real estate holdings was not included in these figures.

Personnel

The level of activity in Swedish construction operations was very high during the first half of 1990. During the fall, however, the recession began to have repercussions on the industry. In December, unemployment among construction workers stood at 4.6 percent, compared with 3.3 percent on the same date in 1989. The number of termination notices was relatively limited in 1990, but it has risen sharply during 1991.

The work force in the Skanska Group increased in all business segments during 1990. The average number of employees in the Group was 31,746 (29,494). Most of the increase occurred in the Swedish Construction Operations business segment. In response to the effects of the economic downturn and in order

to adapt its resources to an expected lower volume of construction, the Group introduced a hiring freeze effective in November 1990. An account of the number of employees and the size of payrolls is provided in Note 1 to the consolidated financial statements.

The Group's management development program and internal training work were implemented on an undiminished scale during the year.

Capital expenditures

Group companies. During 1990 the Skanska Group added a number of operating companies. This was done by purchasing shares from outside parties and by establishing new subsidiaries.

Swedish property operations were expanded through the acquisition of a number of real estate companies. Skanska Fastigheter Stockholm AB thus bought the remaining 50 percent of participations in Fastighetsbolaget Utkiken KB and the remaining 50 percent of shares in Galleriafastigheter AB, both with properties in central Stockholm. AB Drott -- in which the Group owns 76 percent of the capital stock -- bought all shares in BGB i Malmö AB, whose name was then changed to Fastighets AB Davidshall.

Outside Sweden, a number of companies were established to own and manage real estate projects on which construction is expected to begin during the next few years. Furthermore, Skanska acquired the remaining shares in the previously part-owned English subsidiaries Trinity Tower Property Co. Ltd. and Marktune Ltd. In the United States, the Group bought all the shares in the New Jersey-based project management firm Sordoni Construction Company in April 1990. The company's revenues during the year amounted to USD 51 M.

In the Netherlands, the capital stock of Skanska Finance B.V. was increased by means of two new share issues totaling SEK 1,511 M.

During 1990 there were SEK 2,430 M in overall investments in shares and participations in Group companies.

Companies that were divested included Data-technology Datech AB and Marion S.A., France.

Investment and development properties. During 1990 the Group invested more than SEK 3.6 billion in production of new buildings, of which SEK 2.2 billion in Sweden. In addition, it purchased SEK 220 M worth of completed investment properties. Share purchases increased the Group's holdings of investment properties by an additional SEK 851 M. During

1990 buildings with a book value of SEK 911 M (954) were added to investment properties. Most of these -- SEK 832 M (929) -- were Swedish properties. The largest projects were office buildings in the Stockholm region. Outside Sweden, a hotel building in Germany was added to investment properties.

During 1990 a number of contracts were signed for major new investments in real estate projects outside Sweden. The Group's share of these does not exceed 50 percent in several cases, so that the above figures are only slightly affected by these investments.

During the spring of 1990, Skanska signed an agreement to purchase Oslo City -- one of Norway's largest retail and office complexes -- for a price of NOK 1,550 M. At the time, it was estimated that Skanska could take title during the second half of 1990. In the meantime, however, a dispute with the seller arose. As a result, Skanska took title and added the property to its books only in February 1991, at which time it paid a preliminary price of NOK 1,300 M. The final size of the purchase price will be determined by arbitration procedures which recently began in Norway.

Property divestments were described above under the heading "Sales of Investment and Development Properties."

At year-end, the book value of all investment and development properties amounted to SEK 18,885 M (14,012). Completed investment properties accounted for SEK 10,521 M (8,761) of this, development properties SEK 1,750 M (1,490) and investment and development properties under construction SEK 6,614 M (3,761).

Shares and participations. The Group's portfolio of shares and participations classified as long-term in character and therefore booked as fixed assets continued to expand in 1990. Purchases totaled SEK 580 M (1,289), while sales were only SEK 13 M (945). The book value of shares sold was SEK 11 M (149).

Skanska expanded its portfolio of listed shares by purchasing more than SEK 350 M worth of additional shares. The largest purchase consisted of 535,000 shares in Sandvik AB. Existing holdings in Industri AB Euroc, AB SKF, AB Custos and Investment AB Öresund were also expanded.

Among newly acquired unlisted shares and participations were 50 percent of the shares in Formen AB and 50 percent of the participations in HB Stämpeln. These companies own investment and development properties in the municipalities of Stockholm and Sollentuna. Skanska also purchased participations in

two limited partnerships that will own Swedish-made aircraft and communications equipment and lease them to clients outside Sweden.

Among acquisitions abroad, it is worth mentioning that the Danish subsidiary C G Jensen A/S bought 50 percent of the shares in the contracting company Rasmussen & Stisager in Aalborg, North Jutland.

At year-end, Skanska Kapitalförvaltning AB, which carries out securities trading and therefore reports its holdings of securities as current assets, owned shares with a book value of SEK 305 M (197).

The Group's total portfolio of listed securities had a year-end book value of SEK 4,766 M (4,303). On the same date, its market value was SEK 8,343 M (14,582). By April 12, 1991 the difference between the market value – SEK 10,709 M – and book value of this portfolio had increased again to SEK 5,838 M. Skanska's holdings in Graningeverkens AB, an unlisted forest product and hydroelectric power company, and in JM were not included in these amounts.

Machinery and equipment. The Group's purchases of machinery and equipment intended for use in its operations increased to SEK 787 M (658). The Parent Company accounted for SEK 386 M (366) of this. Machinery and equipment with a book value of SEK 45 M (79) were sold.

Fixed-asset properties. Real estate used or intended for use in a company's own operations is booked as fixed-asset properties. Most of these items consist of office buildings, industrial properties and hydroelectric power plants. In the 1990 balance sheet, such properties were booked at a residual value of SEK 1,029 M (954), following depreciation of SEK 42 M (29). In addition, there were properties under construction booked at SEK 88 M (75).

During the year fixed-asset properties increased by SEK 132 M (236) by means of new production and purchases. Most of these consisted of industrial properties. The largest single investment occurred in Växjö, where Industriventilation Produkt AB moved into a new factory. In the Myresjö group and Skanska Prefab AB, a number of existing industrial and office buildings also underwent extensions.

Fixed-asset properties with a book value of SEK 13 M were divested during the year.



Sven-Eric Hersvall has been appointed the new President of Skanska, effective from May 29, 1991.

Changes in the Parent Company's Board and management

As mentioned in last year's Annual Report, the Chairman of the Board, Bengt Haak, who turned 65 during 1990, has announced that he wishes to step down from the Board immediately after the Annual Meeting of Shareholders in 1991. In connection with this, the Board announced its intention to appoint the current President and Group Chief Executive, Lars-Ove Håkansson, to succeed Mr. Haak as Chairman.

At a meeting on March 19, 1991, the Board appointed Sven-Eric Hersvall, currently Executive Vice President, as the new President. Mr. Hersvall will assume his position directly after the Annual Meeting of Shareholders on May 29, 1991. Mr. Håkansson will remain Group Chief Executive.

The 1990 Annual Meeting decided to increase the number of Board members chosen at the Meeting by one regular member and one deputy member. In addition, one regular member had resigned at the end of 1989. The Annual Meeting elected Carl-Eric Feinsilber and Anders Sjöberg as new regular members and Gudrun Norberg as a new deputy member of the Board.

In connection with the 1990 Annual Meeting, there were also changes among the Board representatives of the Swedish Building Workers' Union. Alf Eker was appointed as a regular member of the Board, succeeding Assar Ericsson, and Gunnar Åberg was appointed a new deputy member, succeeding Christer Olausson.

Shareholders' equity

According to the consolidated balance sheet, the Group's unrestricted equity amounts to SEK 4,169 M (3,879), of which SEK 606 M (1,534) is attributable to the year's earnings. If the Annual Meeting approves the dividend proposed by the Board, SEK 394 M (331), the Group's unrestricted equity – before the stock dividend proposed below – will have increased by 6 percent (47) after the dividend. Proposed appropriations to restricted equity total SEK 16 M (10).

There was no change in the capital stock of Skanska during 1990. Capital stock amounted to SEK 629,615,850, divided into 62,961,585 shares at a par value of SEK 10 apiece. The notes to the "Shareholders' equity" sections in the consolidated and Parent Company financial statements contain further information on the shareholders' equity of the Company.

In order to improve the ratio between restricted equity and total assets, the Board of Directors has decided to propose that the Annual Meeting of Shareholders on May 29, 1991 approve a stock dividend (bonus issue) of SEK 629,615,850 through a transfer of funds from retained earnings, thereby increasing the Company's capital stock to SEK 1,259,231,700.

Under this proposal, 62,961,585 bonus shares would be issued, each with a par value of SEK 10, meaning that shareholders would receive one new share for each old share. According to the proposal, these new shares would entitle the holder to dividends effective from the 1991 financial year. The stamp duty on the new shares would be paid by the Company, the proposal states.

Convertible debenture loans issued by Skanska and JM

The subscription period for Skanska AB's convertible debenture loan ended on December 23, 1988.

Employees subscribed for debentures with a par value of SEK 844,679,300, equivalent to 1,797,190 shares after full conversion. Conversion of debentures may occur during the period February 18, 1991 to February 15, 1994. No conversion has occurred so far.

The loan has been listed on the Stockholm Stock Exchange since January 2, 1991. On April 12, 1991, the buying price was 110 percent, equivalent to SEK 517 per share.

Because of the prior option of purchase that existed during the first two years of the loan, at year-end

1990 Skanska Kapitalförvaltning AB owned convertible debentures with a par value of SEK 59,022,600. From the standpoint of the Group, the loan liability at year-end thereby amounted to SEK 785,656,700. In the Parent Company balance sheet, the liability stood at its original amount. Note 15 to the Parent Company financial statements provides further information.

Employees of the JM Group, who were not included in Skanska's offer, were offered the opportunity to subscribe for convertible debentures in JM at the same time. Further information on this loan is provided in Note 20 of the consolidated financial statements and in JM's own Annual Report.

Forecast

Poorer general economic conditions, the higher value-added tax in the construction sector and changes in regulations for financing in the housing sector will reduce the supply of contracting work. Competition will thus increase and earnings margins will narrow. The risks of customer and rent losses are increasing. The impact of the poorer market situation and of the Group's extensive real estate investments are partly offset by the lag in the reporting of earnings that exists in a construction company.

Group income before extraordinary items in 1991 is expected to be approximately SEK 2,000 M, i.e. roughly the same as 1989 earnings.

Organizational structure of the Skanska Group

- The organizational structure of the Skanska Group is characterized by strong decentralization and management by objectives. This means that the various subsid-

aries enjoy great operative freedom within established limits and have clear responsibility as profit centers.

Groupwide service units are kept small and efficient.

- The traditionally strong decentralization of the Group's operations was further strengthened when the former regional branches within Swedish Construction Operations were restructured into subsidiaries as of January 1, 1991.

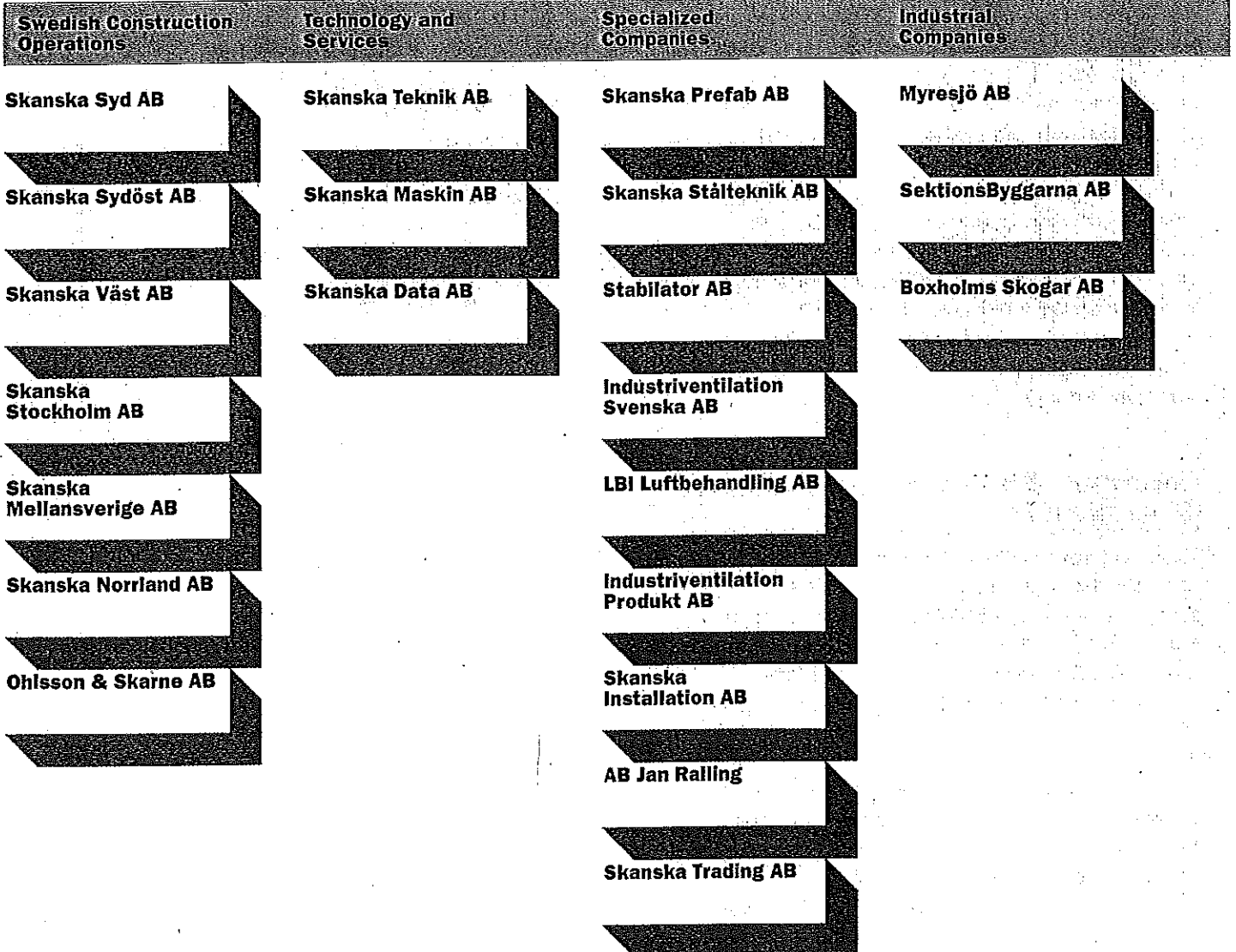
- Since 1989 the Group's operations have been organized into eight business segments.

Skanska's business concept and strategy establish the prerequisites for how the Company should be organized. The guiding principle for this structure must be that it efficiently fulfills Skanska's objectives.

Group staff units

Administration
Economy
Finance
Public Affairs
Legal Affairs

Business segments



Board of Directors

Group Chief Executive

President

Group Management

Properties Sweden

Civil Engineering

Building and Properties

Finance

Skanska Fastigheter Syd AB

Skanska Fastigheter Sydöst AB

Skanska Fastigheter Väst AB

Skanska Fastigheter Stockholm AB

AB Mälarhus

Skanska Fastigheter Nord AB

Skanska Fastighetservice AB

AB Drott*

Eurostop KB*

Skanska International Civil Engineering AB

Skanska (USA) Inc

Karl Koch Erecting Co Inc

Slattery Associates Inc

Sordoni Skanska Construction Co

Skanska Property Development

Skanska International Building and Properties AB

CG Jensen A/S

Trinity Tower Property Co Ltd

Marktune Ltd

Skanska Investment B V

Skanska Baugesellschaft mbH

Skanska Kapitalförvaltning AB

Skanska Finance B.V.

SCEM Reinsurance S.A.

* Partly owned Group company

Swedish Construction Operations

Per Westlund

SEKM	1990	1989
Revenues	22,246	18,961
Order bookings	23,395	19,927
Order backlog, Dec. 31	17,470	16,459
Employees	17,305	16,882

Incl. companies in the business segment not reported in the presentation of each regional company.

Earnings in 1990 were the best ever for Skanska's construction operations in Sweden. The order situation deteriorated toward the end of the year, however.

The Swedish construction market had another good year in 1990. The volume of the market open to contractors increased by about one half percent to nearly SEK 105 billion. Revenues of operations in Skanska's Swedish Construction Operations business segment rose by 17 percent. Skanska thereby maintained its total market share of just over 20 percent.

The year's earnings were the best ever for construction operations in Sweden. The profit margin improved to about 4.3 percent, excluding the surplus in net interest items generated in contracting operations. Invoicing on contracts credited to income was 95 percent, compared with 79 percent the preceding year.

Order bookings rose further during 1990 but slowed toward the end of the year. The order backlog at year-end was equivalent to nine months of production.

Construction activity remained high during 1990. One large project is the new S-E-Banken headquarters in Rissne outside Stockholm.

Increased housing construction

Among the factors behind the year's market trend was a continued increase in residential construction, despite earlier fears of a decline. The number of housing starts in Sweden reached 67,600 units. Construction of office buildings rose during the first half, but demand dropped sharply in the fall. Renovation and extension jobs fell further from an already low level. Activity increased in road and civil engineering divisions, and their work load remained at a high level.

Resource utilization was high. A continued shortage of skilled workers and long delivery times for materials caused expenses to rise faster than the consumer price index. This is a result of the capacity reduction that the industry was forced to make during an earlier downturn.

Market regulation

In order to control overheating in the construction market and steer resources toward housing production, the government introduced regulatory measures in certain regions, where an investment tax of 30 percent was added to the cost of newly constructed office buildings.

The long-term usefulness of this kind of regulatory measure is questionable, because it disrupts long-term resource planning at construction companies.

Structural changes in the industry

In Sweden, there were continued structural changes in the building industry. Several large nationwide companies now operate in the

Swedish market. As earlier, they encounter stiff competition from local contractors. The good market conditions of recent years have also attracted Norwegian building contractors to Swedish counties located near the Norwegian border.

Regions become corporations

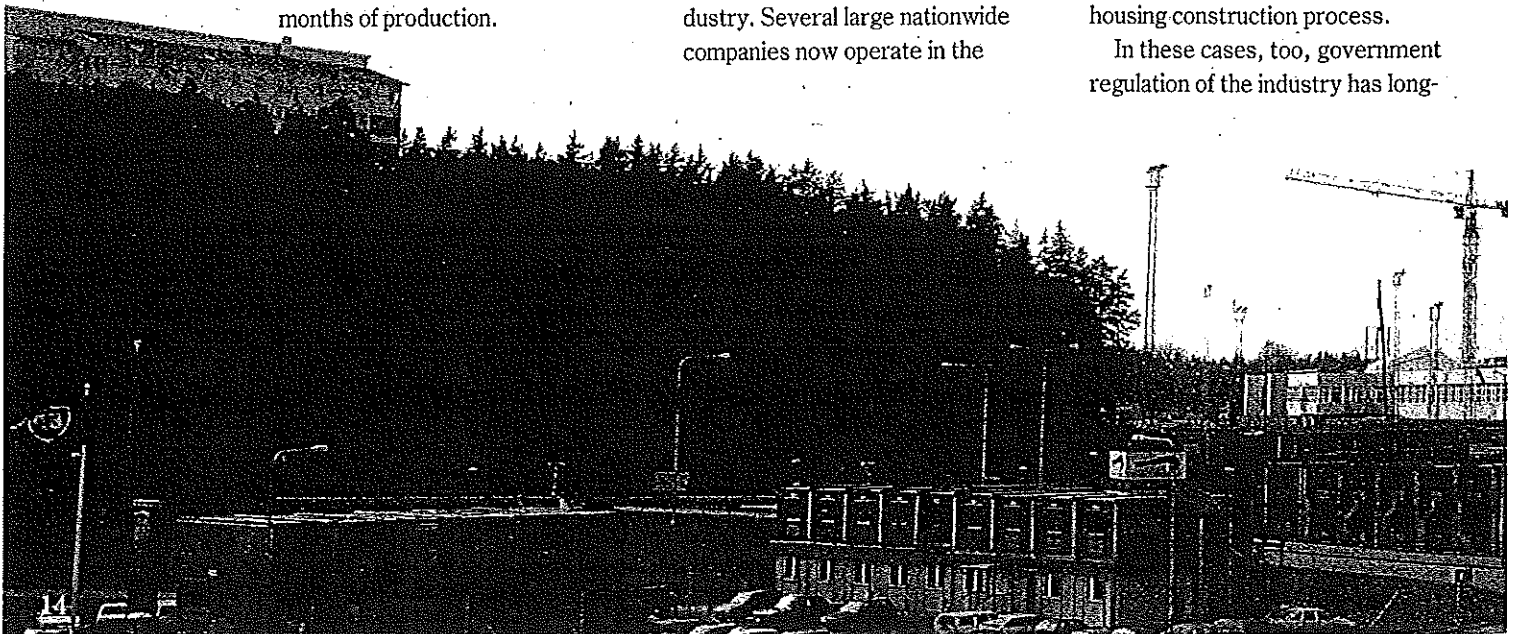
During 1990 Skanska decided to complete its decentralization process by turning its construction branches in the various regions into separate corporations. This emphasizes the local roots of each company.

Development projects

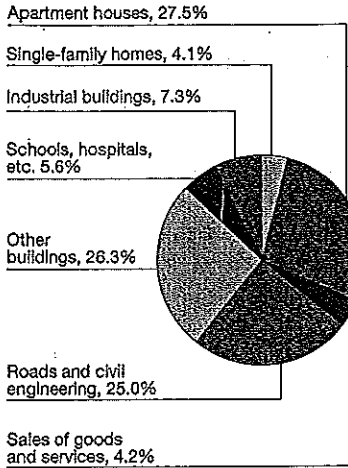
The Group's development work continued at a rapid pace in 1990. This included work in the fields of industrialized construction systems, computer-supported planning and production controls and technical development work in such areas as energy economics, ventilation and materials technology.

Construction systems are employed, for instance, in cooperation with the national cooperative housing organization HSB to achieve cost-effective housing production. Another development project is S-90, in which a new prefabricated concrete element system is used in constructing low-rise apartment houses. The Skanterra housing system and Ohlsson & Skarne's residential projects provide further examples of concrete element construction methods featuring new energy-conservation and ventilation systems. CAD computer systems were further refined, for example to provide overall financial planning of the site preparation and housing construction process.

In these cases, too, government regulation of the industry has long-

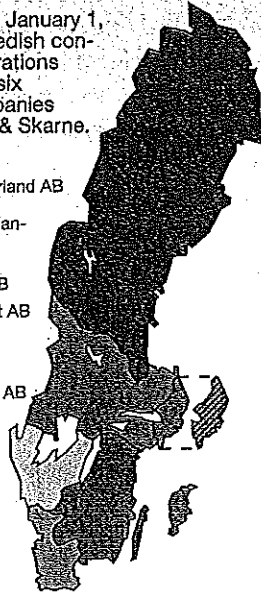


Operations by production areas, 1990



Effective from January 1, 1991, the Swedish construction operations take place in six regional companies plus Ohlsson & Skarne.

- Skanska Norrland AB
- Skanska Mellansverige AB
- Skanska Stockholm AB
- Skanska Väst AB
- Skanska Sydöst AB
- Skanska Syd AB
- Ohlsson & Skarne AB



cautiousness of banks about writing new loans.

The Swedish Construction Operations business segment therefore anticipates lower resource utilization than during 1990. Personnel cut-backs have begun.

Far right: Per Westlund, head of the business segment, with the presidents of its companies. Below from left: Per-Arne Lindqvist, Ohlsson & Skarne; Lennart Daleke, Skanska Mellansverige; Tommy Sernelin, Skanska Sydöst. Above from left: Göran Larsson, Skanska Stockholm; Christer Wannheden, Skanska Väst; Gillis Wiklund, Skanska Norrland; Mats Mared, Skanska Syd.

term adverse effects. Current norms and government loan regulations for housing construction have reduced the incentives for construction alternatives in which the end user – the resident – influences the design of the product.

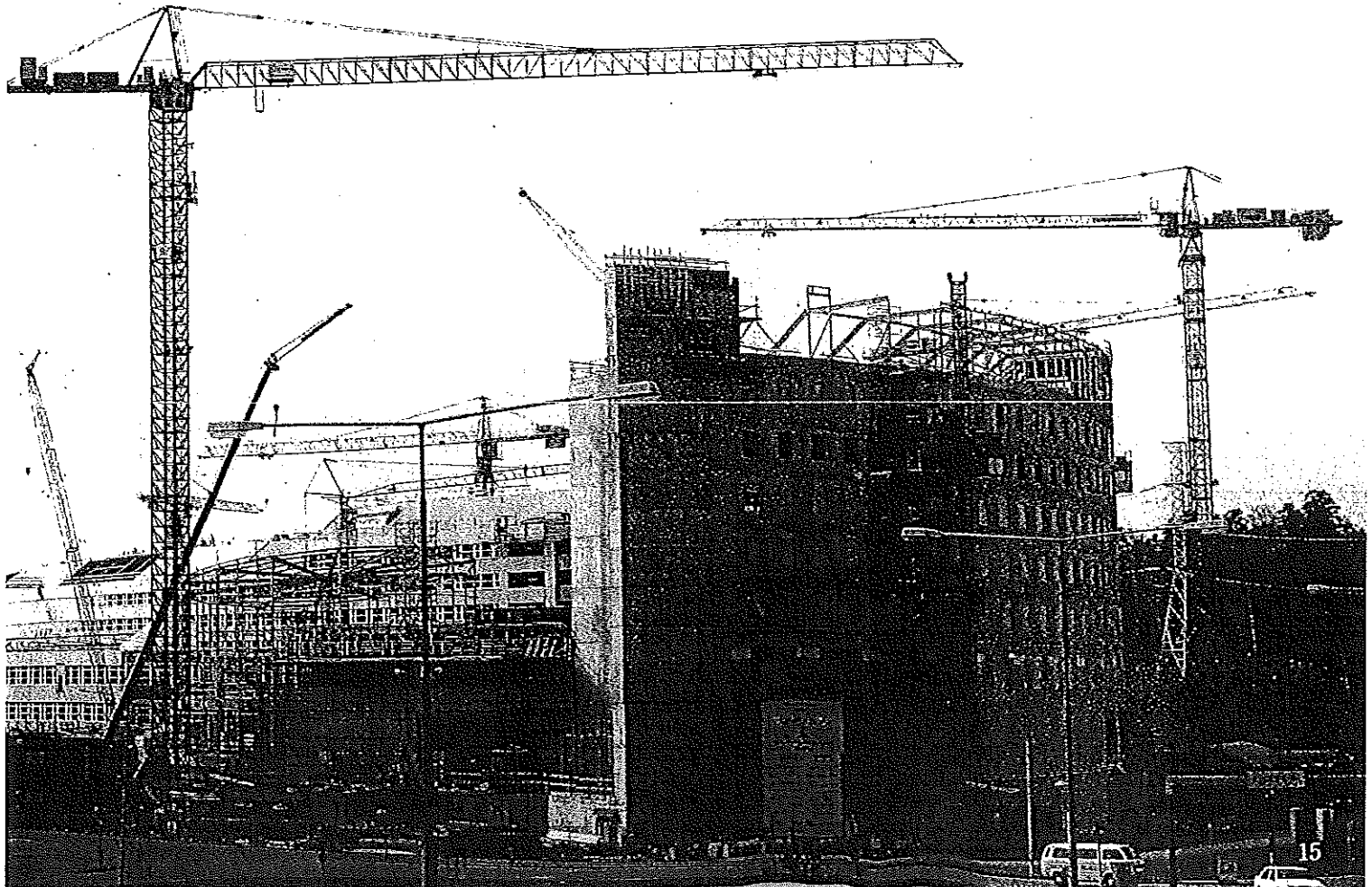
Deepening economic downturn

The Swedish construction market peaked during the fall of 1990, after which a decline in order bookings was discernible. This downturn is

expected to continue during 1991 and accelerate after the summer, deepening further in 1992. Climbing cost levels, high interest rates, changes in tax deduction entitlements, a new real estate tax and reductions in housing subsidies are contributing to the downturn. In addition, the real estate sector, which is an important customer category for the Group, has been hurt by the problems of certain finance companies and newly established property companies and the growing

Infrastructural projects

In addition to the infrastructural program recently presented by the Swedish government (see page 23), plans for a bridge over the Öresund will provide an important economic stimulus to southern Sweden and Denmark. The project is of the greatest interest to Skanska, which has solid experience in this field. For example, Skanska is the only Swedish company participating in the current task of building a bridge over Denmark's Great Belt sound.



SEKM	1990	1989
Revenues	3,205	2,791
Order bookings	3,448	2,396
Order backlog, Dec. 31	2,190	1,850
Employees	3,098	3,093

During 1990 the market was characterized by continued heavy activity. Skanska Syd maintained market shares of 20–25 percent in various fields of operations.

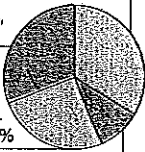
Operations by production areas, 1990

Housing, 33.6%

Other buildings, 30.9%

Roads and civil engineering, 25.4%

Sales of goods and services, 10.1%



Revenues rose for the third consecutive year by about 15 percent. Order bookings and order backlog were higher than the year before. Earnings improved.

During 1990 Skanska Syd participated in the construction of the NordForm architectural and design exhibition on Hjälmarekajen overlooking Malmö harbor.

The first residential project using the Skanterra system was begun during 1990 in Hässleholm, and the first units were ready for occupancy in March 1991. The system has been developed in close cooperation between Skanska Syd and Skanska Teknik and includes interesting energy-related designs, featuring a high level of energy recovery. The air is also filtered so that people with serious allergies can live in these buildings.

Also underway during 1990 were the construction of a Euro-stop highway service center in Halmstad and the Scandinavian Center, a Malmö office building to be owned by Skanska Fastigheter Syd AB, one of the Group's real estate companies.

In Helsingborg, the expansion of the Väla industrial park is continuing. Resurs Radio TV moved in during the year, occupying about 8,000 sq m (86,000 sq ft).

Road and civil engineering units completed the Swedish National Railways tunnel in Helsingborg after three years of work – a technologically advanced undertaking that required collabo-

ration among various divisions and specialized companies in the Skanska Group. In Halmstad, Skanska Syd made large-scale additions to the existing ferry berth, including a 180 m (591 ft) wharf and a new terminal building.

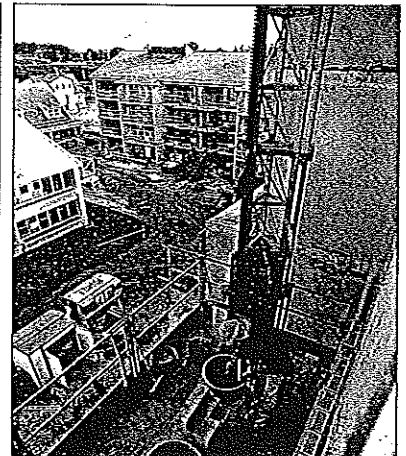
Both the building and road divisions of Skanska Syd expanded considerably during 1990. A slowdown in the market is expected during 1991, necessitating personnel reductions.

The decision by Sweden and Denmark to build a bridge over the Öresund between Malmö and Copenhagen will be very important to the region. The bridge itself is a major project, but the infrastructural projects that it will generate on both sides of the Sound will also provide a strong economic stimulus to Southern Sweden's business sector in general and to the building and civil engineering industry in particular.

This cooperative apartment building is located in central Malmö. All 87 apartments have a balcony and an attractive view of the canal.



The Skåne road division expanded this small-boat harbor for the municipality of Lomma, laid out a park and carried out extensive site preparation for a new residential area.

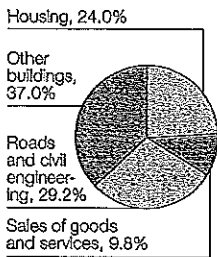


These Skanterra System apartment buildings in Hässleholm represent fresh thinking in Swedish housing construction. Energy consumption can be reduced greatly by means of individual indoor climate regulation. Materials and ventilation systems are non-allergenic.

SEKM	1990	1989
Revenues	2,501	2,483
Order bookings	2,832	1,770
Order backlog, Dec. 31	1,521	1,155
Employees	2,573	2,496

Continued good profitability, full utilization of resources and record-sized order bookings characterized 1990. Early in 1991, the order backlog was larger than one year earlier.

Operations by production areas, 1990



The slowdown in demand that became evident late in 1989 continued into early 1990, and order backlog fell during the first half. The very good influx of order bookings during the second half greatly improved Skanska Sydöst's situation, however. Early in 1991, the order backlog was larger than a year earlier.

Work was not evenly distributed, though. There were prob-

lems maintaining a full work load, especially in Blekinge province. During the fall, this resulted in layoffs.

Revenues reached the same level in 1990 as in 1989, and available resources were fully utilized. Profitability remained at an unchanged high level.

Skanska Sydöst's building construction divisions completed a number of large projects. Among these were ICA Eol's convenience goods distribution center in Växjö, a postal terminal in Norrköping, renovation of Jönköping's Västra klinikerna (a former hospital) for new purposes, a medical wing at the county hospital in Kalmar, and renovation and extension of the Ronneby Brunn hotel. In addition, numerous residential projects were completed.

The company's road and civil engineering divisions, which have a dominant position in parts of the southeastern Swedish region, easily defended their market share. Among the projects completed during 1990 were a processing plant for glycol and urea at Visby Airport, cleaning of the

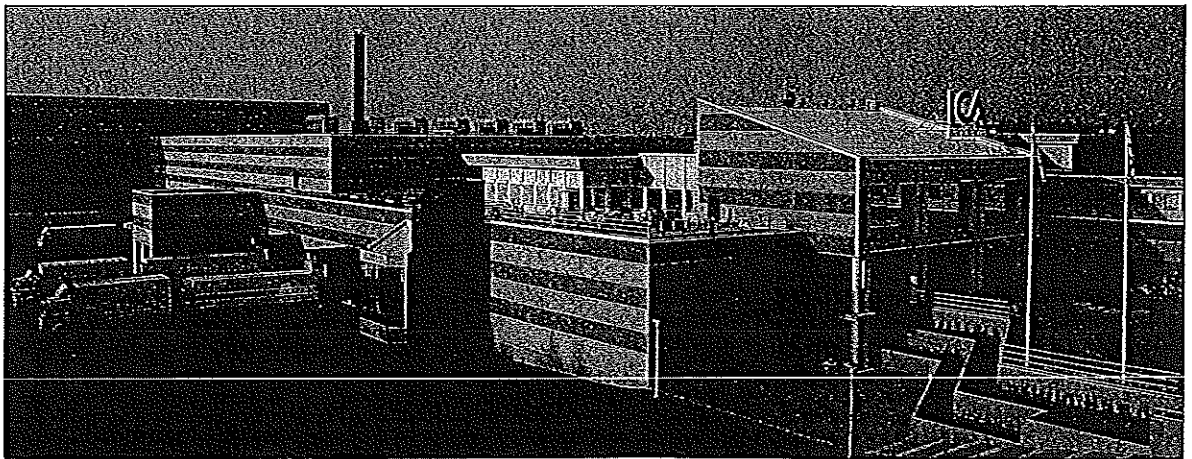
Emån river and upgrading of the East Wharf at Karlshamn harbor.

Environmental dredging of the lakes in and around Växjö continued as planned. The method developed by the company works well and fulfills the specified standards.

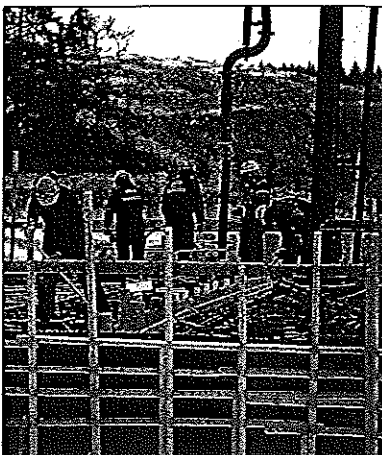
During 1990 the company made a number of investments in its own permanent facilities. In Norrköping it completed the upgrading of its asphalt plant and in Räftepe the modernization of its rock crushing plant. In Wambåsa, expansion of the quarry and rock crushing plant is continuing as planned.

There is great uncertainty about developments in 1991. Housing represents a relatively large proportion of existing construction plans, and a decline in residential building will therefore have a major impact on Skanska Sydöst. The company has a good starting position, however, and those measures that prove necessary can be implemented in a well-planned fashion and at the right time.

The ICA Eol distribution center in Räftepe outside Växjö is one of Europe's most modern storage facilities for convenience goods. Special attention has been devoted to working environment issues there.



This apartment house in central Kalmar was built on a design-construct basis for Stiftelsen Kalmarhem, a municipal housing organization.



This bridge construction project is part of improvements added to the E4 European highway between Norrköping and Linköping during 1990.

SEKM	1990	1989
Revenues	3,663	3,339
Order bookings	3,496	2,998
Order backlog, Dec. 31	2,573	2,740
Employees	2,977	3,133

The market in Western Sweden was good during the first part of 1990, then gradually deteriorated. This will have a noticeable impact on the company's work load during 1991.

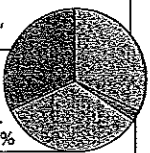
Operations by production areas, 1990

Housing, 31.9%

Other buildings, 31.7%

Roads and civil engineering, 33.9%

Sales of goods and services, 2.4%



Skanska Väst had a good year in 1990, both in terms of earnings and revenues. All of the company's own resources were fully utilized. Order bookings were larger than in 1989. The order backlog early in 1991 was equivalent to nine months of production.

Among the company's large residential projects was Ångabo

in Alingsås, where a 15-year period of expansion has now come to an end. Other large residential projects were completed in Olseröd, Kungälv, Kåpplunda Gärde, Skövde and Kurveröd, Uddevalla. All these were design-construct assignments.

Large renovation projects are underway in Trollhättan, Mölndal and Gothenburg. Among the shopping centers completed in 1990 were Köpstaden in Skara and Kompassen in Gothenburg. Skanska Väst is also participating in the remodeling of Norra Älvstranden in Gothenburg.

Among winners of the "Construction 1990" prizes awarded by the trade magazine *Byggindustrin* were the Lilla Bommen office complex overlooking Gothenburg harbor and a newly renovated Jugendstyle office building in Gothenburg, Kontoristföreningens Hus.

Skanska Väst continued to build highways, including a bypass road in the town of Alingsås, a freeway in Bohus County north of Gothenburg and a bridge to the resort town of Marstrand.

Dredging assignments were carried out in Finland and Denmark by

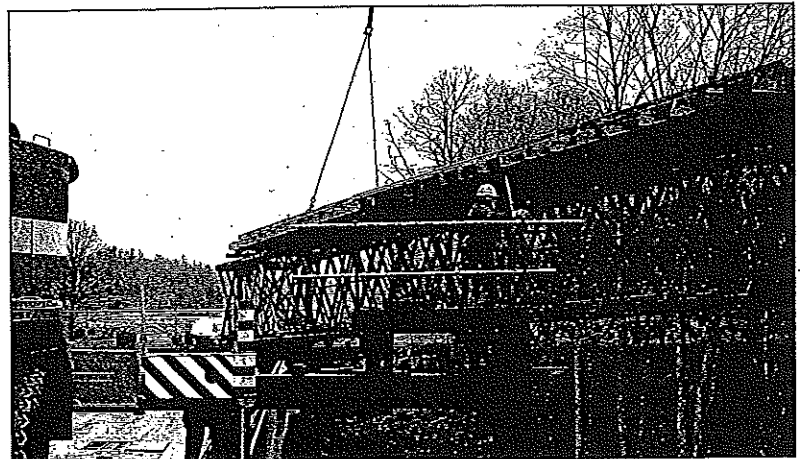
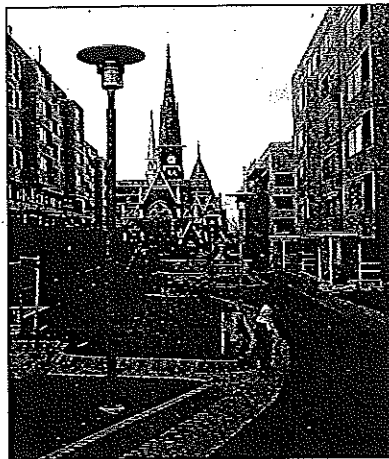
the subsidiary Lundqvist & Söner and pipe-pressing jobs by Lundby System in a number of locations in Sweden and Norway.

The company signed an interesting long-term financing and leasing agreement with the municipality of Orust, including renovations and additions to a school in Ellös.

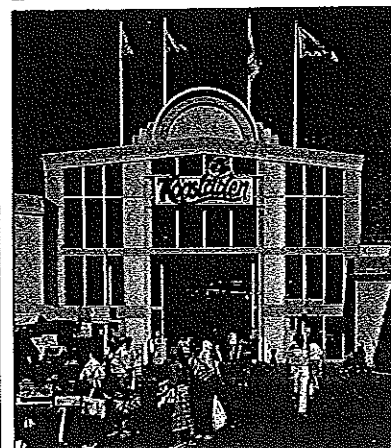
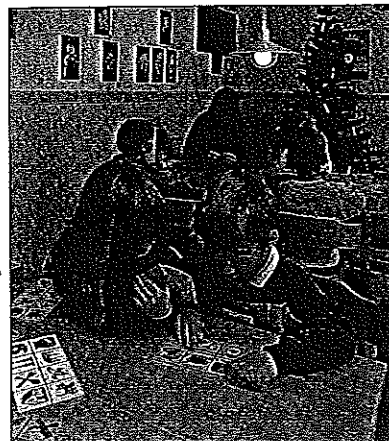
Skanska Väst is preparing to start construction in the Eklanda area of Mölndal, where housing and commercial space will be built during the rest of the 1990s. Major projects still in the planning stages are Rollsbostaden in Kungälv and Knalleland in Borås. Because Western Sweden is so dependent on the automotive industry, international economic fluctuations have a rapid impact on the construction market in the region as well. The current downturn may be offset to some extent by planned infrastructural projects.

Skanska Väst has a good order backlog and a competitive organization, which to some extent has already been reduced in anticipation of lower volume.

The public gardens in the Vegastaden neighborhood of Gothenburg are being renovated. This includes replacing concrete with softer materials in walkways and planting more varied vegetation.



Ångabo, a design-construct assignment built for HSB in Alingsås, includes attached homes, senior housing and day care centers.



In connection with work on the E6 European highway in Bohus County, north of Gothenburg, Skanska Väst is building 5 km (3 mi) of freeway as well as local roads and eight bridges. Above, a bridge over the Bratteforsån river.

Next to the Skara Sommarland amusement park, a new 20,000 sq m (215,000 sq ft) shopping center called Köpstaden, with 25 stores and restaurants, was completed during 1990.

SEK M	1990	1989
Revenues	4,998	3,674
Order bookings	7,509	4,948
Order backlog, Dec. 31	6,516	4,335
Employees	2,577	2,624

Good earnings, continued heavy order bookings and an order backlog at year-end 1990 exceeding that of 1989 provide the potential for a good 1991, despite a recession that is also affecting the Stockholm region.

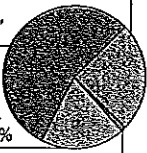
Operations by production areas, 1990

Housing, 24.8%

Other buildings, 55.0%

Roads and civil engineering, 19.2%

Sales of goods and services, 1.0%



The supply of new commercial-space projects declined toward the end of 1990, partly as a consequence of the general economic downturn and partly because of government regulatory measures, especially the investment tax that was introduced in an effort to steer resources toward residential construction.

In the residential sector, several large projects were started in the Swedish capital and its suburbs in early collaboration with clients, including major co-operative housing organizations.

Work also began on Sky City, a new complex connecting the domestic and international terminals at Stockholm-Arlanda Airport. It will include a hotel and 76,000 sq m (800,000 sq ft) of convention facilities and will be ready for occupancy in 1993. At Blekholmstorget in downtown Stockholm, the company began another project costing about SEK 1 billion that will include several office buildings for Skanska's own account and others for Riksbyggen. At the same time, a new tunnel for the Klaraberg Highway is being constructed beneath the new buildings.

During the fall, construction began in Kista on a new printing plant for Stockholm's two largest newspapers, *Dagens Nyheter* and *Expressen*. The building will have about 90,000 sq m (970,000 sq ft) of floor space and will be ready in 1992. At Jakobsberg Centrum, a suburban shopping center, Skanska Stockholm began an

extensive remodeling project including offices, stores and housing.

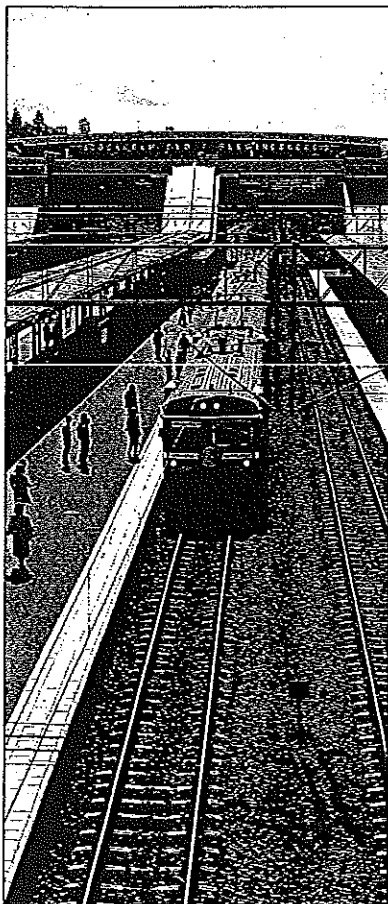
There was heavy activity during the year in the road and civil engineering divisions. Examples are the new Stocksund Bridge and Norra Länken, a "Northern Link" enabling through traffic on the E4 European highway to bypass congested Stockholm streets.

During the fall, there was growing public debate on investments in necessary infrastructural projects in and around Stockholm, and planning work is expected to begin as early as 1991.

During 1991 weaker order bookings are expected, mainly in the housing market. Among the factors behind this are the 1990-1991 tax reform, high interest rates and changes in the residential financing system.

The lengthy economic expansion resulted in wage drift and rising expenses in the construction industry. Given this background, and starting 1991 with a good order portfolio, Skanska Stockholm will pay closer attention to production-related issues, efficiency in project implementation and cost savings.

Stockholm Syd, a new intercity train station at Flemingsberg just south of the capital, was inaugurated during 1990. It was the first new station built in 80 years on any of Sweden's trunk railroad lines. Skanska is also participating in the creation of a new urban district around the station.



This 167-apartment residential project in the Dovre city block of Husby, on the northern outskirts of Stockholm, was built after an extremely short planning period because of early collaboration with the client, the SKB cooperative housing association.

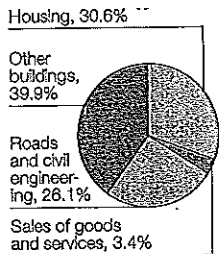


Eight office buildings are under construction at Blekholmstorget near Stockholm City Hall. Six of them will be owned by the real estate company Skanska Fastigheter Stockholm.

SEKM	1990	1989
Revenues	4,130	3,474
Order bookings	2,785	4,120
Order backlog, Dec. 31	2,472	3,817
Employees	3,170	2,954

S Skanska Mellansverige continued to expand during 1990, and revenues rose by about 20 percent. Order bookings fell, however.

Operations by production areas, 1990



Although its revenues were higher in 1990, Skanska Mellansverige will be forced to downsize its operations considerably during 1991, due to poorer economic prospects for its building construction divisions. The company began cutbacks in capacity, laying off both building workers and white-collar employees in response to the de-

cline in demand, which may reach 15-20 percent in some counties.

During 1990 a number of interesting projects were completed. Examples are the Fyrishovsbadet indoor public swimming pool in Uppsala, ICA's central convenience goods warehouse and the Vallby Centrum shopping mall in Västerås, classroom buildings for Eskilstuna University College, production facilities and offices for Saab-Scania in Falun and retailing space for the Hemköp grocery chain in Mora.

The road division's operations were characterized by a full work load and heavy utilization of capacity at permanent facilities. The market responded favorably to its ventures into planning work using CAD technology and involving design-construct contracts. By participating in development work at an early stage, the division helps clients achieve major cost savings.

Many large hydroelectric power projects were completed by the power plant division, among them Klingerforsen, Hoting, Forshult in Råda, Forshuvud and Bullerforsen in Borlänge as well as the Holmen hydroelectric power plant in Norrköping.

Among large ongoing projects in the region are the Eurostop highway service centers in Arlanda and Örebro, the Bålsta Centrum project, the Ljunggården senior housing development in Enköping, housing for HSB in Nyköping and office and retailing space in Karlstad.

The Aronsborg conference center in Bålsta was selected as one of the prizewinning projects in the trade magazine *Byggindustrin's* "Construction 1990" competition.

If infrastructural projects now being planned in Central Sweden get started, the road division can anticipate unchanged revenues in 1991.

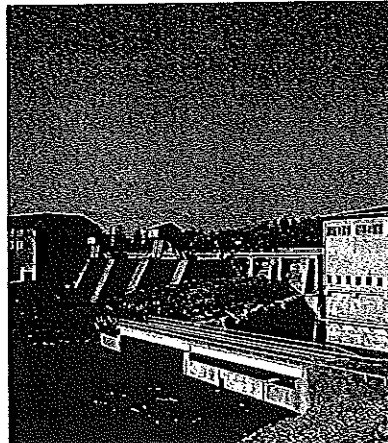
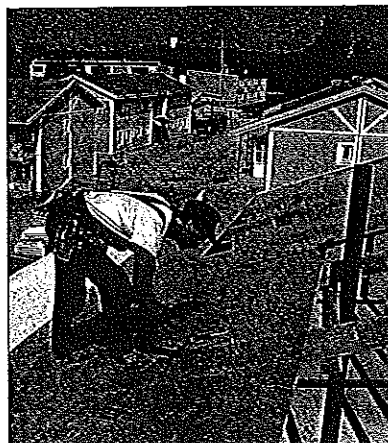
The power plant division's revenues will drop by half, due to major cuts in hydroelectric power investment programs.

There is a danger that lower demand for the services of building contractors in Central Sweden will continue well into the 1990s. The measures that have been planned and partly implemented in order to adapt to this situation are thus assumed to be of a permanent nature.

Skavsta Airport, Nyköping, is being developed into a major airport serving the Southern Stockholm region. Skanska Mellansverige is involved in the task of construction and is also a part-owner of the development company that, among other things, is marketing the airport.



These apartment houses in Charlottenberg are being constructed using the flexible S-90 system, which uses standardized concrete elements for multifamily buildings, mainly with two stories.



The new Bullerforsen hydroelectric power station on the Österdalälven River in Borlänge produces 160 million kWh per year. It went into service during 1990. Skanska also built its predecessor of the same name, completed in 1910.

**Skanska
Norrlund AB**

**Gillis Wiklund,
President**

SEKM	1990	1989
Revenues	2,167	1,893
Order bookings	2,269	2,218
Order backlog, Dec. 31	1,301	1,202
Employees	2,028	1,916

The construction market remained good during 1990 and work loads were high. Some slowdown and a smaller supply of assignments were noticeable toward the end of the year.

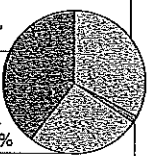
Operations by production areas, 1990

Housing, 32.8%

Other buildings, 39.5%

Roads and civil engineering, 26.2%

Sales of goods and services, 1.5%



Skanska Norrlund increased its revenues by 15 percent in 1990. At year-end, order backlog was 10 percent higher than at the beginning of 1990. Revenues are expected to remain unchanged in 1991.

In 1990 the company continued its efforts to increase the number of projects where it is in-

involved at an early stage and its resources and broad know-how can be put to proper use. It thus began work on the Torsvik area of Härnösand and on the development of Luleå's South Harbor. Major concepts in various stages of development are the Alderholmen neighborhood of Gävle, the Stranden project in Östersund and the Nordkalottsleden highway in Luleå. Skanska Norrlund also decided to build itself a new regional office in Sundsvall.

Residential construction accounted for a sizable proportion of revenues during 1990. The company began the first 320-apartment stage of the Nydala Heights project in Umeå. This is the first large residential area in Norrland (the northern three fifths of Sweden) that is being built in prefab concrete. In Luleå, development of the Bryggeriet neighborhood is continuing, largely for Skanska's own account. Otherwise there are large new building projects in Sundsvall, Timrå, Härnösand, Ragunda, Skellefteå, Piteå and Luleå.

Skanska Norrlund consolidated its position as an industrial builder in the region. During 1990 it com-

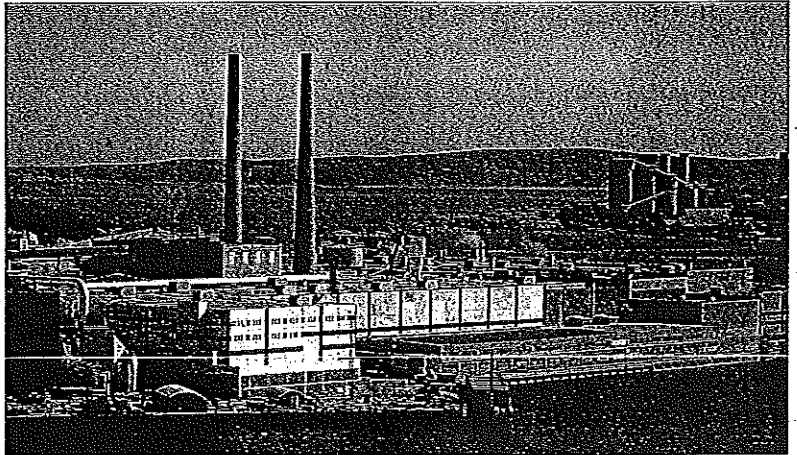
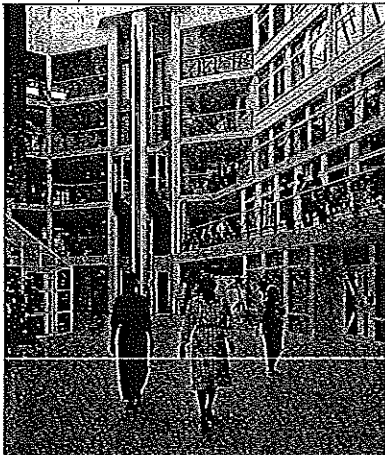
pleted renovation and extension of the Ortviken paper mill for SCA, a major forest products group. This was the largest single construction site in Sweden outside the Stockholm, Gothenburg and Malmö regions.

Among other projects begun or completed in 1990 were an extension of the Östersund general hospital, construction of a commercial center including a railroad station in Ånge, a fire station in Sollefteå and a military workshop in Boden.

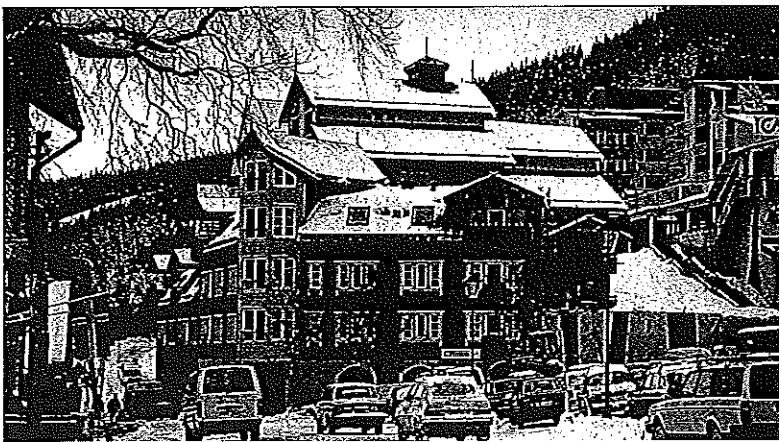
The road division also had successful operations during the year. Major projects begun or completed in 1990 were the Hammar Bridge over the Ångermanälven river, a bridge in Hammerdal and Sweden's longest ski lift in Jäckvik, near Arjeplog. A new concrete factory went into service in Forsbacka outside Gävle during the year.

In response to the expected economic downturn, the company has begun a review of its structure in order to adapt its size to a smaller market.

The Swedish Telecom Group's new administrative building in Sundsvall was built using Skanska's new quality assurance program.



The cooperative apartments in Skanska's "Middle-of-Åre II" project have a ski slope right outside the building.



The extension and renovation of the SCA Ortviken paper mill outside Sundsvall was the largest project of the year at Skanska Norrlund.

Ohlsson & Skarne AB

Per-Arne Lindqvist,
President

SEKM	1990	1989
Revenues	1,358	956
Order bookings	832	1,477
Order backlog, Dec. 31	897	1,360
Employees	702	666

Ohlsson & Skarne operates in the Stockholm region, where the market was very good in 1990. The company's revenues and earnings increased during the year.

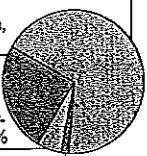
Operations by production areas, 1990

Housing, 68.1%

Other buildings, 24.6%

Roads and civil engineering, 5.7%

Sales of goods and services, 1.7%



In all respects, 1990 was a record-breaking year for Ohlsson & Skarne. The building market in Greater Stockholm, where the company has its operations, was characterized by continued heavy activity. Revenues were therefore unusually high. Earnings rose, among other things because of a higher level of invoicing on contracts credited to income.

During 1990 the company obtained a number of new assignments. The most complicated of these involves construction of a deck over the Söderleden highway in Stockholm. This contract, where the client is the cooperative housing organization Riksbyggen, also includes building 286 apartments on top of the deck.

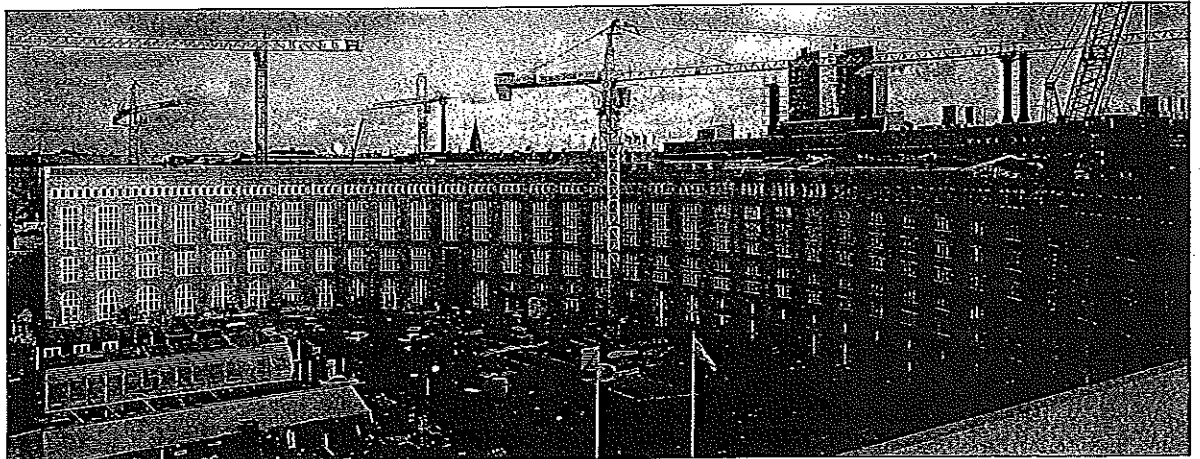
Ohlsson & Skarne is working on an interesting project in Sigtuna. For the past few years, archeologists have carried out excavations in the center of this small city between Stockholm and Uppsala. The items they discovered will now be preserved intact in the cellar of a new building. The structure being erected above this medieval museum will house a post office, a pharmacy, hotel rooms and conference facilities to supplement the existing city hotel.

Ohlsson & Skarne successfully participated in a Stockholm municipal competition for energy-conserving apartment houses, carried out in cooperation with HSB Stockholm. Of a total of 15 proposals that were submitted, Ohlsson & Skarne's was one of three

that were selected for construction and which will compete for the most energy-conserving design.

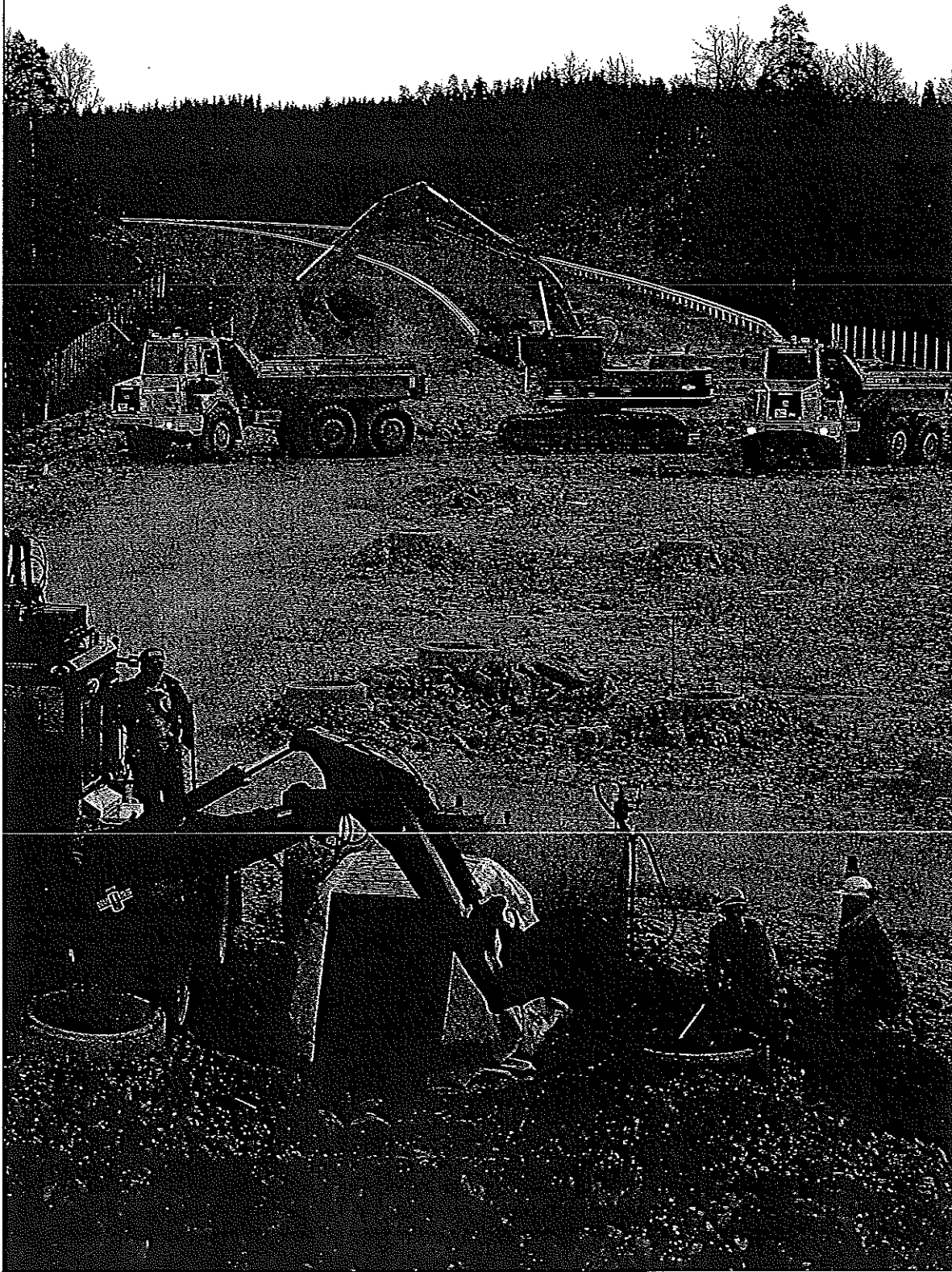
The construction market will weaken during 1991. Although the order situation for Ohlsson & Skarne was satisfactory at the beginning of the year, 1991 revenues are expected to be lower than in 1990. As a consequence of the deteriorating market, personnel cut-backs are likely to be necessary in the company.

In the Södra Station redevelopment area of south central Stockholm, Ohlsson & Skarne is building the "Bofill Bow" for HSB Stockholm. This apartment house was designed by Spanish architect Ricardo Bofill in cooperation with the company's architects.



Jarlberg in Nacka, with a total of 1,345 apartments, was completed in 1990. The area was among the prizewinners in the magazine Byggindustrin's "Construction 1990" competition.





Infrastructure program a bright spot.

One bright spot over the next few years, both for the construction market and for the Swedish business sector in general, will be the infrastructure program recently unveiled by the government. It includes highways, bridges, urban traffic routes and railroad projects. This program may provide some relief during the coming market downturn, but it will not offset the recession. Major infrastructural projects are not expected to begin until 1992-1993. Financing for several of them has not yet been put together.

Among Skanska's large infrastructural projects already underway is the E6 European highway in Bohus County, north of Gothenburg.

Technology and Services

Bert Lilja

SEK M	1990
Revenues	560
Employees	883

Technology and Services is responsible for providing specialized technical expertise in construction planning and computer technology. It also runs the Group's central machinery and supply operations. The business segment's three companies were highly active during 1990.

Skanska Teknik AB

Technological consulting and specialist operations in the construction and real estate fields. Divisions in Stockholm, Gothenburg and Malmö, plus offices in Växjö and Sundsvall.

Revenues	SEK 141 M	Headquarters	Danderyd
Employees	289	Bert Lilja, President	

Skanska Maskin AB

Rentals to Group and non-Group companies of construction machinery, cranes, sheds etc.; sales of protective equipment, used machine parts, cabling etc. Manufacture and maintenance of specialized machinery; installation/servicing of electrical systems at temporary work sites.

Depots and factories in some twenty locations in Sweden, the three largest being in Upplands Väsby (Stockholm), Fösie (Malmö) and Linjärhult (Ängered, Gothenburg).

Revenues	SEK 365 M	Headquarters	Danderyd
Employees	529	Curt Isacsson, President	

Skanska Data AB

Responsible for Groupwide computer systems for administrative routines and project management, data communications etc. and other assignments in the computer field.

Revenues	SEK 54 M	Headquarters	Danderyd
Employees	65	Carl-Erik Brohn, President	

Skanska Teknik was responsible for designing the bridge over Instö Channel in Marstrand. This concrete structure consists of seven spans, the longest measuring 150 meters (492 ft). Skanska Väst AB was the builder.

The task of the Technology and Services business segment is to preserve and develop the technical expertise of the Skanska Group. Its operations include design and planning, construction technology, computer support, technical and mechanical equipment and servicing in these sectors.

Most development work and service operations take place in connection with the Skanska Group's construction projects. The business segment includes the three companies Skanska Teknik AB, Skanska Maskin AB and Skanska Data AB.

Skanska Teknik AB

Skanska Teknik completed its first full financial year. A number of separate units in the Group had previously been brought together to create it. During 1990 the company examined its business concept, objectives and strategies, then compiled them into a business plan emphasizing the development of its operations in collaboration with the contracting and real estate business segments of the Group.

The first half of 1990 was characterized by good demand, and capacity utilization was high. The market slowed later in the year, however.

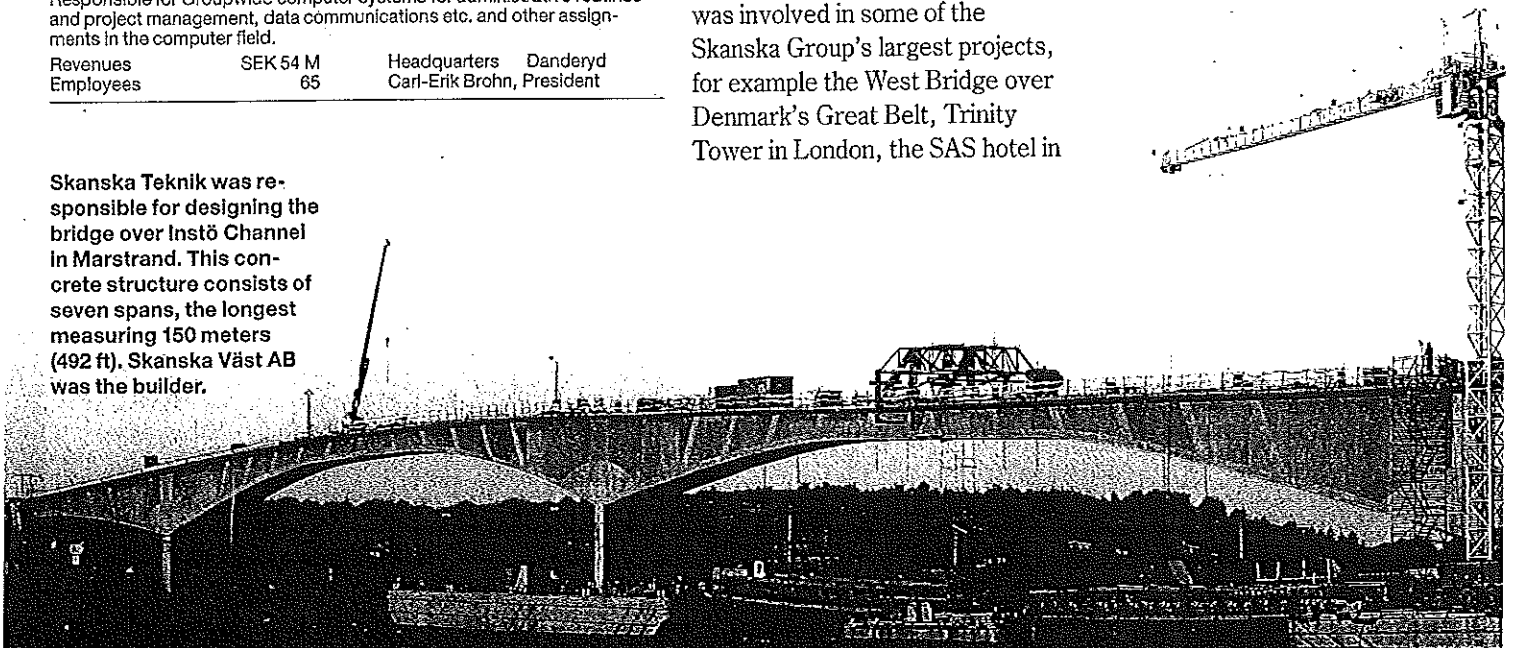
During 1990 Skanska Teknik was involved in some of the Skanska Group's largest projects, for example the West Bridge over Denmark's Great Belt, Trinity Tower in London, the SAS hotel in

Beijing, oil storage facilities in Zimbabwe, the railroad tunnel in Helsingborg, the remodeling of the Jakobsberg Centrum mall in Järnålla and the Munkavägen "service houses" for senior citizens in Helsingborg.

Skanska Teknik was successful in several design competitions. The company also pursued a number of development projects, for example in underground technology, geotechnology, foundation work, CAD integration with quantity take-off, measuring technology, and environmental, mechanical, energy and process engineering, repair, conversion and extension and plant construction. Development projects take place both internally at Skanska Teknik and in collaboration with others, mainly units of the Skanska Group.

Skanska Teknik also received the approval of the National Road Administration for its bridge quality program, based on Bronorm 88, the Administration's set of bridge design and construction standards.

Effective from 1991, the company established a business and technological development task force to handle advanced development and research assignments.



Stiffer competition in the market will require an expansion of marketing activities both inside and outside the Skanska Group, re-evaluation and adaptation of the company's structure and costs, and streamlining of administration.

Skanska Maskin AB

Skanska Maskin is responsible for a fleet of equipment worth more than SEK 700 M. Rentals rose about 10 percent during 1990, mainly to companies in the Skanska Group.

In many areas, the company coordinated its activities with those of other Group units, for example depot operations, computer systems for machinery rentals and administration, as well as purchasing, pricing and billing systems.

In 1990 the workshop in Upplands Väsby manufactured equipment for raise boring and for underground construction projects in Saudi Arabia and India. The Upplands Väsby unit resumed delivery control and shipping operations for Skanska's major international projects.

Skanska Maskin is taking a number of steps in response to the decline in the market during 1991. It is reviewing its structure and will

cut back personnel. Maintenance, servicing and shipping are being streamlined in collaboration with suppliers and outside service and forwarding companies. Cooperation with users is being intensified.

Skanska Data AB

Skanska Data is responsible for Groupwide computer systems for accounting, personnel, project management and related systems, as well as for data communications, standardization of systems and supplying computer and telephone switchboard equipment.

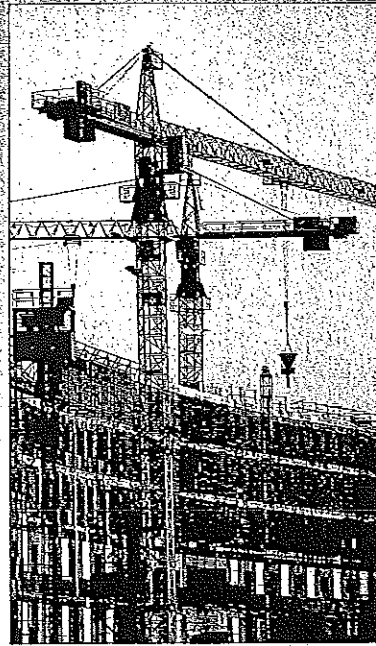
Skanska Data also carries out other assignments in the computer field for Group operations in Sweden and abroad.

The company serves users in many different locations, mainly in Sweden and Denmark. Local support is provided partly via cooperation with the computer managers of Group units in various locations. In addition, Skanska Data has provided help with installations at projects throughout the world.

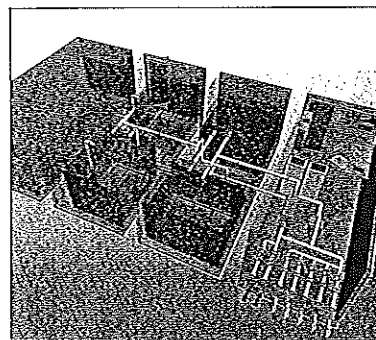
The number of users almost doubled during 1990. At present, the company's most important activities are advanced development work on project control systems for computer-aided manufacturing and materials control, personnel information, financial control, electronic information transfer between companies (EDI) and coordination between different systems used in the Group. These systems should primarily support production and decision making processes in a decentralized organization.



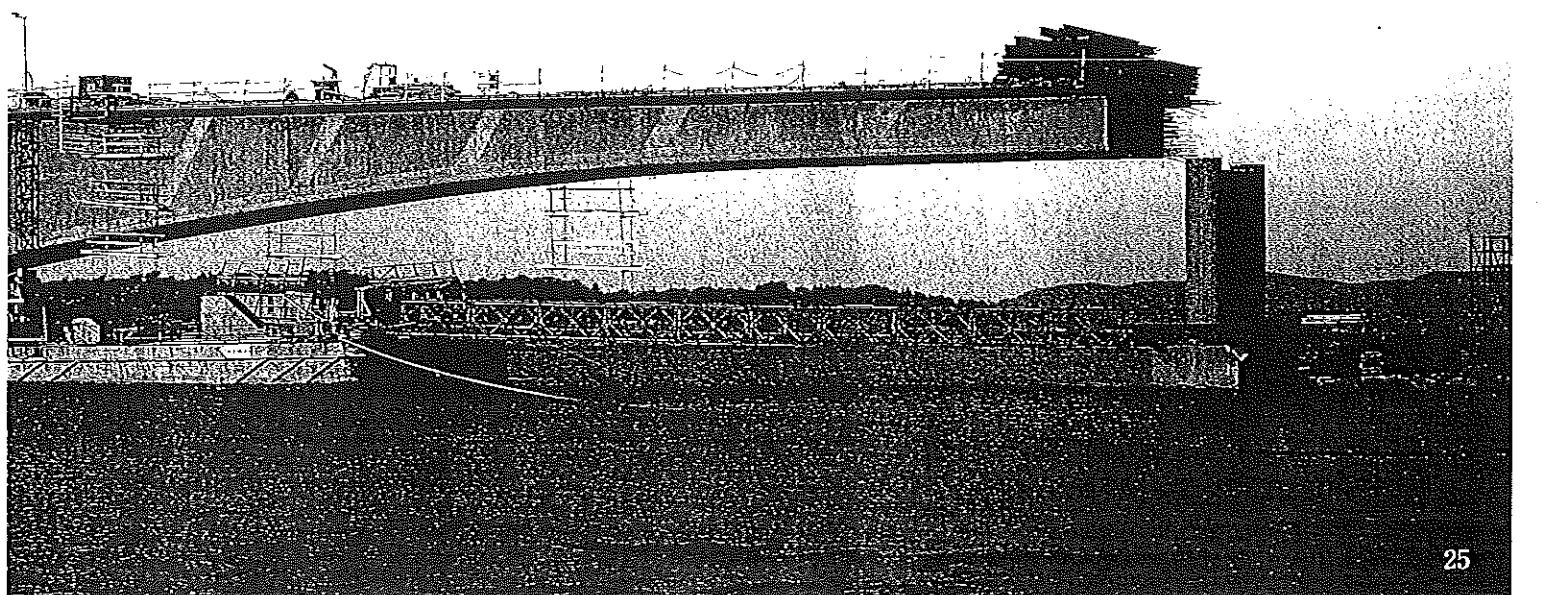
Bert Lilja, head of the business segment, flanked by Carl-Erik Brohn (left) and Curt Isaksson.



Skanska Maskin manages and rents out machinery and equipment for Skanska's contracting operations.



Computer graphics are used for planning and design drawings in many contexts. This computer image shows a system for removing creosote from the soil at Skanska's Blekholmstorget building site in Stockholm.



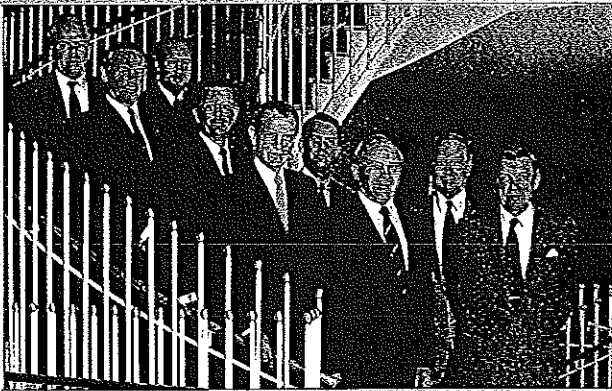
Specialized Companies

Sven-Eric Hersvall

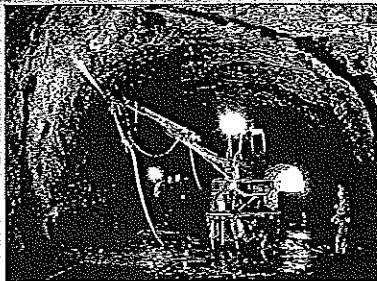
SEK M	1990	1989
Revenues	3,388	3,060
Earnings*	146	93
Order bookings	3,136	2,929
Order backlog, Dec. 31	1,323	1,269
Employees	3,552	3,199

* Operating income after depreciation.

Order bookings in the Specialized Companies business segment were good, and capacity utilization was high in most companies. The group expanded considerably during 1990.



From the right, Sven-Eric Hersvall, head of the business segment, with Bertil Kjellin, Curt Bennborn, Leif Stridh, Björn Emt, Åke Edwardsson, Kenneth Weberg, Stig Lewenhagen and Alf Sjöberg. Göran Sjökvist is missing from the photo.



Stabilator reinforced the tunnel for a new highway in Stockholm.

The installation companies work with ventilation, energy conservation, electrical systems and plumbing. One client is the Scandic Crown Hotel in Stockholm.



The Specialized Companies business segment represents the Skanska Group's expertise in such fields as steel and concrete building components, soil and underground technology, ventilation, electrical and plumbing systems etc.

These companies work in all areas of the construction and civil engineering sectors and also provide their specialized expertise to the Skanska Group's construction units. Within their respective segments, several of these companies have market-leading positions in Sweden.

The construction market was characterized by heavy activity during 1990. A slowdown became evident during the final months of the year, however.

Skanska Prefab AB increased its volume and managed to maintain high capacity utilization in all factories. Capital spending, which was aimed at expanding capacity and raising productivity at most plants, doubled to SEK 60 M.

Skanska Stålteknik AB expanded rapidly because of its participation in many large projects, such as Trinity Tower in London, Nya Knutpunkten in Helsingborg, Nacka Strand, Täby Centrum, Bonniers' new printing plant building near Stockholm and the second domestic air terminal at Stockholm-Arlanda International Airport.

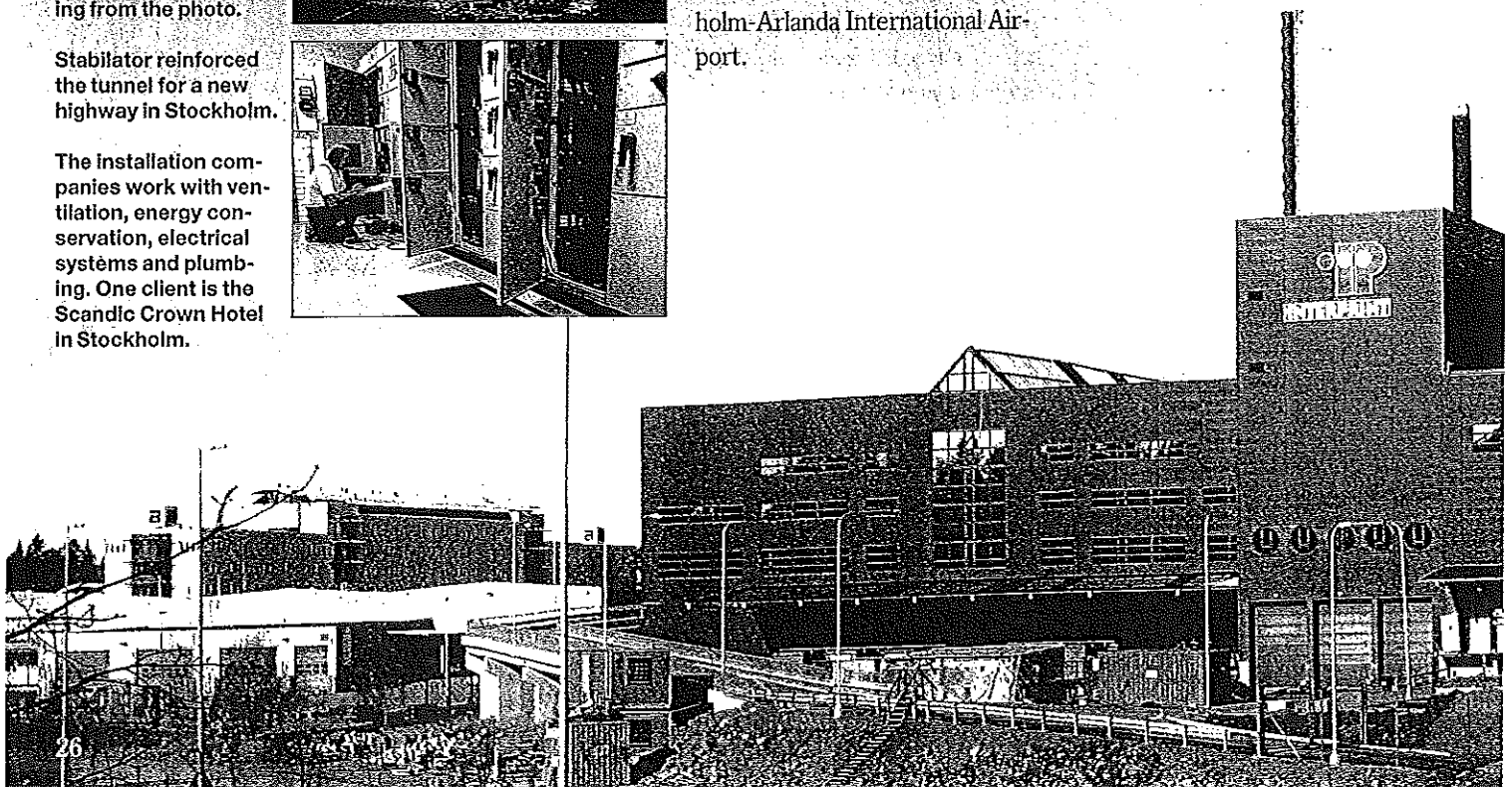
The company established new offices in Stockholm and Västerås. An industrial service and maintenance unit which began operations during 1990 was successful. A special project management system was also introduced in order to achieve higher quality and lower costs.

Stabilator AB also showed good growth in sales and earnings. Capacity utilization was high. Major projects included the subsidiary Rivteknik's involvement in dismantling the old Stocksund Bridge north of Stockholm and a steel mill in Fagersta; Stabilator's underground tunnel reinforcement work for the Norra Länken highway in Stockholm; Pålgruppen's foundation work for the buildings at Blekholmstorget in Stockholm; and Internordisk Spännarmening's prestressing work on the Great Belt Bridge in Denmark as well as the Sleipner, Draugen and Snorre oil platforms in Stavanger, Norway.

International operations grew. Stabilator obtained new assignments in Saudi Arabia and India.

During 1990 Stabilator celebrated its 25th anniversary with an exhibition and seminar program at its Upplands Väsby depot.

The pace of investments was rapid. For example, Pålgruppen



began to build a new concrete pile factory in Stockholm, costing SEK 30 M.

The companies in the ventilation sector - **Industriventilation Svenska AB**, **LBI Luftbehandling AB** and **Industriventilation Produkt AB** - increased their volume, but order bookings were somewhat unevenly distributed. The group saw a rapid expansion in maintenance and servicing of air treatment systems.

Industriventilation Produkt expanded its capacity, placing a new Växjö factory in service. Two new products from this company, the compact Flexopac ventilation unit series and an exhaust air pump, were well-received in the market.

Skanska Installation AB increased production at existing units. The company expanded the proportion of its business represented by design-construct contracts, after having strengthened its design and planning resources. Examples of such contracts were electrical installations for the Åkerman heavy construction equipment factory in Karlskrona, the Skinnfall housing area of Gothenburg and Kebo Center, Stockholm, and plumbing for the OBS superstore in Halmstad.

AB Jan Ralling showed good growth and a higher share of the contracting market. Contributing

to this was the acquisition of **AB RMS** in Skövde, a specialist in heavy lifting. A new depot in Helsingborg was inaugurated.

Large projects included dismantling steel mill equipment in Fagersta and at the SSAB Luleå mill for sale in the U.S. and China, respectively, and dismantling the production hall at the Kockums shipyard in Malmö for sale to the Odense shipyard in Denmark.

Skanska Trading AB increased its revenues because of a sharp rise in sales of heavy construction machinery. Sales of modular buildings to the municipal sector for schools, day care centers etc. were also successful.

Outlook for 1991

Most companies in the business segment predict lower order bookings. Early in the year, however, there was still a heavy work load at Skanska Prefab and Skanska Trading, for instance. The Specialized Companies business segment will adjust its resources to the shrinking market and respond to stiffer competition by such means as intensified marketing, higher efficiency and tighter cost controls. It will focus on new product areas and markets, for example infrastructure and international markets. The trend toward package solutions and design-construct assignments is continuing.

Skanska Prefab AB

Planning, manufacture, shipping and assembly of prefabricated concrete products from 18 factories in Sweden.

Revenues	SEK 1,077 M	Employees	1,194
Earnings*	SEK 49 M	Headquarters	Malmö
Order backlog	SEK 500 M	President	Bertil Kjellin

Skanska Stålteknik AB

Planning, manufacture and assembly of complete steel frames, façades and roofs as well as bridges and energy installations. Production facilities and offices in Kalmar and Malmö, as well as offices in Stockholm and Västerås.

Revenues	SEK 429 M	Employees	364
Earnings*	SEK 15 M	Headquarters	Kalmar
Order backlog	SEK 189 M	President	Leif Stridh

Stalator AB

Specialized operations focusing on foundation and reinforcement engineering, demolition and renovation. The group also includes Svenska Rivteknik AB, Hålmätöder AB, Nordyac AB, Internordisk Spännarmiering AB and Pålgruppen AB.

Revenues	SEK 665 M	Employees	880
Earnings*	SEK 33 M	Headquarters	Danderyd
Order backlog	SEK 260 M	President	Björn Ernt

Industriventilation Svenska AB

Nationwide design, installation and servicing operations in the ventilation and energy fields.

Revenues	SEK 598 M	Employees	411
Earnings*	SEK 11 M	Headquarters	Växjö
Order backlog	SEK 169 M	President	Alf Sjöberg

LBI Luftbehandling AB

Design and installation of air treatment systems, with units in Karlstad, Gothenburg, Skövde, Stenungsund and Uddevalla.

Revenues	SEK 84 M	Employees	81
Earnings*	SEK 3 M	Headquarters	Karlstad
Order backlog	SEK 44 M	President	Göran Sjökvist

Industriventilation Produkt AB

Development and marketing of air treatment units, specializing in fan rooms. Production facilities in Växjö and Kalmar.

Revenues	SEK 107 M	Employees	133
Earnings*	SEK 7 M	Headquarters	Växjö
Order backlog	SEK 14 M	President	Åke Edwardsson

Skanska Installation AB

Design and installation of electrical systems through its subsidiaries Stenbergs EI Stockholm AB; Stenbergs Elektriska AB, Malmö; Palms Elektriska AB, Norrköping; Annedals EI AB, Gothenburg; and plumbing installations through Västgötator AB, Falköping.

Revenues	SEK 239 M	Employees	348
Earnings*	SEK 12 M	Headquarters	Danderyd
Order backlog	SEK 127 M	President	Stig Lewenhagen

AB Jan Ralling

Rental of mobile cranes, forklifts and trucks; as well as contracting work in the heavy lifting field.

Revenues	SEK 80 M	Employees	125
Earnings*	SEK 3 M	Headquarters	Malmö
		President	Curt Bennborn

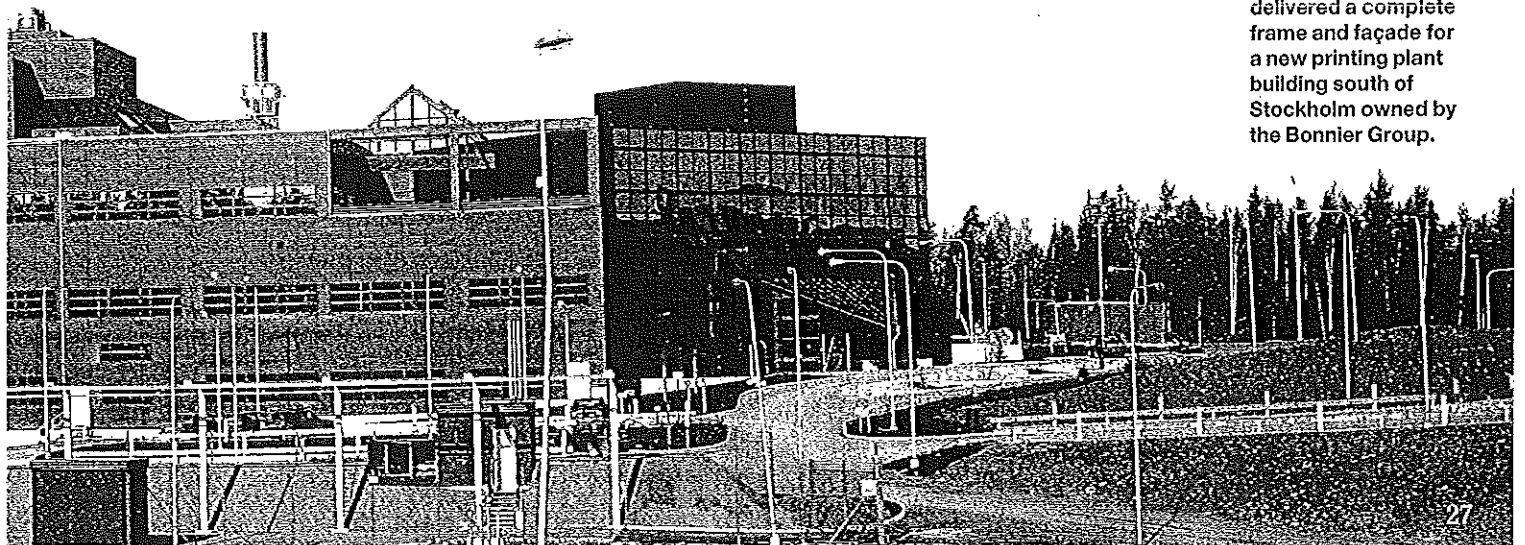
Skanska Trading AB

Trading operations involving machinery and equipment for the construction and civil engineering sectors plus sales and rentals of modular offices, schools, day care centers and temporary homes.

Revenues	SEK 109 M	Employees	16
Earnings*	SEK 13 M	Headquarters	Landskrona
Order backlog	SEK 20 M	President	Kenneth Weberg

* Operating income after depreciation

Skanska Stålteknik delivered a complete frame and façade for a new printing plant building south of Stockholm owned by the Bonnier Group.



Industrial Companies

Sven-Eric Hersvall

SEK M	1990	1989
Revenues	2,619	1,537
Earnings*	254	116
Order bookings	2,411	2,351
Order backlog, Dec. 31	1,615	1,511
Employees	1,963	1,449

Industrial Companies showed continued positive growth during 1990, although a weakening of the market was discernible late in the year. Most companies in the business segment increased their market share and earnings.

The Myresjö Group

This group consists of the parent company, Myresjö AB, and the manufacturing companies Myresjöhus AB, Myresjöhus i Finland AB, Nordiska Trähus AB, Combiglas AB, K-Termo AB, Myresjöfönster AB, Vrigstad Snickerifabrik AB, Myresjökök AB, Boxholms Såg AB and Myresjö Nederland B.V. in the Netherlands.

Products: ready-to-assemble homes, windows, insulating panes, curtain walls, cabinet fittings and sawn timber.

Revenues	SEK 2,248 M	Employees	1,589
Earnings*	SEK 184 M	Headquarters	Myresjö
Order backlog	SEK 1,560 M	Ants Suurkuusk, President	

SektionsByggarna AB

This group consists of SektionsByggarna AB and its subsidiaries Flexator AB, Gråbo Bygg AB, Skanska Komponent AB and Värme & Sanitet i Smålands Anneberg AB.

Products: Movable buildings, work sheds, barracks and plumbing operations.

Revenues	SEK 321 M	Employees	304
Earnings*	SEK 50 M	Headquarters	Anneberg
Order backlog	SEK 55 M	Sixten Wallin, President	

Boxholms Skogar AB

This group consists of Boxholms Skogar AB, Örho Skogar AB, AB Gusum Skogar and Bark & Warburgs AB.

The group manages a total of 53,000 hectares (over 137,000 acres) of timberland.

Revenues	SEK 50 M	Employees	70
Earnings*	SEK 20 M	Headquarters	Boxholm
Order backlog	-	Ingemar Thorstensson, President	

* Operating Income after depreciation

The Myresjö group

The companies in the Myresjö group manufacture prefabricated building components made of wood, glass and aluminum. The group's product range includes ready-to-assemble wooden houses, windows, insulating panes, cabinet fittings, curtain walls and sawn timber. Operations also include assembly and construction of single-family homes. Except for a small portion of window and insulating pane production plus sawn timber, the Myresjö group's products are sold in the Swedish housing production market. The volume and market trend of Swedish housing construction are therefore crucial to the operations of the group.

Swedish construction activity remained heavy during 1990, although the growth rate, which had been very strong since 1986, slowed somewhat. The number of housing starts continued to increase, but the percentage of total housing production represented by single-family homes declined. The number of single-family housing starts, about 26,000, was essentially the same as in 1989.

The high level of housing construction resulted in nearly maximum capacity utilization at the companies in the Myresjö group. Sharp increases in volume in an almost unchanged market meant

a clear rise in market share, especially for Myresjöhus and Nordiska Trähus. Because of these increases in volume and because two new companies, Boxholms Såg and K-Termo, joined the group, 1990 invoicing climbed 70 percent to SEK 2,248 M. High capacity utilization and satisfactory margins resulted in more than a doubling of earnings to SEK 184 M, despite relatively low invoicing on contracts credited to income.

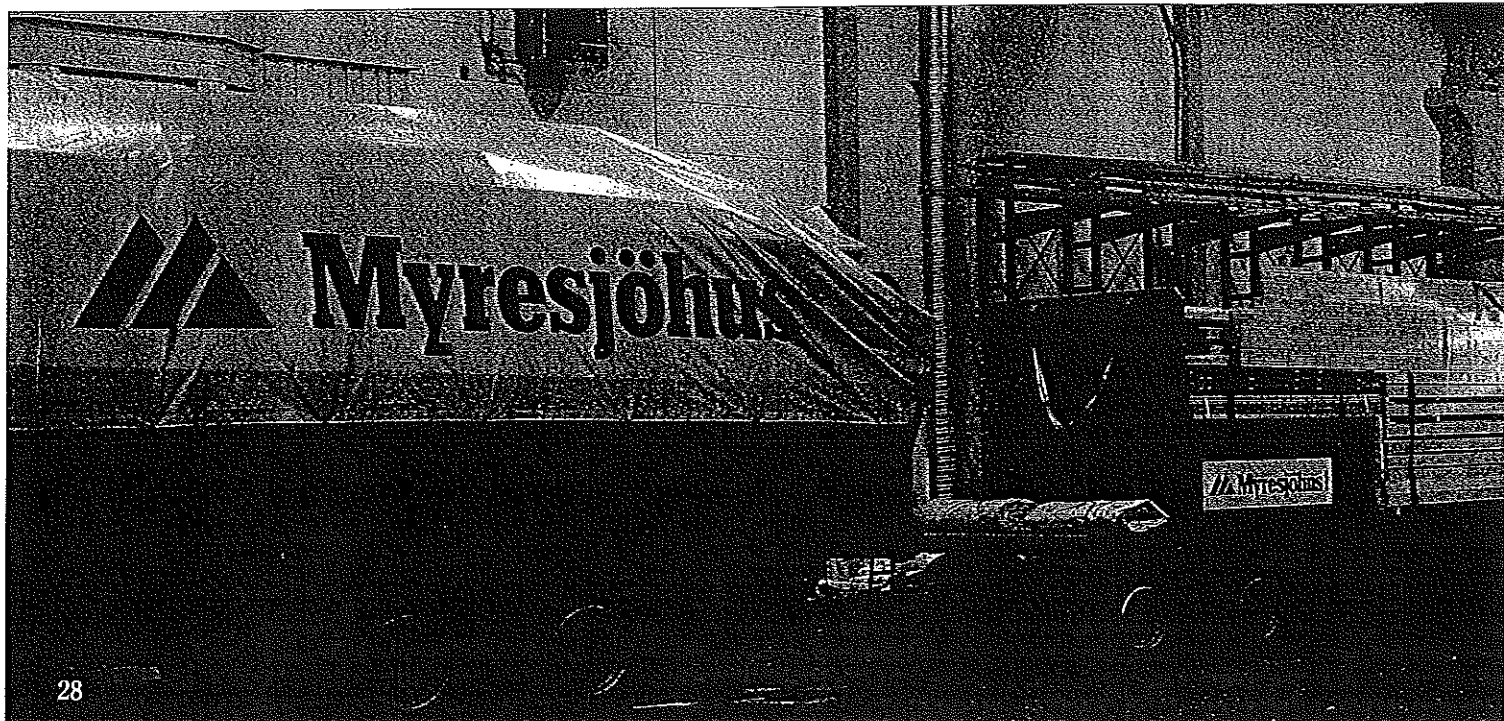
Capital spending in the group was somewhat lower than budgeted, about SEK 121 M, because production was given higher priority due to the good market situation.

During 1990, however, planning and other preparatory work for investments were carried out, and capital spending will thus increase again during 1991.

A general downturn in Swedish residential construction is expected during the coming year. Despite efforts to increase market share further, no growth in the group's revenues is anticipated during 1991. Stiffening competition and higher marketing expenses are expected to result in poorer earnings than in 1990.

SektionsByggarna AB

The market was very good in 1990 until October, when a clear deterioration set in. This was espe-



cially true at Gråbo Bygg AB, where demand for work sheds fell sharply. Skanska Komponent AB was also affected by lower order bookings. Taken together, however, the year was very good for the companies in this group, which generally enjoyed high capacity utilization and good profitability. Invoiced sales totaled SEK 321 M, up from SEK 295 M in 1989 for comparable units.

Effective on January 1, 1991, marketing and manufacture of movable buildings was transferred from SektionsByggarna to a newly established company, Flexator AB. SektionsByggarna is continuing to handle rental and leasing of movable buildings.

The poorer construction market in Sweden during 1991 is expected to affect the group's revenues and earnings adversely, compared with 1990. A reduction in personnel has already begun. In response to heavier competition, product development work has been intensified among the various subsidiaries.

Boxholms Skogar AB

The market for pulp wood and sawn timber was characterized by ample supplies during 1990. Prices of forest products fell. For Boxholms Skogar this, along with the larger role of thinning operations, meant that revenues fell somewhat

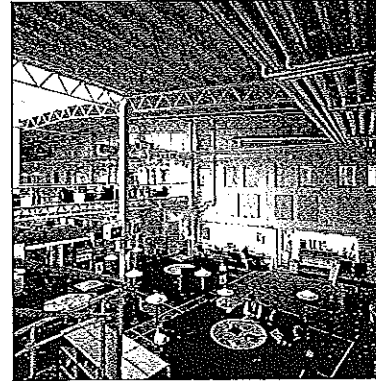
to SEK 50 M. Earnings were also adversely affected.

Total felling during the year was about 155,000 cubic meters under bark for sawn timber and pulp wood. Regrowth is estimated at 250,000 cubic meters under bark per year.

During 1991 the weaker market is expected to continue. Prices of forest products are expected to fall somewhat, compared with 1990. Projected earnings in 1991 will be lower than the year before. In light of this market outlook, felling at Boxholms Skogar will be restrictive during the coming year, while continued efficiency-raising efforts take place, including expanded use of machinery.



From the left: Ants Suurkuusk; Sven-Eric Hersvall, head of the business segment; Sixten Wallin and Ingemar Thorstenson.

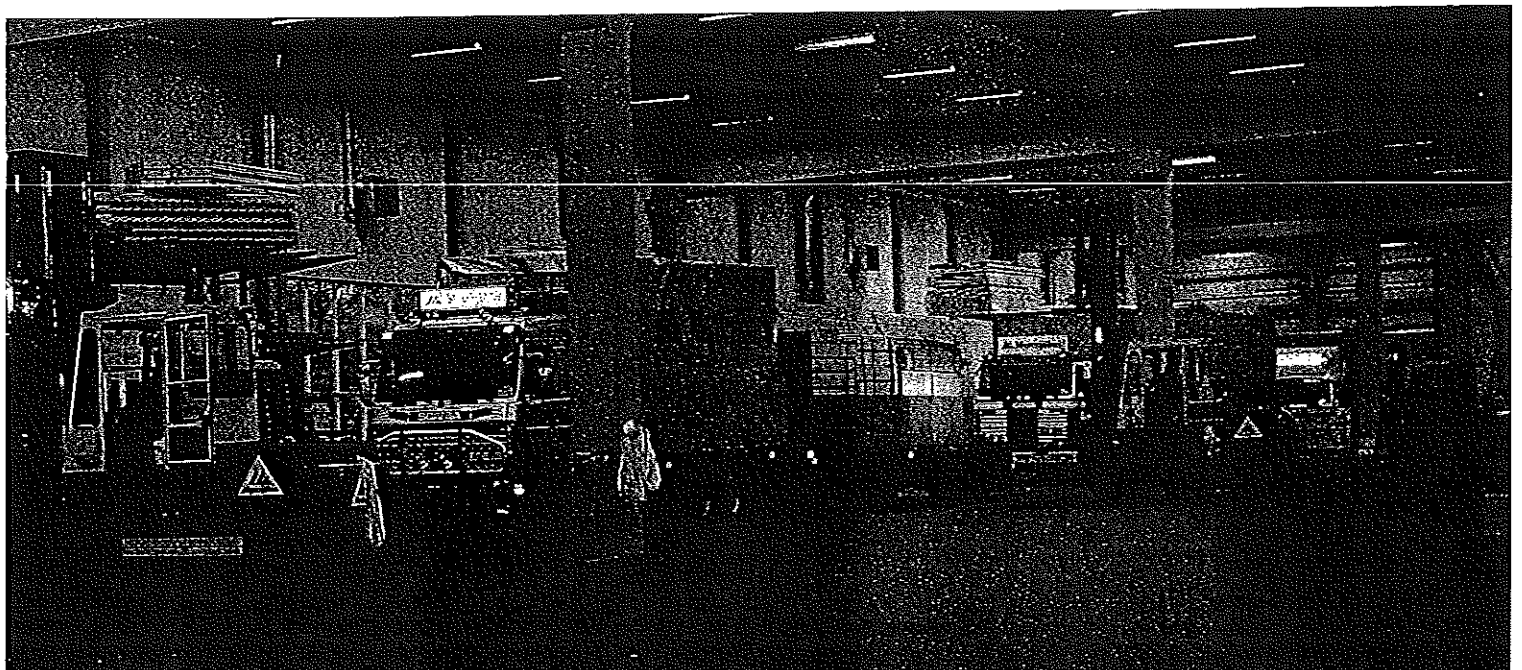


Flexator delivered prefabricated box units used in assembling the new Scandinavian Airlines crew base facility at Stockholm-Arlanda International Airport.



Nordiska Trähus makes a broad range of houses, including types suitable for areas that preserve traditional Swedish architecture.

A new loading terminal went into service at the prefabricated house factory in Myresjö during 1990. Four houses can be loaded simultaneously, each on its own trailer truck. There was particular emphasis on creating a good working environment. Loading takes place using electric forklifts, and the trucks have special exhaust gas purification systems.



Properties Sweden

Mats Cederholm

SEK M	1990	1989
Book values, including intra-Group capital gains and surplus values	5,909	4,587
Rental revenues	1,624	1,343
Net operating income	1,095	951
Rentable space (000 sq m)	2,076	1,912

Swedish property management operations reported a 21 per cent rise in rental revenues and a continued high occupancy level during 1990.



Seated from the left: Peter Vilén; Mats Cederholm, head of the business segment; Lennart Andersson and Mats Wäppling. Standing: Sten Gustavsson and Kent Jönsson.

Skanska Väst AB renovated Kontoristföreningen, a familiar Jugend-style building in central Gothenburg, for the real estate company Skanska Fastigheter Väst AB.

The Swedish real estate market had a trying year in 1990. Rents stagnated and property values fell. Among the causes were weaker economic conditions, high interest rates, the crisis that hit certain Swedish finance companies, the Middle East conflict and far stricter lending practices among banks. As a result, highly leveraged real estate companies with heavy risk exposure ended up with acute earnings and liquidity problems.

The supply of properties rose markedly, and during early 1991 prices were substantially lower than a year earlier. There still appears to be a market for good centrally located properties, but many other properties are currently hard to sell.

Weaker rental market

No general decline in rent levels was evident at the beginning of 1991, but the recession will probably mean slower increases in rents and lower occupancy levels in both commercial and residential properties.

The transformation of the real estate market over the past year can be regarded as a return to a more selective, sounder market that is better attuned to international conditions. This change

should also result in a more balanced market that contains a smaller element of speculative construction.

The new market situation also opens up opportunities for financially strong players, such as insurance companies and well-consolidated construction and real estate companies, to carry out projects and acquisitions.

New organizational structure

In its current form, the Properties Sweden business segment completed its first full business year in 1990. It is organized into five regional companies, which are responsible for project operations and management; Skanska Fastighetsservice AB, which is responsible for personnel administration; and the partly owned subsidiaries AB Drott and Eurostop KB.

The new grouping into five regional companies went into effect on January 1, 1991, when property management in southern Sweden was divided between Skanska Fastigheter Syd AB and a new company, Skanska Fastigheter Sydöst AB.



Earnings

Rental revenues from the investment properties in the business segment rose by 21 percent to SEK 1,624 M (1,343). (Adjusted for changes in property holdings during 1990, the rent increase was 12 percent.)

Net operating income – rents minus operating costs, maintenance, ground rents, real estate tax and overhead – rose by 6 percent to SEK 804 M. Earnings were pulled down by an increase in real estate taxes from SEK 56 M to SEK 101 M, but primarily by the expenses of some large remodeling and renovation projects. It is expected, however, that future rental revenues from these projects will amply offset these expenses.

The Group's share of earnings in partnerships and limited partnerships where Skanska's stake totals 50 percent or less totaled SEK 29 M (22).

High occupancy level

At year-end 1990, the occupancy level in the business segment's investment properties stood at 98 percent. In Stockholm, however, there are empty premises in properties being taken over for management starting in 1991.

For the time being, resources are focused on achieving improved earnings on investment properties, finding tenants to fill remaining space in ongoing projects and stepping up the monitoring of markets and customers to ensure that existing high occupancy levels can be maintained. The business segment is very restrictive about starting new projects and purchasing more properties.

AB Drott

Drott's operations are mainly concentrated in Skåne. Rental revenues rose 28 percent to SEK 132 M during 1990. Projected 1991 rental revenues are SEK 167 M.

Planning and development work for Bisktorvet, a billion-kronor commercial development project in central Copenhagen, Denmark, continued on schedule. Drott has an 80 percent stake. During 1990, Drott completed a new share issue in connection with its acquisition of the property company BGB i Malmö AB. As a result, Drott gained 70 new shareholders.

Eurostop KB

The first Eurostop highway service center went into service in Jönköping during 1990. The center has been rented out in its entirety. Three more centers are under construction in Arlanda, Halmstad and Örebro. The total investment in these four centers is about SEK 1,600 M. Annual rental revenues are expected to reach SEK 150 M.

Rental of space at the Eurostop centers has gone well so far. Preparations and studies are underway concerning the establishment of additional Eurostop centers in Sweden.

Skanska Fastigheter Stockholm AB
Management territory: Stockholm County
Book value SEK 3,284 M
Rental revenues SEK 889 M
Net operating income SEK 648 M

Rentable space 821,000 sq m
incl. residential 149,000 sq m
Lennart Andersson, President

Skanska Fastigheter Syd AB
Management territory: Southern Sweden.
In 1990 also Southeastern Sweden.

Book value SEK 1,073 M
Rental revenues SEK 307 M
Net operating income SEK 201 M

Rentable space 452,000 sq m
incl. residential 212,000 sq m
Sten Gustavsson, President

Skanska Fastigheter Sydöst AB

The company was established on January 1, 1991.
Management territory: Southeastern Sweden.
Peter Vilén, President

Skanska Fastigheter Väst AB

Management territory: Western Sweden.

Book value SEK 426 M
Rental revenues SEK 160 M
Net operating income SEK 98 M

Rentable space 275,000 sq m
incl. residential 146,000 sq m
Kent Jönsson, President

Skanska Fastigheter Nord AB

Management territory: Central and Northern Sweden.

Book value SEK 404 M
Rental revenues SEK 136 M
Net operating income SEK 81 M

Rentable space 250,000 sq m
incl. residential 93,000 sq m
Mats Wäppling, President

Skanska Fastighetservice AB

All personnel in the regional companies are employed by Skanska Fastighetservice.

Employees 388 Olle Lindberg, President

AB Drott

Subsidiary of Skanska AB (76 percent stake).

Management territory: mainly Skåne, Sweden's southernmost province.

Book value SEK 722 M
Rental revenues SEK 132 M
Net operating income SEK 69 M
Employees 50

Rentable space 277,000 sq m
incl. residential 172,000 sq m
Göran Lidström, President

Eurostop KB

A limited partnership owned 60 percent by the Skanska Group and 40 percent by the pension insurance companies SPP and AMF-p. Operations consist of a new type of service centers on heavily trafficked highways. Management of the first center began on January 1, 1991.

Employees 7 Max Broman, Chairman



Investment properties

Rentable space, 1990,
total 2,076,000 sq m
(22.2 million sq ft)

Breakdown by real estate company
(000 sq m, % of total space)

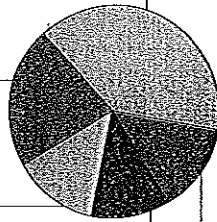
Stockholm 821, 39.6%

Syd 452, 21.8%

Väst 275, 13.2%

Nord 250, 12.0%

Drott 277, 13.4%



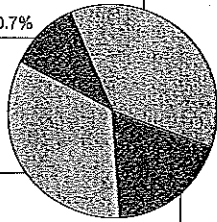
Breakdown by type of space

Residential 772, 37.2%

Retail space 222, 10.7%

Office space
700, 33.7%

Other categories
381, 18.4%



Rental revenues, 1990 total SEK 1,624 M

Breakdown by real estate company

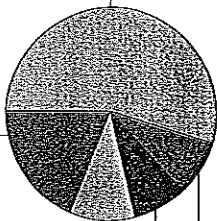
Stockholm 889, 54.7%

Syd 307, 18.9%

Väst 160, 9.9%

Nord 136, 8.4%

Drott 132, 8.1%



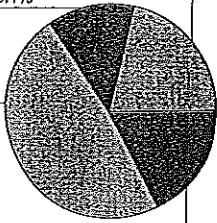
Breakdown by type of space

Residential 342, 21.1%

Retail space 213, 13.1%

Office space
783, 48.2%

Other categories
286, 17.6%



Changes in Swedish real estate holdings

Properties with an acquisition value of SEK 2,200 M were completed during 1990:

Property designation	Completed	Category*	Acquis. value SEK M	Full annual rent SEK M
Novum I, Huddinge (50%)	January	2, 3, 4	180**	21**
Lilla Bommen, Gothenburg	March	3	469	53
Kilen 18, Lund	April	1	83	6
Trumman, Stockholm	June	1, 2, 3	299	51
Skrubba Energicentrum, Stockholm	June	3	111	11
Älvan 7, Helsingborg	June	1	28	2
Forum, Nacka (50%)	July	2, 3, 4	293**	31**
Vapensmeden 6, Eskilstuna	July	3	26	4
Idétävlingen 2, Mjärdevi, Linköping	September	3	137	17
Korpkulla, Upplands Väsby	September	2, 3	83	10
Kungsängen C, Kungsängen	September	3	41	5
Tips- och Mässhallen, Växjö	October	4	42	6
Torsdagen, Uddevalla	October	1	43	3
Magistern, Östersund	October	3	22	3
Lasarettet 9, Jönköping (50%)	November	4	68**	14**
Hjällsnäs, Lerum	November	2	12	2
Rånäs, Stockholm	December	3, 4	152	24
Eurostop, Jönköping (60%)	December	2, 3, 4	103**	12**
Väggaraget, Tierp	December	3, 4	9	1

*) 1 Residential, 2 Retail space, 3 Office space, 4 Other categories ***) Skanska's stake

Properties under construction, projected acquisition value SEK 3,534 M:

Property designation	Projected month of completion	Category*	Projected acquis. value, SEK M	Expected annual rent, SEK M
Vapensmeden 14-15, Eskilstuna	January 1991	3	92	10
Silvret, Gothenburg	February 1991	4	63	9
Eurostop, Halmstad (60%)	May 1991	2, 3, 4	167**	18**
Klockarängen, Uppsala	May 1991	1	128	9
Allhelgonagatan, Gothenburg	May 1991	1	90	8
Havskatten, Mölndal	May 1991	1, 2, 3	70	6
Bålsta C, Bålsta	July 1991	2, 3	172	15
Eurostop, Örebro (60%)	August 1991	2, 3, 4	138**	12**
Väktaren 3, Malmö (90%)	December 1991	3	130**	13**
Resecentrum, Ånge	December 1991	4	44	5
Blåsvädersgatan, Gothenburg	February 1992	1	138	12
Friskväderstorget, Gothenburg	February 1992	1, 4	114	11
Borgaren, Sundsvall	April 1992	3	63	7
Kilen 19, Lund	June 1992	1, 2, 3	79	7
Novum II, Huddinge (50%)	June 1992	3, 4	150**	17**
Sirius 2, Malmö	June 1992	3	60	6
Eurostop, Arlanda (60%)	September 1992	2, 3, 4	455**	47**
Skinnefjäll, Härryda (50%)	August 1993	1, 4	107**	6**
Blekhölmstorget, Stockholm	March 1994	3, 4	657	102
Miscellaneous small properties		1, 2, 3, 4	617	47

*) 1 Residential, 2 Retail space, 3 Office space, 4 Other categories ***) Skanska's stake

The Skanska Group's real estate operations and total property holdings are described in greater detail in a separate Swedish-language publication, *Skanskas fastigheter 1991*. This year's edition has a somewhat different, expanded format both with regard to investment properties and current development projects. For investment properties in Sweden, projected net operating incomes for 1991 are now also included, broken down by geographic areas and categories. Among other things, this should facilitate outside assessments of Skanska's real estate holdings.

Skanskas fastigheter 1991 can be ordered from Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden, phone +46 8 753 80 00, fax +46 8 755 12 56.

These operations take place within the following organizational units in the Group. See each respective section of the Annual Report:

	page
Properties Sweden business segment	30
Building and Properties business segment (outside Sweden)	38
JM Byggnads och Fastighets AB	34
Skanska (USA) Inc.	36
SektionsByggarna, see table below	

The Group's overall real estate operations are presented in greatly concentrated form in the tables and diagrams on this page.

The Group: Real estate operations in figures

- The average value of loans on investment and development properties at the beginning and end of 1990 was SEK 7,448 M (6,295). Interest was SEK 838 M (726). These amounts included construction credits of SEK 1,813

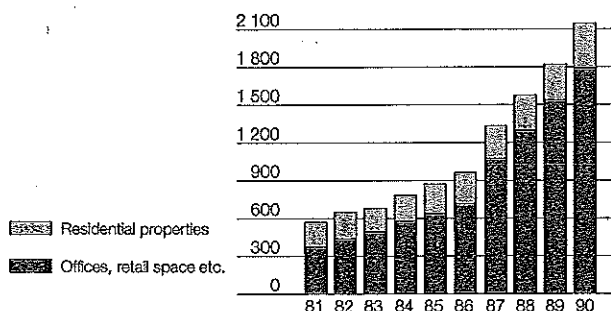
M (888) for the Trinity Tower project, in which the interest – SEK 312 M (216) – was capitalized. Loans on other investment and development properties thus totaled an average of SEK 5,635 M (5,407). Interest was SEK 526 M (510), which meant an average interest rate of 9.3 percent (9.4).

- The Group's investment and development properties have been written down by SEK 543 M (389) beyond ordinary depreciation. This writedown is reported as an un-taxed reserve in the consolidated balance sheet.

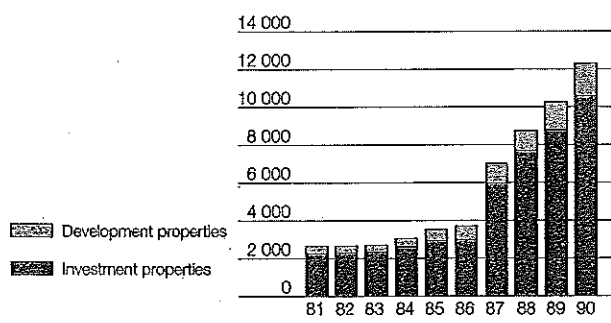
- Investment properties are depreciated at the maximum annual amounts permitted by tax law. (In JM, however, they are depreciated by an average of 1.1 percent a year.)

The Skanska Group is Sweden's largest private real estate owner, with extensive development project and investment operations. Continued international expansion.

The Group: Investment properties, rentals
2 400 SEK M



The Group: Investment and development properties. Book values.
16 000 SEK M



1990	Book values	Rental revenues	Income before taxes, depreciation and interest
SEK M			
The Group's investment properties	10,521	2,145	1,285
Construction in progress and development properties	8,364	287	97
Investment properties in partly owned partnerships and limited partnerships (≤50%)	220	80	33

Overview of the Skanska Group's investment properties

	Rentable space, 000 sq m				Book value, Dec. 31, 1990, SEK M	1990 rental revenues SEK M
	Residential properties	Retail space	Office space	Other categories		
Properties Sweden	772	222	700	381	5,532	1,624
Outside Sweden	0	1	83	40	950	73
JM	35	89	217	208	3,873	436
SektionsByggarna	0	0	46	10	119	40
Group adjustments*	0	0	6	0	47	-28
Total	807	312	1,052	639	10,521	2,145

* Minus intra-Group rents and acquired rental revenues, plus real estate partly belonging to JM and Properties Sweden, respectively.

**JM Byggnads
och
Fastighets AB**

**Sven Larsson,
President**

SEK M	1990	1989
Revenues	5,406	4,138
Earnings*	313	214
Order bookings	5,134	4,805
Order backlog, Dec. 31	4,259	4,390
Employees	3,418	3,158

* Operating Income after depreciation

Continued good economic conditions and favorable winter weather meant a 30 percent increase in construction volume and sharply improved earnings. Property management also showed higher volume and rising surpluses.



**Sven Larsson,
President**

Because of continued good economic conditions and lively demand for housing, especially in Greater Stockholm, along with another winter of fine construction weather, during 1990 the JM group was able to increase its building operations by 30 percent and report substantially better earnings. Property management also showed higher volume and rising surpluses.

In Hammarbyhöjden just outside central Stockholm, new buildings are being constructed among existing structures. This reduces the problems caused by declining population density as the neighborhood ages.



Construction operations

JM's construction operations continued to grow during 1990. Production totaled SEK 5,265 M, compared with SEK 3,971 M the preceding year. Demand for housing was at a high level, especially in the Stockholm, Gothenburg and Malmö regions, where JM has its strongest markets.

During 1990 there were 67,600 housing starts in Sweden, compared with 58,700 the preceding year. Housing production thus set a record for recent years. In Greater Stockholm, the corresponding figure was 9,200 dwellings. JM accounted for 1,200 or 13 percent of this important market.

Government housing policies are shifting toward greater market freedom and less regulation. These changes will benefit companies whose ambition is to develop products and ideas based on meeting the needs of customers.

More affordable housing

JM has tried to respond to the rising costs of new housing production by developing a freer type of construction (Fribygge) where departures from certain building code requirements and other simplifications lead to 25 percent

lower rents for the consumer. Such buildings are found in Uppsala, Tyresö, Södertälje and Värmdö.

Through its subsidiaries Seniorgården AB and AB Borätt, JM is cooperating with municipal governments and independent organizations to develop various forms of housing for older people. There is very heavy interest from the market.

The bulk of JM's production of housing involves projects on behalf of cooperative housing associations, both the existing nationwide organizations and associations established by JM. Although residential properties may become more attractive to own and manage in a freer market, the percentage of residential buildings among JM's own investment properties is expected to remain low.

Improved earnings

Overall income from construction operations, including financial items, rose from SEK 106 M to SEK 186 M. Invoicing on contracts credited to income rose by SEK 1,869 M, reaching SEK 4,145 M (2,276), or 84 percent (61).

Profitability of construction operations was largely unchanged

compared with 1989. The earnings margin for invoicing on contracts credited to income was 4.5 percent, compared with 4.6 percent the previous year.

Property management

Rental revenues climbed to SEK 436 M (379) and income before real estate taxes rose to SEK 145 M (130). The occupancy situation was good, with a vacancy rate of only about 2 percent. New production of properties for JM's own account continued. During 1990, SEK 400 M worth of properties were thus added. The rental market for newly built properties has slowed as the economy has entered a downturn, which is expected to be lengthy. JM therefore observes a policy of not initiating its own investment projects before there is a documented interest in about half the new space. All projects now underway have a normal level of prospective tenants. In the prevailing economic situation, JM is being more cautious about planning entirely new projects.

The largest ongoing project for JM's own account is a renovation and extension of Täby Centrum, a suburban shopping mall built by JM and completed in 1968. Now, more

than 20 years later, an expansion has begun, including some 40 new stores, a 14-story office building, a bus terminal and thoroughfares. JM is also working on about ten other projects on its own land in good locations.

The occupancy level and other market conditions normally govern the choice of the date when construction begins. Because of the government's investment tax, several projects in the market could not get underway. Consequently, a number of properties have a good chance of becoming a reality at a later date, whereas in other cases the market may have changed completely and caused investments to be postponed.

Development properties

JM's strategy of building for its own account requires a supply of raw land for development. The company's holdings are supplemented by continuous purchases of land in good locations. One example of land with good development potential is Alsike in Uppsala, where JM is the only builder in a consortium with the cooperative housing organization HSB and the municipality of Uppsala. According to a long-range

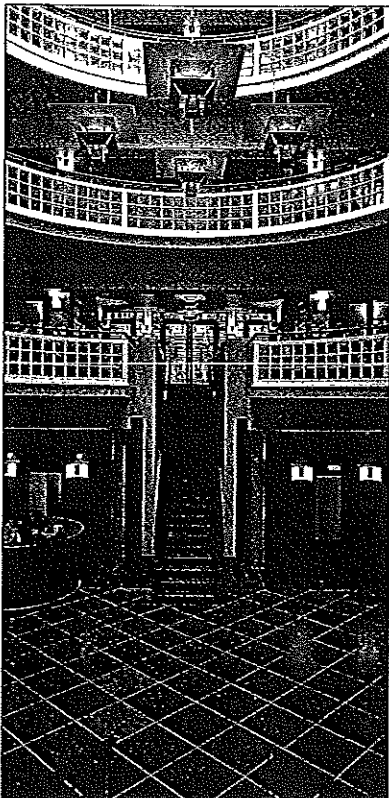
plan now underway, the consortium intends to build a whole town here with 10,000 apartments, workplaces, services, transportation, schools, recreational facilities and stores etc.

In Glasberga outside Södertälje, there are plans – likewise by a consortium including JM – to expand a neighborhood by adding about 10,000 apartments and 165,000 sq m (1.78 million sq ft) of commercial space.

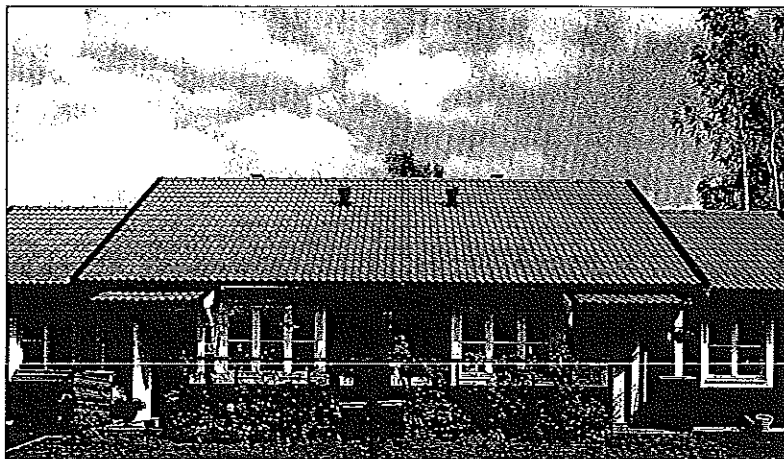
In Täby, JM has purchased a lot where it plans to build 32,000 sq m (344,000 sq ft) of commercial space. It also has sizable landholdings in Vallentuna, Österåker, Söllentuna, Lidingö, Solna, Stockholm, Gothenburg and Lund.

JM owns enough land for a large volume of attractive future projects. Because it continues to give higher priority to quality and profitability than to volume, JM is also well-equipped for tougher times ahead.

For additional information on JM, the company's own Swedish-language annual report can be ordered from:
JM Byggnads och Fastighets AB,
Box 27319, S-102 54 Stockholm,
Sweden, tel +46 8 782 87 00.



Interior view of Klarahuset, a shopping and office center in downtown Stockholm. The building was completed in 1990 for JM's own account.



The subsidiary Seniorgården AB started operations in 1990. It builds residential projects for older people in cooperation with municipal governments. The photo is from the municipality of Värmdö in the Stockholm archipelago.

Civil Engineering

Lars-Ove Håkansson

SEK M	1990	1989
Revenues	2,635	1,002
Order bookings	2,809	5,026
Order backlog, Dec. 31	4,923	4,553
Employees	2,317	2,034

Expansion was strong during 1990. Work began on the Uri hydroelectric power project in India. In the United States, the business segment strengthened its market position via existing and new companies.

Skanska International Civil Engineering AB, Danderyd.
Lars Wiklander, President
Civil engineering operations outside Scandinavia and the United States.

Skanska (USA) Inc., Greenwich, CT.
Claes Björk, President
Skanska (USA) Inc.: holding company and property management
Karl Koch Erecting Co. Inc., Carteret, NJ: steel structures
Slattery Associates Inc., Maspeth, NY: heavy civil engineering projects
Sordoni Skanska Construction Co., Parsippany, NJ: project and construction management, design, general contracting



Lars-Ove Håkansson, Skanska Group Chief Executive as well as head of the Civil Engineering business segment, is flanked by Lars Wiklander (left) and Claes Björk.

Skanska International Civil Engineering AB

Skanska International Civil Engineering focuses mainly in projects that require advanced technology and special expertise:

- Package deals involving the design, planning, construction and in some cases operation of hydroelectric power plants, harbors, bridges, tunnels, rock caverns etc.
- Raise boring, a technique for drilling vertical or angled shafts through rock.
- Financial packages adapted to specific projects, which include development assistance and loans for projects in developing countries.

The main emphasis is on project exports from Sweden to low- and middle-income countries. The value added that goes to Sweden in connection with project exports is substantial. These include exports of technical know-how in the form of planning, project management and systems, as well as exports of machinery and equipment from Swedish companies. Skanska Civil actively contributes to the implementation of efficient development aid projects.

Skanska Civil has a long tradition in international construction. Its permanent employees consist mainly of experienced project managers and specialists. Most production employees are recruited locally in the respective country.

In 1990 Skanska Civil was engaged in a number of projects in such traditional markets as Southern and East Africa, Latin America, the

Middle East and the ASEAN countries of South East Asia. Revenues rose sharply to SEK 713 M (72) in 1990. Order bookings were far lower during the year, reaching only SEK 113 M (1,845).

The Uri hydroelectric power project in Kashmir, India, dominates current assignments. The entire focus of 1990 operations was on planning and the establishment of extensive production resources at the site. The start of actual construction of the hydroelectric power plant was delayed by civil unrest in Kashmir but began early in 1991.

Among new projects were assignments in Zimbabwe (roads), Portugal (raise boring) and Zambia (power plant repairs). During 1990 a number of projects were credited to income; among others in Indonesia, Hong Kong, Kenya, Sri Lanka and Panama.

Future efforts will concentrate on the same markets as hitherto, with an emphasis on energy and infrastructure projects. Parallel with these, development work is underway on new projects, for example in the offshore oil rig sector, as well as projects where Skanska Civil can potentially become a part-owner.

Skanska (USA) Inc.

In 1990 Skanska (USA) Inc. strengthened its market position by

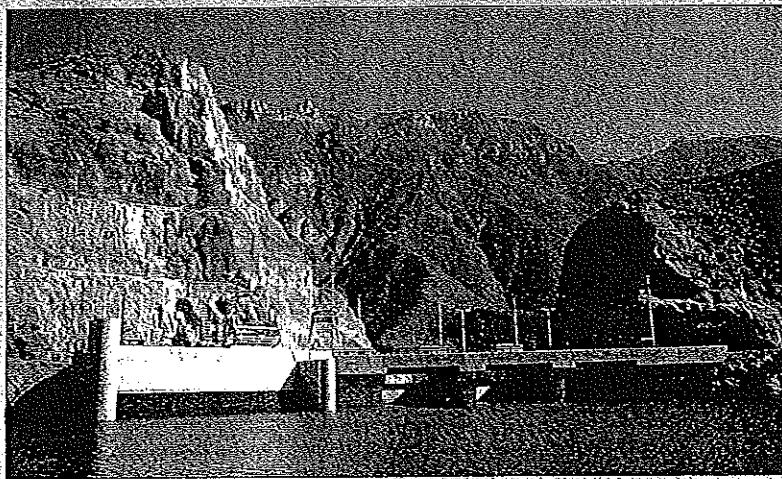
acquiring Sordoni Construction and because of the marked increase in infrastructure assignments awarded to Karl Koch and Slattery Associates in the New York area.

Karl Koch increased its revenues to SEK 460 M (220) in 1990. The company is involved in repairing many of the major bridges in the region. *Slattery* signed contracts during 1990 to carry out infrastructure projects worth more than SEK 1.8 billion.

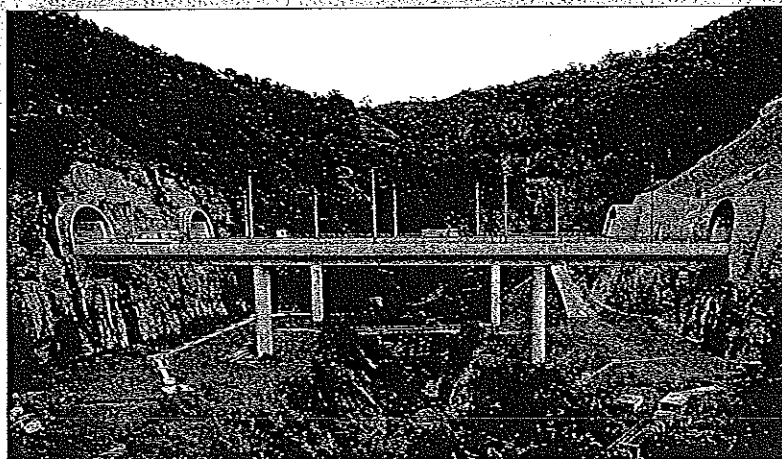
Karl Koch and Slattery have good prospects of picking up additional infrastructure assignments in the New York area, where the needs are very great. Because New York has problems getting together financing for projects, however, Slattery recently established an office in New Jersey as a first step toward obtaining a share of infrastructure projects in that state.

Sordoni Skanska offers project and construction management, design and contracting services. The company works mainly in the Mid-Atlantic states and New England. It received new orders worth more than SEK 1.3 billion during the year. The most important of these was a research facility for Hoffman-La Roche, costing SEK 740 M.

Real estate operations were affected by weak economic growth in the United States. All office space in the four Seattle properties was rented out during 1990, but Platinum Tower in Atlanta was not fully occupied.



The Carhuaquero hydroelectric power plant in northern Peru was inaugurated in 1990.



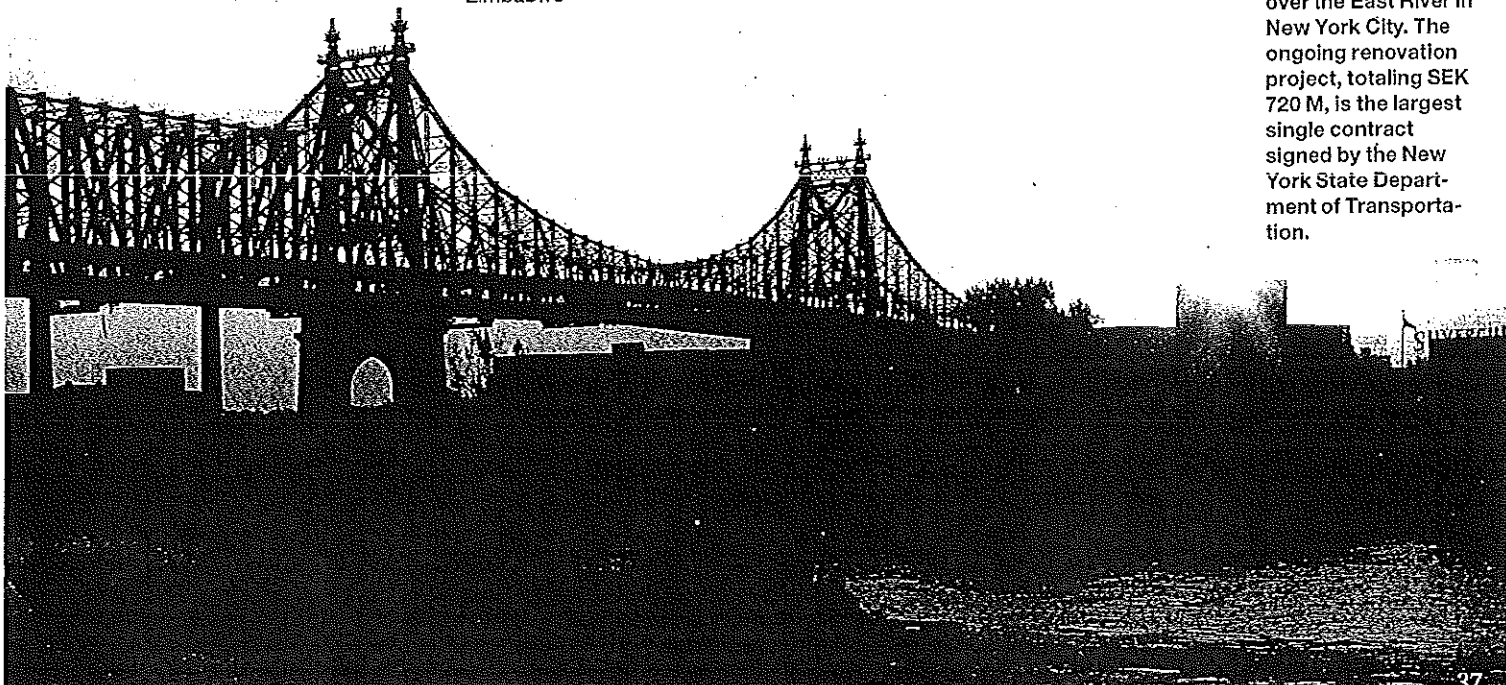
Skanska International Civil Engineering also participated in the complex construction of Route 5 in Hong Kong. This 7 km (4 mi) long highway includes both bridges and tunnels.

During 1990 the Civil Engineering business segment worked in nearly 20 countries and territories

- Brazil
- Finland
- Hong Kong
- Iceland
- India
- Indonesia
- Iran
- Kenya
- Lesotho
- Norway
- Panama
- Peru
- Portugal
- Saudi Arabia
- Sri Lanka
- United States
- Zambia
- Zimbabwe



Since 1980 Karl Koch has participated in the renovation of the Queensborough ("59th Street") Bridge over the East River in New York City. The ongoing renovation project, totaling SEK 720 M, is the largest single contract signed by the New York State Department of Transportation.



Building and Properties

Sven-Åke Johansson

SEK M.	1990	1989
Revenues	1,170	1,217
Order bookings	922	907
Order backlog, Dec. 31	1,247	955
Employees	1,714	918

In Germany, where Skanska has most of its international building construction and real estate operations outside Scandinavia, growth was very strong during 1990. The British and Danish markets, in contrast, were characterized by recession.

Skanska International Building and Properties AB, Malmö, Sweden
Folke Eneroth, President
Building construction and property management outside Scandinavia and North America.
Major subsidiaries: Sepco S.A., France. East West Property Development Share Co. (54%), Hungary. Skanska Hispania S.A. (60%), Spain.

Skanska Investment B.V., Netherlands
Walter Bengtsson
Real estate operations in Germany, Austria and Luxembourg.

Trinity Tower Property Co. Ltd. and Marktune Ltd., England.
Sten Nelander, President
Real estate projects in central London - Thomas More Square/Trinity Tower and 55 King William Street, respectively.

C G Jensen A/S, Denmark
Lennart Pajner, President
Construction and real estate operations in Denmark, contracting operations in Greenland and Tanzania.

Skanska Baugesellschaft mbH, Germany
Manfred Viering, President
Construction management and property management in Germany, Austria and Luxembourg.

Trinity Tower Property Co. Ltd. is constructing six office buildings for its own account near the Tower of London. The project will be completed in its entirety in 1991.

The business concept of Building and Properties is to

- solve building construction problems in a way that suits the needs of customers and
- after acquiring development properties in high-priority regions, create good buildings for the Skanska Group's own account or for sale which serve the needs of

tenants while offering high profitability and good appreciation in value.

The potential market is very large, but investments are adapted to market conditions affecting different projects and countries at any given time. At present, the main field of investment is commercial buildings in Northern Europe.

In recent years Skanska has become involved in a number of property and building construction projects. The main roles of Skanska is as a developer, investor and project manager.

Projects are not credited to income until they are completed. Only expenses are reported on projects still underway. Earnings may therefore vary sharply from year to year.

Germany

The Group's operations are carried out by Skanska Investment B.V. and Skanska Baugesellschaft mbH, partly in cooperation with Skanska International Building and Properties AB.

The construction market in western Germany was almost overheated during 1990. Ongoing projects proceeded as planned. Among these, the Haus der Seefahrt office building renovation and the new ABC-Strasse office/residential complex in *Hamburg* will be completed during 1991. Projected occupancy is good. Another Scandic Crown Hotel, in *Bremen*, went into service early in 1991.

Planning is underway on the office buildings to be constructed

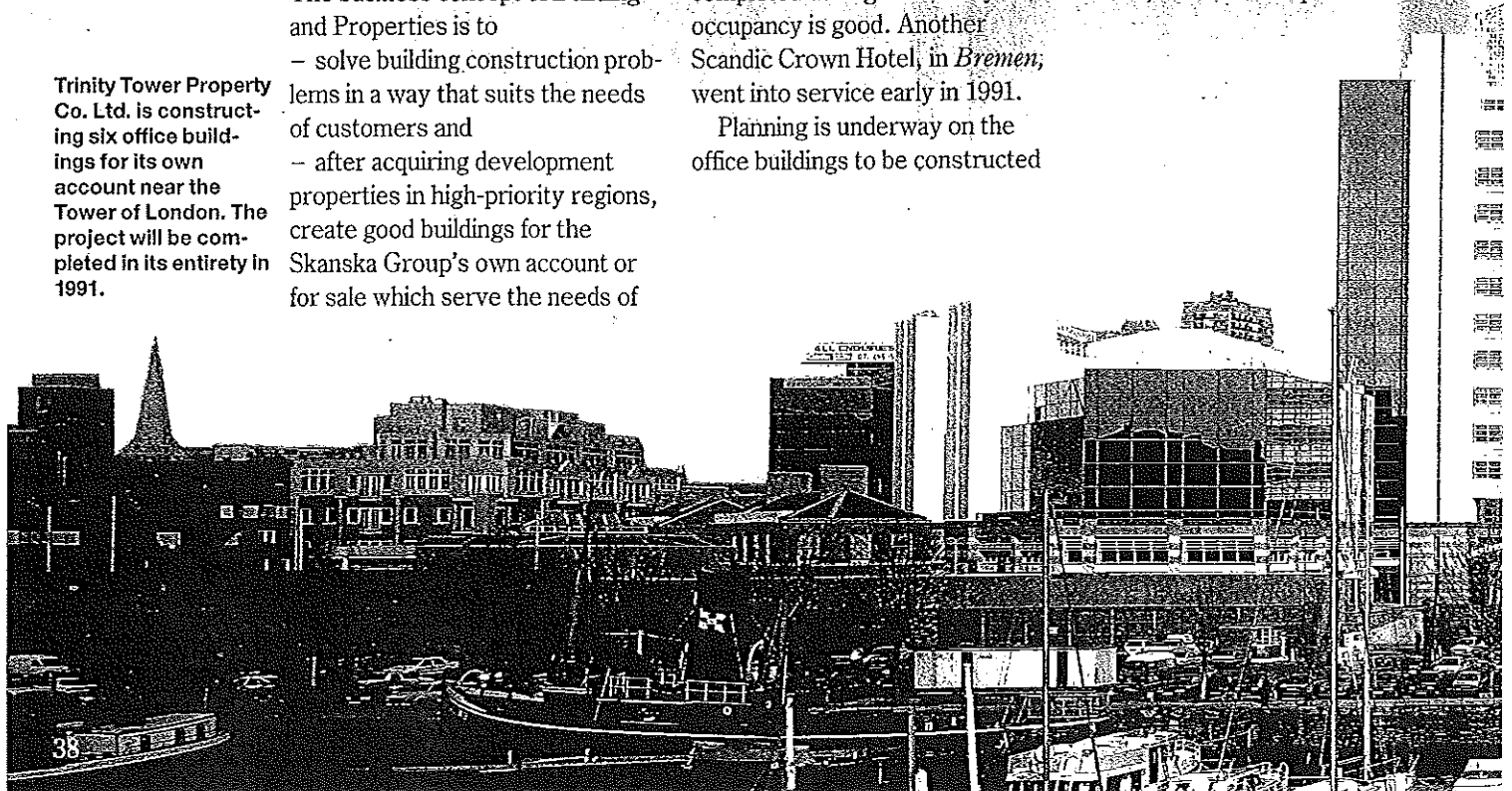
on a parcel of land acquired from Norddeutscher Rundfunk in *Hamburg* and on Neusser Strasse in *Munich*. Negotiations with city officials are underway for the Europa-Haus projekt in *Frankfurt*, where Skanska Investment is half owner. This will be an office complex totaling 100,000 sq m (over a million sq ft) including some housing, shops etc.

In March 1991 Skanska signed an option agreement with the city of *Berlin* on the development of Project Teleport, which may become Berlin's largest real estate project since World War II. The total investment sum is projected to exceed SEK 4 billion. The project includes total space of 180,000 sq m (nearly 2 million sq ft).

The outlook in Germany appears good for the foreseeable future. The high level of activity in the construction market in western Germany is expected to continue until the time is ripe for the major investments in infrastructure and building construction that will be required in the former East Germany.

Luxembourg

In stiff international competition, Skanska Investment won an architectural competition for an entirely new neighborhood, Kirchberg-Centrum, in central *Luxembourg*. The project includes offices, a hotel, commercial space and hous-



ing. The total cost will be about SEK 1.5 billion.

England

The two office building projects in London proceeded as planned. At Thomas More Square, which will be the official name of the Trinity Tower Project, the office buildings and outdoor work were completed early in 1991. Completion of 55 King William Street is scheduled for the summer of 1991. At Thomas More Square, a few large leases were signed before completion, with tenants including Finland's Kansallis Bank and the British telephone company Mercury.

Hungary

The East West Business Center in Budapest proceeded as planned and will be ready for occupancy in the summer of 1991. The building is expected to be fully rented by the date of completion. Skanska is a 54 percent shareholder.

Spain

In Spain, cooperation with the Spanish construction company Comylsa is being phased out in 1991. Gran Vista, one of the ongoing second-home projects outside Alicante, will be completed. The El Faro project will be discontinued after Stage I, which is due for completion in 1991.

Norway

During 1990 a contract was signed on the purchase of Oslo City, one of Norway's largest commercial and office centers, for NOK 1,550 M. Early in 1991 agreement was reached on the terms of the property transfer, and Skanska paid NOK 1,300 M in cash. A dispute on the total purchase price has been referred for arbitration.

Denmark

The Danish construction market weakened further. Despite lower revenues, the subsidiary C G Jensen showed good earnings. During 1990 the company was involved in a number of projects, notably renovation of bridges, combined power/heat generating projects and participation in construction of the West Bridge over Denmark's Great Belt sound.

C G Jensen continued the planning of Kløverparken, a 310,000 sq m (3.3 million sq ft) tract of land near Copenhagen International Airport. The area will be developed in stages during 1991-2000.

Turkey

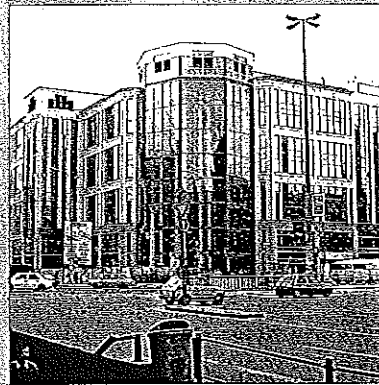
Groundbreaking on the big suburban project in Istanbul was delayed. The situation remains unclear in April 1991.

China

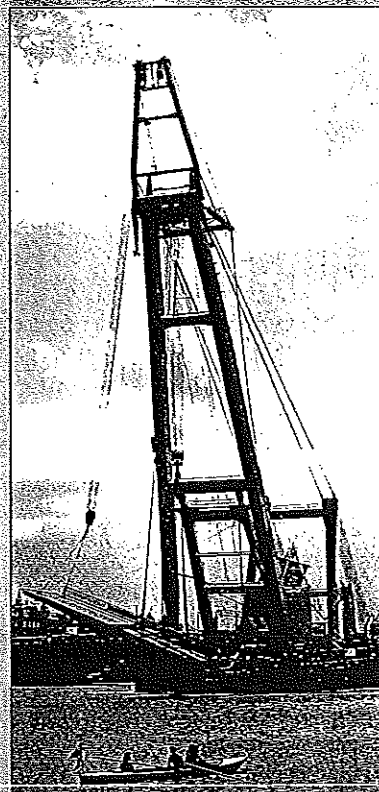
The SAS Royal Hotel in Beijing is being completed during 1991. Skanska has a 25 percent stake. China's domestic problems have affected the financial prospects for future hotel operations.



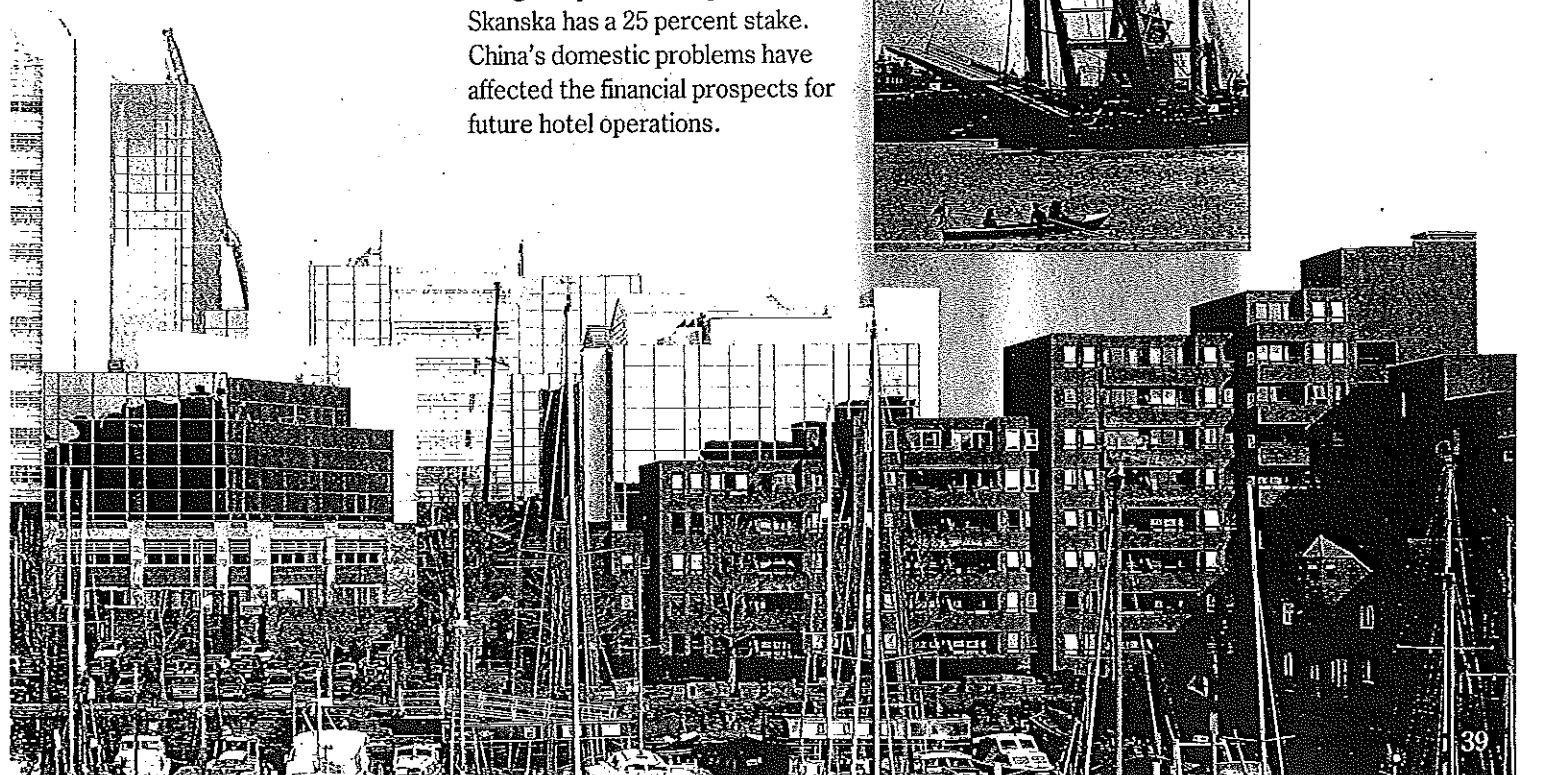
Standing: Sven-Ake Johansson, head of the business segment. Seated from the left: Sten Nelander, Manfred Viering, Folke Eneroth, Walter Bengtsson and Lennart Pajmert.



The East West Business Center, an office and commercial building in central Budapest, will be ready for occupancy in 1991.



C G Jensen is renovating the Knippel Bridge in central Copenhagen. In the photo, a piece of the bridge is being moved by crane to the repair area.



Finance

Gunnar Carlsson

During 1990, financial operations constituted a separate business segment. Its main responsibilities were to handle the Group's liquidity planning and management of liquid assets and to arrange necessary

borrowing, foreign currency transactions and risk management in the insurance field.

The operations of the Finance business segment were largely concentrated to three legal entities: Skanska Kapitalförvaltning AB, Skanska Finance B.V. in the Netherlands and SCEM Reinsurance S.A. in Luxembourg.

Skanska Kapitalförvaltning AB

This company is mainly entrusted with managing the Group's liquid assets, trading in securities and foreign currencies and helping arrange outside borrowing.

The first full financial year under this new system was a dramatic one. A big decline in the stock market, a crisis that hit certain finance companies and sharply fluctuating interest rates in Sweden affected the company's operations. After full interest expenses, share trading showed a loss of about SEK 114 M. This was after the year-end share inventory had been valued according to the lowest value principle, i.e. at the lower of market and acquisition values. Gross income from money market and foreign currency trading – using the same inventory valuation principles – showed a profit of SEK 23 M (after subtracting an estimated lending loss of SEK 33 M on loans to finance companies). In this context, imputed interest on deposits from other Group companies was based on the 90-day Treasury discount note rate.

In keeping with normal practice in the financial services industry, a provision of SEK 117 M was later made to a risk reserve, meaning that final operating income from money market and foreign exchange trading was SEK -94 M. Including some minor items that fall outside the Finance business segment, the company reported an overall operating loss of SEK 212 M.

At the close of 1990 the company's monetary investments had an average maturity of just over 18 months. Developments in early 1991 had a major impact on the value of the company's assets. A valuation as of March 15, using the same rules that were applied to the 1990 financial statements, shows an increase of about SEK 170 M in value since year-end, including realized capital gains.

By way of summary, experience from the operations carried out so far has been favorable. Earnings from money market and foreign exchange trading exceeded expectations. The outcome of 1990 share trading was obviously unsatisfactory. An overall assessment should, however, also take into account the good earnings achieved during a number of prior years.

During 1990 an average of 8 people were employed in the company.

Skanska Finance B.V.

Skanska Finance began its operations at the end of 1989. The com-

The stock market decline and sharply fluctuating interest rates in Sweden had a negative impact on the earnings of Skanska's financial operations during 1990. Earnings from money market and foreign exchange trading exceeded expectations, however.

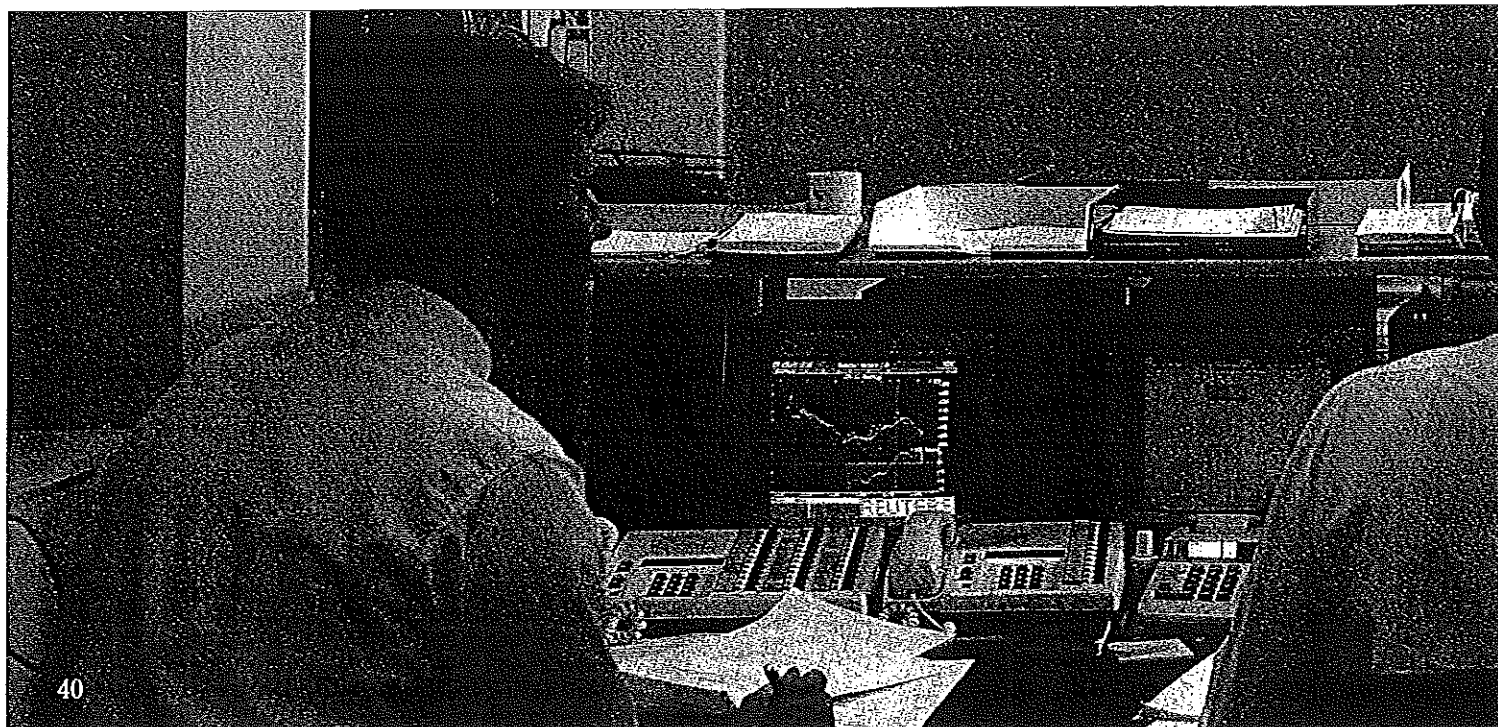
Skanska Kapitalförvaltning AB, Danderyd, Sweden
Management of liquid assets in Sweden, trading in securities and foreign currencies and assistance in arranging outside borrowing.
Leif Ottosson, President

Skanska Finance B.V., Netherlands
Coordination of liquid assets abroad, participation in financing of contracting and real estate projects.
Ulf Norrman, Branch Manager, Zurich

SCEM Reinsurance S.A., Luxembourg
Reinsurance on certain portions of the Group's insurance program.
Thomas Alm, Manager

Skanska's largest shareholdings, Dec. 31, 1990

	Number	% of voting power	% of capital stock	Market value, SEK 000
Sandvik	11,711,200	26	22	2,646,731
Custos	10,568,358	27	22	1,360,887
Gräningsverken	255,718	29	29	1,355,305
SKF	14,829,200	25	14	1,005,993
Euroc	9,995,000	29	29	982,076



pany, which has 5 employees, has a branch office in Zurich, Switzerland. Its capital stock was increased twice during 1990, and at year-end it was equivalent to SEK 2,001 M at the investment exchange rate. Total assets were SEK 3,796 M. The liquid assets of Skanska's foreign subsidiaries were pooled, and the company participated in the financing of a number of real estate projects outside Sweden. By operating in international capital markets, it has been able to limit the financial risks related to various investments.

Profit before allocations and taxes was equivalent to SEK 294 M in 1990. In the consolidated accounts, where certain foreign exchange gains are eliminated, this amount was reduced to SEK 174 M.

SCEM Reinsurance S.A.

SCEM, which was established early in 1989, is a "captive" insurance company. Its capital stock totals LUF 50 million (about SEK 9 M). The company reinsures selected portions of the Group's Swedish and foreign insurance program. Its operations are aimed at creating the best possible economic risk structure for the Group. During 1990 its business volume increased markedly, while profitability was good.

Skanska's long-term stock portfolio

The Group's listed shares are mainly owned by Skanska AB. The portfolio

is dominated by large blocks of shares, primarily of a long-term, strategic nature. Earnings from the management of these shares are not reported within the Finance business segment, because decisions on changes in these holdings are normally made by the Group Chief Executive or by Skanska's Board of Directors. The portfolio is nevertheless connected with the Group's other activities in the financial field, and it is therefore justifiable to provide a brief account of these holdings.

The Group laid the groundwork for its shareholdings as early as the mid-1970s. Most of its current large holdings – Euroc, Graningeverken, Sandvik and SKF – were purchased during the years 1981– 1983. After the Group had increased its property holdings in Sweden and after opportunities for real estate investments abroad were opened, the need to safeguard the value of the Group's large liquid assets through long-term shareholdings diminished. No major additional purchases have therefore been made over the past five years.

Viewed over a ten-year period, the Swedish stock market has shown such rapid growth that higher share prices have more than amply compensated investors for the lower annual yields that shares have normally paid in comparison with interest-bearing securities: At the close of 1990, the total value of the long-term share portfolio (excluding the subsidiary JM and the unofficially

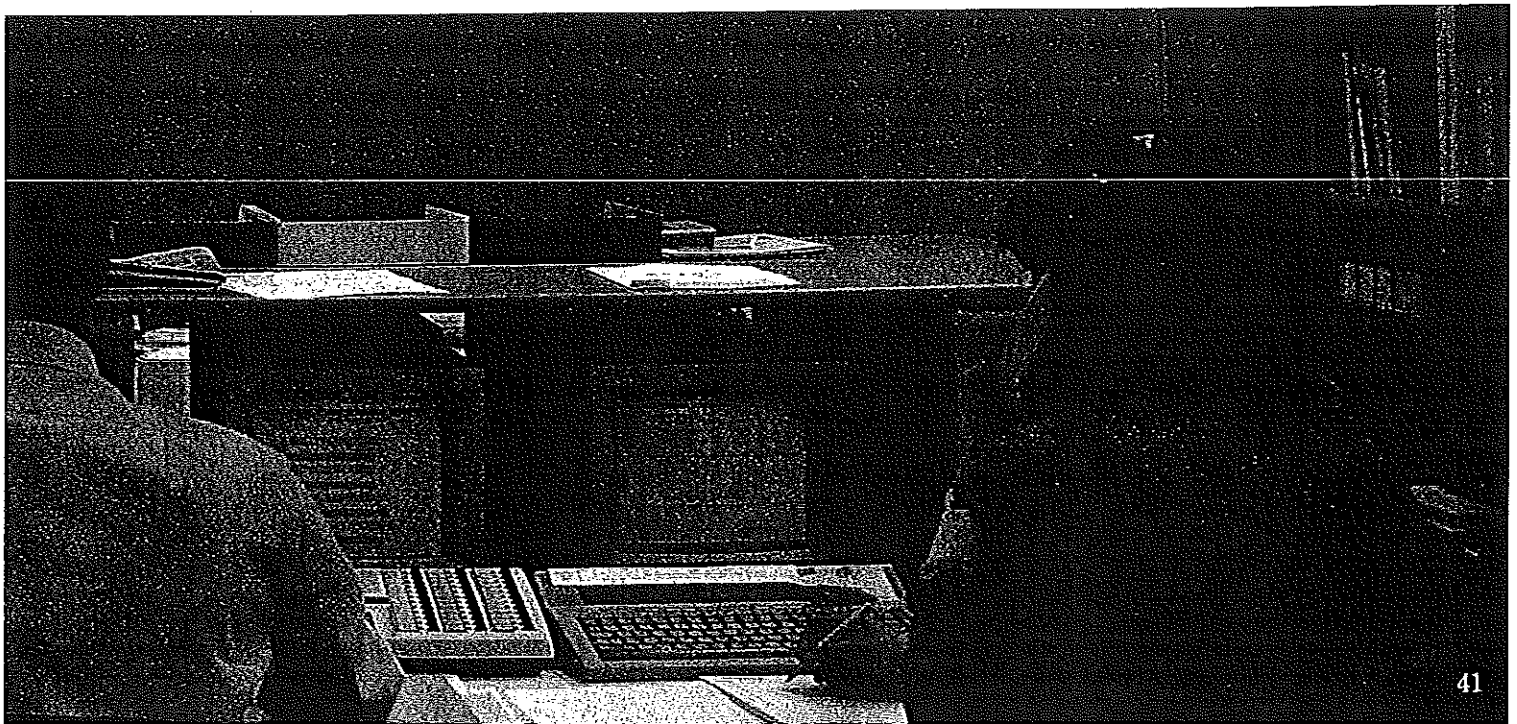


Gunnar Carleson, head of the business segment, flanked by Ulf Norrman (left) and Leif Ottosson.

listed Graningeverken) was about SEK 7.7 billion, while its book value – i.e. purchase price – was only SEK 4.2 billion. If sold, most large holdings would, moreover, probably command a certain premium, something not taken into account in the above-stated market value.

For most Swedish investors, 1990 was a disappointing year in the stock market. The *Affärsvärlden* General Index fell by 31.1 percent. Several of Skanska's large shareholdings showed an even more negative trend. After eliminating the year's purchases and sales, the value of the remaining shares – excluding JM and Graningeverken – fell by 46.4 percent. The prices of such major holdings as Custos, Euroc and SKF dropped more than 50 percent. In spite of this, over the past six years the increase in Skanska's portfolio has surpassed that of the General Index. Skanska took advantage of the market decline to make small additional purchases of shares in such companies as Euroc, Sandvik and SKF.

Skanska Kapitalförvaltning has all the technical aids required today for trading in foreign currencies, money market instruments and equities.



Comments to the financial statements

Accounting principles

Swedish law and practice. The form and content of Swedish annual reports are governed by the Swedish Companies Act and the Accounting Law, both of which went into effect in 1977. The Swedish Institute of Authorized Public Accountants (FAR) has also issued a series of authoritative opinions on the presentation of financial information by Swedish companies.

Tax legislation has exercised a powerful influence on how Swedish companies report their earnings; these laws require companies to record in their books and financial statements the allocations of pretax income required for the company to be able to take advantage of the substantial tax incentives available to most corporate taxpayers. Beginning in 1991 many of these incentives, including the inventory reserve, payroll reserve, various investment reserves and development reserve, are being phased out over several years, but this reform does not affect the 1990 or earlier financial statements.

In broad terms the pretax income reported by a Swedish company does not differ significantly from its taxable income, but it may materially differ from earnings determined on the basis of generally accepted accounting practices in many other countries. The major areas in which Swedish accounting principles uniquely differ from those broadly accepted in English-speaking countries are outlined below.

Differences from accounting principles in English-speaking countries

All companies. Deferred tax accounting is not generally practiced. The gross amounts of tax incentives (such as unrequired inventory and reserves for work in progress – roughly comparable to stock relief in Great Britain – and accelerated depreciation on existing assets as well as advance accelerated depreciation on assets yet to be acquired) have to be reported as specific allocations in the income statement and as separate items in the balance sheet in order for companies to make use of these incentives.

Equity accounting for investments in associated companies (owned 50 percent or less) is not required and is uncommon.

Extraordinary items are not as strictly defined as in the United States. Leasing arrangements do not have to be disclosed to the same extent as in certain other countries.

As a rule of thumb, Swedish financial statements through 1988 could be adjusted to reflect U.S. accounting principles by adding to their reported net income 48 percent of the year's transfers to untaxed reserves and by adding to shareholders' equity 48 percent of untaxed reserves in the balance sheet. Of these items, 52 percent represented deferred taxes. In their 1989 accounts, Swedish companies responded to a phased lowering of corporate income tax by reducing the latter figure to either 40–46 percent or 30 percent; they also recalculated the corresponding figures from prior years to make comparisons possible. The temporary profit tax charged in 1989 disappeared in 1990, but there are no other major changes in the 1990 accounts. Effective in 1991, however, the corporate income tax is being lowered, the profit sharing tax has been abolished and capital gains/losses are included in ordinary taxable income.

The construction industry. Swedish companies engaged in long-term construction or installation contracts normally apply the completed contract method for revenue recognition purposes rather than the percentage-of-completion method. This approach is governed both by the tax rules which permit revenue recognition to take place no later than one year after the final inspection of a completed project and by the traditional preference for conservative accounting. Companies applying the completed contract method do not disclose what their revenues would have been under the percentage-of-completion method.

Effective from 1983 the tax rules were changed to require revenue recognition of cost-plus contracts as and when the related invoicing takes place.

Construction companies classify their holdings of real estate under two categories:

Real estate used for the company's own business purposes, such as office premises, warehouses and depots, is classified as fixed assets and is subject to the usual Swedish rules (recording at original cost, with depreciation on a straight-line economic lifetime basis, plus tax-deductible accelerated allowances).

Real estate held for all other purposes is treated as a semi-current asset and is subject to special tax allowance rules somewhere between those

applying to inventories (where a tax-deductible reserve of 40 percent of cost is allowed, reduced to 30 percent when the payroll reserve option is also used) and the less generous rules governing real estate proper. As a result, construction companies classify properties of their own construction held for long-term leasing purposes and properties acquired for development purposes (which may or may not be intended as long-term investments) under the single heading "Investment and development properties."

Tax assessment values. All real estate in Sweden is assessed by the tax authorities at roughly five-year intervals. In general, assessed values do not exceed two thirds of current market values.

Accounting and valuation principles adopted by Skanska

Revenue recognition. Total outside invoiced sales for the year are recognized as revenues. Also included in revenues are the Company's share in invoiced sales pertaining to construction operations carried out together with other contracting companies in consortium form and its outside rental revenues.

Also included in revenues are intra-Group invoiced sales by construction companies to property-owning companies pertaining to the construction of investment and development properties. Note 2 to the consolidated financial statements specifies the size of this invoicing. Consistent with this, the sales value of investment and development properties sold is not included among revenues. Nor do revenues include other intra-Group invoicing, i.e. invoicing pertaining to production of goods and services, fixed-asset properties (office buildings, factories, power plants etc.) or internal rental revenues. Invoicing for the portion of production consisting of goods (finished concrete, concrete products, asphalt compounds etc.) follows the customary practice in other industries.

In Skanska's dominant field of activity, contracting operations, revenues consist of sales that were invoiced during the year on the basis of agreed invoicing plans. These may be tied either to stages of construction or to time schedules. This gives the Company a better idea of the production volume in a given year than if only the volume of contracts credited to income during the year were stated.

Income. Income is calculated on the basis of contracts completed during the year—contracts credited to income.

Interest on pension liability. Interest on Pension Registration Institute (PRI) liability was set at 12.5 percent in keeping with a recommendation by the Swedish Institute of Authorized Public Accountants and PRI. The rest of the year's PRI provision comprised an operating expense.

Untaxed reserves. Valuation of inventories, provisions for guarantee risks and reserves for uncompleted contracts by construction companies are governed by the Municipal Tax Act and by National Tax Board regulations issued on January 20, 1983.

The reserve entitlement for inventories of materials and goods may not exceed 40 percent of the value of inventories. If an allocation is made to a payroll reserve, the entitlement is limited to 30 percent of this value.

In addition, a 10 percent allocation may be made to a reserve for a company's own real estate which comprises an inventory asset (investment and development properties) provided that no funds are set aside for a payroll reserve, and a 5 percent allocation is permitted if funds are set aside for this purpose.

As the Group has elected to allocate funds for 1990 to a payroll reserve (in which the allocation may not exceed 15 percent of direct payroll expenses), the inventory reserve is limited to 30 percent of the value of inventories and the allocation to the reserve for investment and development properties is limited to 5 percent of the total acquisition cost of the properties. Both construction companies and companies which deal in real estate are entitled to make allocations to reserves for investment and development properties.

The maximum provision for guarantee risks is 1 percent of the invoiced amount for contracts on which the guarantee period has not expired at year-end. The year's change in the provision is charged to operating income, and the provision itself is included among current liabilities in the balance sheet.

Continued on page 44

Consolidated income statement

Amounts in SEK M		1990	1989	
Contracting operations etc.	Invoiced sales for the year _____ Note 2	34,784	27,778	
	Plus amount invoiced but not credited to income as of Jan. 1 _____ Note 3	27,574	21,235	
	Less amount invoiced but not credited to income as of Dec. 31 _____ Note 3	-29,210	-27,447	
	Invoiced sales on contracts credited to income during the year, factory operations etc. _____	33,148	21,566	
	Production costs for contracts credited to income, factory operations etc. plus the year's administrative expenses _____	-31,343	-20,280	
	Income from contracting operations etc. before depreciation _____	1,805	1,286	
	Depreciation _____ Note 4	-561	-442	
	Income from contracting operations etc. after depreciation _____	1,244	844	
	Sales of investment and development properties	Sales revenues _____	570	474
		Book value _____	-475	95
		1,339	-338	
			136	
			980	
Development properties	_____ Note 5			
	Rental revenues for the year _____	287	212	
	Operating and administrative costs _____ Note 6	-190	-151	
	Depreciation _____ Note 4	-46	-37	
	Interest expenses _____	-58	-50	
		-7	-26	
Income from partly owned partnerships and limited partnerships _____	1	-6		
	1,333	-33		
		-59		
		921		
Property management	_____ Note 5			
	Rental revenues for the year _____	2,145	1,816	
	Operating and administrative expenses _____ Note 6	-860	-630	
	Depreciation _____ Note 4	-255	-240	
	Interest expenses _____	-468	-460	
		562	486	
Income from partly owned partnerships and limited partnerships _____	33	595		
	1,928	25		
		511		
		1,432		
Financial items	Dividends on shares and participations _____	325	343	
	Interest revenues _____	1,346	844	
	Interest expenses _____	-1,170	-512	
	Exchange differences on loans _____	38	2	
	Other financial items _____	-97	-74	
		442	603	
Income after financial items _____	2,370	2,035		
Extraordinary items	Gain on sale of fixed-asset properties _____	4	10	
	Gain on sale of shares _____	5	796	
	Other extraordinary items _____	3	8	
		12	814	
	Income after extraordinary items _____	2,382	2,849	
	Income before acquisition _____	-	-11	
Minority interest _____	-117	-94		
Income before allocations and taxes _____	2,265	2,744		
Allocations	Writedown of shares and participations _____	-27	-37	
	Inventory reserve _____	-28	3	
	Payroll reserve _____	-79	91	
	Reserve for uncompleted contracts _____	88	41	
	Reserve for investment and development properties _____ Note 7	-177	268	
	Extra depreciation _____ Note 4	-767	-963	
	Investment reserves etc. _____ Note 8	46	30	
		-944	-567	
Income before taxes _____	1,321	2,177		
Taxes _____ Note 9	-715	-643		
Net profit for the year	606	1,534		

Consolidated balance sheet

Assets		1990		1989	
Amounts in SEK M					
Current assets	Bank balances _____	2,680		2,416	
	Shares and participations _____ Note 10	282		175	
	Bonds _____	5,403		2,055	
	Accounts receivable _____	3,865		4,040	
	Prepaid expenses and accrued revenues _____	642		358	
	Current assets held by consortia _____ Note 11	678		857	
	Other receivables _____ Note 12	5,905		3,143	
	Inventories _____	504	19,959	450	13,494
Investment and development properties	_____ Note 13				
	Investment properties _____ Note 14	10,521		8,761	
	Investment and development properties under construction _____	6,614		3,761	
	Development properties _____	1,750	18,885	1,490	14,012
Restricted accounts in Sveriges Riksbank	For special investment reserve _____	23		26	
	For general investment reserve _____	30		44	
	For development reserve _____	5	58	13	83
Fixed assets	Shares and participations _____ Note 15	6,343		5,865	
	Other receivables _____	1,612		783	
	Goodwill _____ Note 16	242		248	
	Extraction rights _____	23		12	
	Ships _____ Note 14	44		51	
	Machinery and equipment _____ Note 14	1,709		1,442	
	Advance payments on fixed assets _____	16		12	
	Buildings _____ Note 14	497		426	
	Buildings under construction _____	88		75	
	Hydroelectric power plants _____ Note 14	361		370	
	Land and other real estate _____ Note 14	171		158	
Timberland _____ Note 14	333	11,439	330	9,772	
Total assets			50,341		37,361
Assets pledged	Real estate mortgages _____	10,132		5,874	
	Chattel mortgages _____	200		300	
	Shares and other securities _____ Note 17	1,937		514	
	Bank assets _____	1		3	
Contingent liabilities	Sureties _____	2,205		2,094	
	Guarantees _____	974		429	

Continued from page 42

The provision for loss risks on uncompleted contracts may not exceed 10 percent of direct construction expenses incurred. The writedown entitlement should be viewed against the background of the difficulty of assessing the risks often connected with uncompleted contracts. In cases where a loss is expected on a given uncompleted contract, according to the customary practice the entire expected loss is charged against the year's income. This may not exceed the 10 percent provision entitlement. Cost-plus contracting assignments are not normally entitled to this provision.

Reserves for indirect costs are included under the heading "Reserve for uncompleted contracts."

Real estate. The Group's real estate holdings which are used in its own business, for example properties for its own offices, warehouses, factories and gravel pits, are reported as fixed assets. Other real estate is reported under the heading "Investment and development properties." This is divided into "Investment properties," "Investment and development properties under construction" and "Development properties."

The Group's holdings of real estate completed for its own account are

booked as "Investment properties." Income from these operations is reported in the income statement as "Property management." "Investment and development properties under construction" include all construction both of properties intended for the Group's own account and properties intended to be sold after completion.

The Group's holdings of undeveloped land and redevelopment properties are booked as "development properties." Expenses - i.e. uncapitalized outlays - and income attributable both to "Investment and development properties under construction" and "Development properties" are reported in the income statement under the heading "Development properties."

Properties constructed by the Group and booked during the year as real estate completed for its own account have been valued in the consolidated accounts at incurred costs plus a fair proportion of indirect costs, 5-8 percent. Provision is thus made for any intra-Group profits resulting from building contracts between construction and property management companies. Annual depreciation on the value thus determined has been carried out mainly according to the highest percentages permitted by the tax authorities.

Liabilities and shareholders' equity		Amounts in SEK M		1990	1989
Current liabilities	Accounts payable _____	3,453		2,772	
	Tax liability _____	208		285	
	Accrued expenses and prepaid revenues _____	3,669		2,693	
	Current liabilities of consortia _____	449		443	
	Other current liabilities _____ Note 18	7,607	15,386	2,440	8,633
Uncompleted contracts	Invoiced sales from beginning of contracts _____	29,210		27,447	
	Accumulated expenses from beginning of contracts _____	-22,114	7,096	-22,481	4,966
Loans on investment and development properties	Building credits _____	2,124		1,501	
	Mortgage loans _____	4,946		4,498	
	Other liabilities _____	848	7,918	978	6,977
Long-term liabilities	Mortgage loans _____	55		186	
	Other liabilities _____	4,199		2,502	
	Deferred tax liability _____	138		139	
	Provision for pensions _____ Note 19	1,446		1,242	
	Convertible debenture loans _____ Note 20	943	6,781	980	5,049
Minority interests	In untaxed reserves _____ Note 21	335		244	
	In shareholders' equity _____	286	621	222	466
Untaxed reserves	Inventory reserve _____	178		150	
	Payroll reserve _____	608		529	
	Reserve for uncompleted contracts _____	2,835		2,923	
	Reserve for investment and development properties _____ Note 7	543		389	
	Accumulated extra depreciation				
	Ships _____	-		1	
	Machinery and equipment _____	2,267		1,503	
	Fixed-asset properties _____	323		323	
	Investment and development properties _____	17		13	
Investment reserves etc. _____ Note 8	53	6,824	99	5,930	
Shareholders' equity	Restricted equity _____ Note 22				
	Capital stock _____ Note 23	630		630	
	Restricted reserves _____	916		831	
	Unrestricted equity				
Unrestricted reserves _____	3,563		2,345		
Net profit for the year _____	606	5,715	1,534	5,340	
Total liabilities and shareholders' equity			50,341		37,361

Interest expenses during the construction period are not capitalized, but are booked as expenses in each respective year. In the subsidiaries JM and Trinity Tower, London, however, such interest expenses are capitalized.

To permit as correct a comparison as possible between income from property management and the value of completed investment properties, completed properties are normally not reclassified from "Investment and development properties under construction" to "Investment properties" until January 1 of the year after the year of completion.

Investments in undeveloped land and redevelopment properties are booked at their acquisition cost plus other expenses incurred in cases where special exceptions have not been considered justified. Annual interest expenses have not, however, been added to value but have instead been charged against income in each respective year.

Uncompleted contracts. The balance sheet states the net amount of invoiced sales and expenses incurred. This amount is affected by the pace of invoicing for both outgoing and incoming bills. This pace does not

always coincide with the percentage of completion. The amount is also affected by the profitability of uncompleted contracts. See also the second paragraph under the heading "Valuation principles." Figures for invoiced sales and expenses incurred also include the Group's share in contracts carried out by consortia.

Principles of consolidation. There have been no major changes in the Company's principles of consolidation and valuation principles compared with prior years.

The consolidated financial statements have been drawn up using the purchase accounting method. All partly owned Group companies except Uri Civil Construction AB have been consolidated on a gross basis, after which an adjustment for Skanska's share of equity has been made in the item "Minority interest." Uri - owned 60 percent by Skanska and 40 percent by the Swedish construction company NCC - has been treated as a consortium, which means that only Skanska's share of revenues, earnings etc. is included in the consolidated financial statements.

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Notes to the consolidated financial statements

Amounts in SEK M unless otherwise specified

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Valuation principles. Current assets have been valued according to the lower value principle, i.e. their value may not exceed market value or acquisition cost, whichever is lower. Receivables in foreign currencies have been stated at the exchange rate on the accounting date or at year-end, whichever is lower. Liabilities in foreign currencies have correspondingly been stated at the higher of these rates. Unrealized exchange gains on long-term receivables are thus not included in the amount against which losses have been offset.

The principles for translation of the financial statements of foreign subsidiaries comply with the recommendations of the Swedish Institute of Authorized Public Accountants (FAR). In the consolidated financial statements, their income statements have been included at the average exchange rate for the year and their balance sheets at the year-end exchange rate, respectively, except for shareholders' equity, for which the exchange rate prevailing on the investment date has been used. Translation differences have been included in shareholders' equity.

Direct expenses and indirect work site expenses are counted as expenses incurred on uncompleted contracts. Estimated losses on uncompleted contracts have been subtracted from expenses.

Depreciation has been charged against operating income (using a declining balance method in the case of certain large machinery). Depreciation on the excess value of Group assets has also been made, using the following annual rates: Goodwill (equivalent to amortization in U.S.) 10 percent, ships 10 percent, machinery and equipment 10–20 percent, buildings 1–7 percent and land improvements 3.75 percent.

The rate of book depreciation on machinery and equipment has generally been 20 percent of acquisition cost for the past five years. In certain Group companies, the main rule in the Municipal Tax Act has been used instead. Buildings comprising investment and development properties have been written off at the highest annual percentage rate permitted for tax purposes.

Deferred taxes on untaxed reserves have been estimated at 30 percent.

Note 1. Personnel

Average number of employees and wages, salaries and remuneration	Group		Parent Company	
	1990	1989	1990	1989
<i>Average number of employees</i>				
Sweden	27,616	25,549	18,285	18,363
Abroad	4,130	3,945	1,179	1,630
Total	31,746	29,494	19,464	19,993
Of which, women	2,560	2,220	1,219	1,211
<i>Wages, salaries and remuneration</i>				
Sweden				
Boards of Directors and Presidents	26.4	18.2	5.8	4.3
Of which, bonuses	(8.8)	(4.8)	(3.2)	(1.8)
Other employees	4,728.4	4,097.8	3,092.6	2,952.4
Total	4,754.8	4,116.0	3,098.4	2,956.7
Abroad				
Boards of Directors and Presidents	10.9	13.1	–	–
Other employees	492.3	363.9	20.5	66.6
Grand total	5,258.0	4,493.0	3,118.9	3,023.3
Social welfare costs				
Sweden	2,058	1,820	1,277	1,281

The average number of employees in Sweden was calculated by taking total hours worked and dividing by a standard working year of 1,550 hours.

The complete legally required specification of personnel is attached to the annual report documents submitted to the Swedish Patent and Registration Office. This specification can be obtained from Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden.

Note 2. Invoiced sales for the year

Invoiced sales for the year include SEK 2,069 M (1,428) in intra-Group invoicing that was capitalized in investment and development properties. See "Revenue recognition" in the comments to the financial statements, page 42.

Note 3. Invoiced amount

The difference between the invoiced amount carried forward from 1989, SEK 27,447 M, and opening invoiced amount for 1990, SEK 27,574 M, is attributable to the invoiced amount in companies acquired during 1990.

Note 4. Depreciation

	Depreciation		Extra depreciation		Book depreciation for year ¹	
	1990	1989	1990	1989	1990	1989
Goodwill ²	35	24	–	–	35	24
Extraction rights	3	2	–	–	3	2
Ships	7	7	–1	1	6	8
Machinery and equipment ³	474	380	764	961	1,238	1,341
Fixed-asset properties incl. hydroelectric power plants	42	29	–	–6	42	23
Investment and development properties	301	277	4	7	305	284
Total depreciation	862	719	767	963	1,629	1,682

¹ Including depreciation against reserves.

² As for depreciation on goodwill, see Note 16.

³ The amount for 1990 extra depreciation, SEK 764 M (961), includes SEK 715 M (945) consisting of the Group's proportion of net losses in partly owned limited partnerships to the extent these losses are attributable to extra depreciation.

Note 5. Development properties and Property management

Revenues and expenses attributable both to investment and development properties under construction and to raw land and redevelopment properties are reported under the heading "Development properties." Revenues and expenses attributable to the management of finished investment properties are reported under the heading "Property management." See the comments to the financial statements, pp. 44 and 45.

Note 6. Property management, operating and administrative expenses

The national real estate tax, which in 1990 totaled SEK 135 M (85) for investment properties, is reported under the heading "Taxes." This tax, based on assessed value, applies among other things to all apartment house units. Among exempted real estate are development and industrial properties.

Note 7. Reserve for investment and development properties

The difference between the income statement and the year's change according to the balance sheets, SEK 23 M, is attributable to a writedown on investment and development properties in partly owned partnerships and general partnerships.

Note 8. Reserves

	1990		1989	
	Income statement	Balance sheet	Income statement	Balance sheet
<i>General investment reserve</i>				
Opening balance		54		80
Withdrawal	20	-20	26	-26
Changing during the year/ Closing balance	20	34	26	54
<i>Fire reserve</i>				
Opening balance		8		0
Allocation			-8	8
Withdrawal	2	-2		
Changing during the year/ Closing balance	2	6	-8	8
<i>Real estate replacement reserve</i>				
Opening balance		11		11
Withdrawal	11	-11		
Changing during the year/ Closing balance	11	0	0	11
<i>Development reserve</i>				
Opening balance		26		38
Withdrawal	13	-13	12	-12
Changing during the year/ Closing balance	13	13	12	26
Total, Changing during the year/ Closing balance	46	53	30	99

Note 9. Taxes

	1990	1989
Income tax	520	596
Profit sharing tax	51	26
Temporary profit tax	1	11
Real estate tax	148	88
Change in deferred tax	-5	-78
	715	643

After conducting an audit, the local tax authority appealed the 1988 tax assessment. Because of this, a provision has been made for possible additional taxes totaling SEK 43 M, based on claims primarily related to periodization issues, which have been deemed to entail some risk of a higher tax assessment. No allocation has been made, however, for tax claims of about SEK 450 M - mainly related to the question of a merger loss - which have not been adjudged to involve any risk of a change in tax assessment.

During the past three years the Skanska Group, through partly owned companies, has purchased participations in aircraft, including both Swedish-made SAAB 340B turboprops and other aircraft for scheduled traffic. During 1990 the tax authorities questioned the depreciation deductions related to two of these transactions, which were completed in 1988. These cases are currently being adjudicated in the County Administrative Court and are not expected to be decided by the highest appeal court until 3-4 years from now. On the basis of a comprehensive analysis following consultations with the other co-owners and with outside tax experts, the risk of higher tax assessments is believed to be small. Thus no provision for higher taxes has been made as a result of the authorities' claim. The deficit deductions questioned by the tax authorities total SEK 328 M for the income years 1988-90.

Note 10. Shares (current assets)

List of shareholdings of Group companies comprising trading inventory assets as of December 31, 1990.

	Number	Par value SEK 000	Market value SEK 000	Book value SEK 000
<i>Swedish shares</i>				
AGA, Series B	21,900	591	5,256	5,256

	Number	Par value SEK 000	Market value SEK 000	Book value SEK 000
Asea, Series A	18,900	378	8,978	8,978
Astra, Series A	16,000	200	7,328	7,328
Atlas Copco, Series B	80,300	2,008	12,366	12,366
Cardo	19,500	975	4,485	4,485
Catena, Series A	43,700	874	3,365	3,365
Custos, Series B	38,800	970	4,268	4,268
Electrolux, Series B	94,400	2,360	15,104	15,104
Ericsson, Series B	75,000	3,750	13,500	13,500
Euroc, Series A	103,000	5,150	10,197	10,197
Euroc, Series B	80,000	4,000	7,720	7,720
Geveko, Series B	74,006	3,700	7,031	7,031
Industrivärden, Series A	10,400	-208	1,976	1,976
Industrivärden, Series B	5,000	100	950	950
Industrivärden, conv. participatory notes, Series B	15,000	1,725	2,400	2,400
JM Bygg, Series B	36,750	735	6,064	4,434
Procordia, Series B	54,139	5,414	7,821	7,821
Protorp	77,400	3,870	19,350	19,350
Sandvik, Series A	76,300	1,908	17,244	17,244
SCA, Series A	48,300	1,208	4,347	4,347
SCA, Series B	146,500	3,663	12,589	12,589
Seco Tools, Series B	21,000	53	1,239	1,197
S-E-Banken	290,200	2,902	16,251	16,251
Skandia	50,000	250	5,800	5,800
Stora, Series A	31,000	775	7,750	7,434
Stora, Series B	9,700	243	2,425	2,316
Trygg-Hansa, Series B	44,300	443	4,341	4,341
Volvo, Series B	67,000	1,675	13,175	13,175
Öresund	168,000	8,400	11,088	11,088
Miscellaneous shares*			1,983	1,983
Swedish shares			236,391	234,294
<i>Foreign shares</i>				
Bau Holding, Austria	2,000		1,312	1,312
Bayer Ver Bank, Germany	2,500		3,028	3,028
Bergessen, Norway	9,000		963	963
BHF Bank, Germany	1,000		1,481	1,481
BHF, warrants 85/95, Germany	1,800		749	749
BP, Great Britain	50,000		1,823	1,823
CMB, France	10,000		1,066	1,066
Deutsche Bank, warrants -92, Germany	5,000		2,447	2,447
DSM, Netherlands	15,000		4,303	4,303
Hachette, France	5,000		827	827
National Ned, Netherlands	10,000		1,617	1,617
Nedlloyd Groep, Netherlands	5,000		601	601
Philips, Netherlands	50,000		3,370	3,370
RMC, Great Britain	50,000		3,489	3,489
Saga Petroleum, Norway	40,000		3,974	3,974
Schmalbach-Lubeca, Germany	500		557	557
Setemer, Italy	32,000		7,157	7,157
Siemens, Germany	2,000		4,395	4,395
Siemens, warrants 86/92, Germany	2,000		1,073	1,073
Société Gen., warrants, France	5,000		158	158
Thyssen, Germany	2,000		1,388	1,388
Toro, Italy	40,000		2,006	2,006
Foreign shares			47,784	47,784
Total shares			284,175	282,078

Note 11. Current assets held by consortia

This amount represents the Group's share of assets held by consortia (except for expenses incurred that are included under the heading "Uncompleted contracts"). Liabilities (except for invoicing) are similarly shown under the heading "Current liabilities of consortia."

Note 12. Other receivables (current assets)

This heading refers primarily to short-term investments in the form of promissory notes and commercial paper issued by corporations and finance companies.

Note 13. Investment and development properties

Regarding the definition of "Investment and development properties" see "Real estate" in the comments to the financial statements, pp. 44 and 45.

Note 14. Property, plant and equipment

a) Acquisition price and accumulated depreciation	Acquisition price for remaining assets		Accumulated depreciation	
	1990	1989	1990	1989
Ships (dredgers, barges)	136	137	92	86
Machinery and equipment	4,145	3,669	2,436	2,227
Buildings (fixed-asset properties)	765	659	268	233
Hydroelectric power plants	391	391	30	21
b) Assessed values	1990	1989		
Investment and development properties				
Buildings	6,133	5,265		
Land and other real estate	2,041	1,674		
Fixed-asset properties				
Buildings, incl. power plants	598	571		
Land and other real estate	231	235		
Timberland	246	247		

Note 15. Shares and participations (fixed assets)

Portfolio as of December 31, 1990:

Swedish companies

Shares, conv. deb. and conv. participatory notes listed on the Stockholm Stock Exchange	Number	% stake	Par value SEK 000	Market value SEK 000	Book value SEK 000
Active	360,000	3	3,600	11,790	15,427
Cardo	900,000	6	45,000	207,000	200,134
Catena	2,205,000	11	44,100	169,785	79,144
Catena convertible debentures	1,062,426		169,988	280,480	178,488
Custos, Series A	9,918,358	21	247,959	1,289,387	1,215,381
Custos, Series B	650,000	1	16,250	71,500	57,383
Euroc	9,995,000	29	249,875	982,076	349,458
FFNS Gruppen	8,000	<1	40	464	302
Geveko	852,134	21	21,303	80,953	68,910
Industrivärden	730,625	2	14,613	134,306	77,448
Industrivärden, conv. participatory notes	374,387		43,055	59,541	71,636
Klövern	1,472,144	4	14,721	55,941	29,760
Piren	1,003,333	5	10,033	49,163	15,050
Protorp	2,550,000	25	127,500	637,500	256,780
Sandvik	11,711,200	22	292,780	2,646,731	937,579
Seco Tools	1,820,361	6	4,551	107,401	174,755
SKF, Series A	12,440,000	12	155,500	845,920	338,070
SKF, Series B	2,389,200	2	29,865	160,073	103,661
Trygg-Hansa Holding	13,939	<1	139	1,366	2,675
Wihlborg & Son	17,000	<1	340	2,176	2,946
Öresund	3,931,636	25	98,291	259,488	304,546
Miscellaneous shares and participations*				5,318	4,105
				8,058,359	4,483,638

Other shares

	Number	% stake	Par value SEK 000	Book value SEK 000
KB Air Preca (limited partnership)	1/3	33	40,141	29,888
Alsike Fastighets AB	240	24	240	240
Arianda Stad KB		50	1,000	1,000
Atrium Fastighets AB	550,000	25	55,000	82,493
Betongcentrum HB (partnerships)		50	50	50
BGB Intressenter i Malmö AB	117,468	13	1,175	2,252
Biobränsleteknik i Arvidsjaur AB	1,000	25	100	100
Bodträskå Kraft KB		50	60	60
Branäs Fritidscenter AB	15,000	8	1,500	1,500
Byggnads AB Tryckeriet & Co KB		23	45	2,810

Other shares	Number	% stake	Par value SEK 000	Book value SEK 000
Cedersdal Fastigheter AB	250,000	50	25,000	25,000
AB Dala-Asfalt & Co KB	5	50	250	250
KB Eskilstorp, AB Järlandaån & Co	15	33	150	150
FASAB Fastighetssystem AB	2,069	45	259	3,379
Fastighets AB Ladusvalan	599,700	21	29,985	74,963
Fastighets AB Ladusvalan, convertible debentures	505,528		63,191	63,191
Fastighets AB Luxor	1,000	50	100	100
Fastighets AB Skalholt KB		33	50	50
Fastighets AB Viggen	353	35	353	353
Fastighetsbolaget Glunten KB		50	200	1,200
Fastighetsbolaget Skavsta KB		50	500	500
Fastighetspartner AB	45,000	10	4,500	11,250
Fineri Nr 5 KB	75	75	20,186	20,186
KB Flygplanet III	5,800	68	36,140	0
Forum Nacka KB	1	50	50	25
FV Fastighetsvärden AB	500	50	50,000	65,148
Fyllebro Exploatering KB	2	40	100	100
Glasberga Fastighets AB	1,000	25	100	100
Glasproduktion AB	1,000	14	100	100
AB Gotlandsbelägg. & Co KB		33		50
Graningeverkens AB	255,718	29	127,859	638,223
Grisslingehöjden KB		25	750	750
H-Invest AB	500	<1	50	50
Halmstads BGB AB	112	41	56	55
AB Helsingborgs Byggbetong	240	33	240	1,085
HB Helsingborgsfastigheter	1	33	100	100
AB Helsingborgs Byggelement	350	50	350	757
Härryda Kross AB	130	50	650	650
Högbo Bruks Utb. centrum AB	100	17	100	402
Högmora Exploaterings AB	2,000	50	200	200
Ideon AB	5,250	18	5,250	7,742
Jönköpings Betong AB	1,000	50	100	100
AB Kalmar Betongindustrier	320	10	160	40
Kalmar Familjebad KB		50		239
HB Karlstads-Duvan	98	25		980
AB Kåholmen & Co KB	1	50	100	105
KB Lidingö Centrum	1	24	200	200
Lidingö Centrumgruppen HB		14	61	61
Makadam AB Lapillus	126	50	126	126
AB Malmöfastigheter	36	50	360	41,919
Masmobergets Exploaterings AB	2,000	50	200	200
Medeon AB	1,200	33	120	195
Mega-Carrier KB	330	33	54,123	23,923
Mega-Flight KB	1/2	50	42,623	65,953
KB Metro-Flyg	330	33	46,521	24,842
Mälärtraktens Kraftdistribution AB	1,054	<1	53	192
AB Mölndalskatten & Co KB	5	50	50	50
Nohab Industrifastigh AB & Co KB		50	4,000	4,000
HB Nordform	1	45		225
Nordpoolen i Vrigstad AB	250	10	25	125
KB Novum		50	500	500
KB Nya Knutpunkten 1-6		25	750	750
Nyköping Airport Development KB		25	50	50
Närkes Kross- & Asfaltprodukter & Co KB	10	50	500	500
Polaris Aircraft Leasing KB	99	99	142,658	92,658
AB Ramlösa Brunnsanläggning	625	50	62	75
Råsjö Torv AB	26,236	24	2,624	7,953
KB Skinnefjäll	10	48	500	500
AB Staven	10,000	33	1,000	1,142
STR-Garanti AB	30	13	300	600
Swedish Aircraft FOUR KB	100	100	58,641	57,825
Swedish Aircraft TWO KB	50	50	45,587	42,972
Swedish Construction Management KB	50	50	50	50
AB Sydsten	120,000	40	6,000	3,880
SÅAB	1,080	<1	108	112
Såbi AB	1,800	1	180	90
Sörmlands Asfalt & Krossprodukter & Co KB	10	50	500	500

Other shares	Number	% stake	Par value SEK 000	Book value SEK 000
Trinova AB	500	4	50	50
Uddevalle Invest AB	50,000	4	5,000	5,000
Ullna Golf AB	3,500	1	350	505
AB Uppsalagruss & Co KB	10	50	500	500
KB Vasatorpsfastigheter	500	50	500	500
Vestasfalt KB	19	50	475	475
HB Vestbruk		50		1,500
Videum Fastighets AB	1,000	25	1,000	1,010
Vikans Kross AB & Co KB	7	35	210	300
Åkerigruss KB	100	50	100	100
ÖS Företagsby KB		50	50	50
Brf Borgens (coop. housing assn.), apts. no. 2, 3			7,121	7,121
Miscellaneous shares and participations*				29,542
				1,456,787

Foreign companies	Number of shares	% stake	Par value, in 000 of respective currency	Book value SEK 000
Alpina GmbH, Germany	1	50	DEM 1	2,249
Barister				
Continental Ltd, Canada	1,355,116	23	CAD 5,209	78,005
Beaconsfield Ltd, Bermuda	10,000	24	USD 100	1,100
CACI BV, Belgium	1,400	25	BEC 1,400	52
Credit Suisse Holding, Switzerland	100	<1	CHF 50	648
Dansk Betonelement-fabrik A/S, Denmark	7,500	50	DKK 7,500	6,557
Entreprenørservice A/S, Norway	2,500	50	NOK 2,525	2,424
Frankfurt Properties Investment BV, Netherlands	1,000	50	NLG 1,000	43,160
Grove Equity Inc, United States	24	48	USD 33	188
København Forskarby A/S, Denmark	3	<1	DKK 100	0
Mount Hope Limited Partnership, United States		5	USD 1,088	6,199
Naess Jahre Bulkens Inc, U.S.	5,000	<1	USD 1	60
Rasmussen & Stilsager A/S, Denmark	10	50	DKK 10,000	10,185
Selmer a.s, Norway	5,127,000	33	NOK 51,270	250,253
Sihska A/S, Denmark	17,720	50	DKK 17,720	0
Skanska West Africa Ltd, Nigeria	160,000	40	NGN 160	269
Swedish American Chamber of Commerce, United States	1		USD 50	285
Swiss Capital Ltd, Switzerland	125	<1	CHF 125	498
Vasa Läns Telefon AB, Finland	11	<1	FIM 44	76
Yemen Construction & Development Company, Yemen	3,000	3	YER 3,000	0
Miscellaneous shares and participations*				39
				402,247
Total				6,342,672

* Complete data can be obtained on request from the Company.

Note 16. Goodwill	Income statement*		Balance sheet	
	1990	1989	1990	1989
Goodwill:				
JM	21	21	138	159
Svenska Rivteknik	6	1	14	7
Slattery Associates	1	-	46	47
Skanska Stålteknik Mekan	1	-	11	12
LBI Luftbehandling	1	-	14	15
Annedals Ei	-	-	4	4
Nordiska Trähus	4	-	12	-
Other goodwill	1	2	3	4
According to Income statement/ Balance sheet	35	24	242	248

* Goodwill is depreciated by 10% annually.

Note 17. Assets pledged

Shares and other securities pledged mainly constitute collateral for bank loans.

Note 18. Other current liabilities

As of December 31, 1990, other current liabilities consisted of SEK 200 M (76) in the current portion of long-term liabilities, SEK 5,795 M (1,282) in other interest-bearing liabilities and SEK 1,612 M (1,083) in non-interest-bearing liabilities.

Note 19. Provision for pensions	Opening balance	Closing balance	The year's provision
PRI liability	1,219	1,423	204
Other pension commitments	23	23	0
	1,242	1,446	204

Note 20. Convertible debenture loans	Skanska	JM	Drott
Amount (total SEK 943 M)	786	133	24*
Maturity	1989-94	1989-94	1988-92
Convertible beginning in	1991	1991	1991
Conversion price	SEK 470	SEK 197	SEK 700
Maximum dilution of capital stock	2.6%	3.1%	20.0%
Maximum dilution of voting power	1.6%	1.5%	11.6%

* Refers to minority share, 14% at the time of subscription.

With regard to Skanska's convertible debenture loans, see also Note 15 to the Parent Company financial statements.

Note 21. Minority interest in untaxed reserves

Minority interest in untaxed reserves, SEK 335 M (244), is distributed as follows:

	1990	1989
Inventory reserve	1	1
Payroll reserve	33	28
Reserve for uncompleted contracts	126	78
Reserve for investment and development properties	144	115
Accumulated extra depreciation		
Investment and development properties	5	2
Machinery and equipment	21	13
Fixed-asset properties	2	4
Special investment reserve	2	2
Development reserve	1	1
	335	244

Note 22. Change in shareholders' equity

	Capital stock	Restricted reserves	Unrestricted reserves
Opening balance, Jan. 1, 1990	630	831	3,879
Translation differences		-1	+25
Transferred to restricted reserves		33	-33
Dividend			-331
Earned by former associated company ¹⁾			+23
Contribution by minority shareholders in subsidiary ²⁾		53	
Closing balance, Dec. 31, 1990	630	916	3,563

¹⁾ Refers to Galleriastigheter AB

²⁾ Refers to AB Drott

Note 23. Capital stock

See Note 17 to the Parent Company balance sheet.

Statements of changes in financial position

Amounts in SEK M		Group		Parent Company	
		1990	1989	1990	1989
Funds supplied	Funds supplied from operations credited to				
	income (see below) _____	2,414	2,855	845	1,066
	Increase in long-term liabilities _____	2,828	3,247	2,042	2,791
	Contribution from minority interests in subsidiaries _____	53	-	-	-
	Net change in investment and development properties _____	-	-	-	391
	Earned by former associated company _____	23	6	-	-
	Translation difference in shareholders' equity _____	24	-	-	-
		<u>5,342</u>	<u>6,108</u>	<u>2,887</u>	<u>4,248</u>
Funds applied	Dividend _____	331	267	331	267
	Increase in long-term receivables _____	829	47	6,934	3,516
	Translation difference _____	-	50	-	-
	Net change in investment and development properties _____	5,174	3,684	-	-
	Investments in shares and participations _____	505	1,098	1,842	2,107
	Investments in other fixed assets _____	921	1,178	381	346
		<u>7,760</u>	<u>6,324</u>	<u>9,488</u>	<u>6,236</u>
Change in working capital		<u>-2,418</u>	<u>-216</u>	<u>-6,601</u>	<u>-1,988</u>
Specification of change in working capital	Change in balance of uncompleted contracts _____	-2,130	-1,341	-1,119	-585
	Increase/Decrease in inventories _____	54	39	-19	-16
	Increase/Decrease in trading inventory of shares _____	107	54	-	-
	Increase/Decrease in current receivables _____	6,040	2,309	-1,847	-522
	Increase in current liabilities _____	-6,753	-2,082	-3,481	-1,211
	Decrease/Increase in bank balances _____	264	805	-135	346
Total change		<u>-2,418</u>	<u>-216</u>	<u>-6,601</u>	<u>-1,988</u>
Breakdown of item "Funds supplied from operations credited to income"	Income after extraordinary items _____	2,382	2,849	1,972	1,891
	Income before acquisition _____	-	-11	-	-
	Minority share in income _____	-117	-94	-	-
	Income before allocations and taxes _____	2,265	2,744	1,972	1,891
	Depreciation _____	862	719	286	265
	Writedown of properties in limited partnerships _____	-23	-	-	-
	Taxes _____	-715	-643	-132	-242
	Withdrawal from restricted account in Sveriges Riksbank _____	25	35	23	27
	Group contributions _____	-	-	-1,300	-869
	Transferred investment reserve _____	-	-	-4	-6
		<u>2,414</u>	<u>2,855</u>	<u>845</u>	<u>1,066</u>

Parent Company income statement

Amounts in SEK M		1990	1989	
Contracting operations etc.	Invoiced sales for the year _____	21,919	18,992	
	Plus amount invoiced but not credited to income as of Jan. 1 _____ Note 1	19,725	16,317	
	Less amount invoiced but not credited to income as of Dec. 31 _____ Note 1	-19,955 -230	-20,160 -3,843	
	Invoiced sales on contracts credited to income during the year, factory operations etc. _____	21,689	15,149	
	Production costs for contracts credited to income, factory operations etc. plus the year's administrative expenses _____	-20,417	-14,419	
	Income from contracting operations etc. before depreciation _____	1,272	730	
	Depreciation _____ Note 2	-286	-260	
	Income from contracting operations etc. after depreciation _____	986	470	
	Sales of investment and development properties _____ Note 3	Sales revenues _____	-	404
		Book value _____	-	-404 0
		986	470	
Development properties and property management _____ Note 4	Operating income after depreciation _____	-	86	
		986	556	
Financial items	Dividends on shares and participations in subsidiaries _____	436	69	
	in other companies _____	318	336	
	Interest revenues _____	1,839	759	
	Interest expenses _____	-1,619	-495	
	Exchange difference on loans _____	29	5	
	Other financial items _____	-28 975	-7 667	
	Income after financial items _____	1,961	1,223	
Extraordinary items	Gain on sale of fixed-asset properties _____	1	-1	
	Gain on sale of shares and participations _____	17	761	
	Shareholder contribution _____	-7 11	-92 668	
	Income before allocations and taxes _____	1,972	1,891	
Allocations	Group contributions _____	-1,300	-869	
	Writedown of shares and participations in subsidiaries _____	-	-129	
	in other companies _____	-16	-1	
	Inventory reserve _____	5	14	
	Payroll reserve _____	-13	75	
	Reserve for uncompleted contracts _____	324	117	
	Reserve for investment and development properties _____ Note 5	-19	41	
	Extra depreciation _____ Note 2	-2	34	
	Investment and development reserves _____ Note 6	29 -992	28 -690	
	Income before taxes _____	980	1,201	
Taxes _____ Note 7	-132	-242		
Net profit for the year _____	848	959		

Parent Company balance sheet

Assets		Amounts in SEK M		1990	1989
Current assets	Bank balances _____	740			875
	Bonds _____	224			197
	Accounts receivable _____	2,130			2,520
	Prepaid expenses and accrued revenues _____	67			94
	Current assets held by consortia _____ Note 8	282			546
	Tax claim _____	88			-
	Other receivables _____ Note 9	770			2,051
	Inventories _____	162	4,463		181 6,464
Restricted accounts in Sveriges Riksbank	For general investment reserve _____	14			29
	For development reserve _____	2	16		10 39
Fixed assets	Shares and participations in subsidiaries _____ Note 10	5,021			3,545
	Shares and participations in other companies _____ Note 10	5,696			5,346
	Receivables from subsidiaries _____ Note 9	13,220			6,298
	Other receivables _____	187			175
	Extraction rights _____	6			7
	Machinery and equipment _____ Note 11	913			823
	Own machinery being manufactured _____	1			4
	Advance payments on fixed assets _____	7			3
	Buildings _____ Note 11	173			153
	Buildings under construction _____	5			12
	Hydroelectric power plant _____ Note 11	207			212
	Land and other real estate _____ Note 11	86	25,522		89 16,667
Total assets			30,001		23,170
Assets pledged	Real estate mortgages _____	18			19
	Bank assets _____	1			3
	Shares and other securities _____ Note 12	491			491
Contingent liabilities	Sureties for subsidiaries _____	1,851			1,268
	Other sureties _____	1,437			1,462
	Guarantees _____	121			100

Liabilities and shareholders' equity Amounts in SEK M

1990

1989

		1990		1989	
Current liabilities	Accounts payable _____	1,852		1,743	
	Tax liability _____	-		14	
	Accrued expenses and prepaid revenues _____	2,123		1,718	
	Current liabilities of consortia _____	316		326	
	Other current liabilities _____ Note 13	4,662	8,953	1,671	5,472
Uncompleted contracts	Invoiced sales from beginning of contracts _____	19,955		20,160	
	Accumulated expenses from beginning of contracts _____	-15,050	4,905	-16,374	3,786
Long-term liabilities	Liabilities to subsidiaries _____	3,168		3,035	
	Mortgage loans _____	1		1	
	Other liabilities _____	3,033		1,273	
	Provision for pensions _____ Note 14	1,122		973	
	Convertible debenture loans _____ Note 15	845	8,169	845	6,127
Untaxed reserves	Inventory reserve _____	50		55	
	Payroll reserve _____	448		435	
	Reserve for uncompleted contracts _____	2,276		2,600	
	Reserve for investment and development properties _____ Note 5	19		-	
	Accumulated extra depreciation				
	Machinery and equipment _____	264		253	
	Fixed-asset properties _____	252		261	
	General investment reserve _____ Note 6	12		32	
Development reserve _____ Note 6	12	3,333	25	3,661	
Shareholders' equity	_____ Note 16				
	Restricted equity _____				
	Capital stock _____ Note 17	630		630	
	Legal reserve _____	483		483	
	Unrestricted equity				
Retained earnings _____	2,680		2,052		
Net profit for the year _____	848	4,641	959	4,124	
Total liabilities and shareholders' equity		30,001		23,170	

Notes to the Parent Company financial statements

Amounts in SEK M unless otherwise specified

Note 1. Invoiced sales not credited to income

The difference between the closing balance on December 31, 1989 and the opening balance on January 1, 1990 is attributable to operations transferred to subsidiaries effective from 1990.

Note 2. Depreciation

	Depreciation		Extra depreciation		Book depreciation for year*	
	1990	1989	1990	1989	1990	1989
Ships	0	0	0	-1	0	-1
Machinery and equipment	270	244	11	-28	281	216
Fixed-assets properties including hydroelectric power plant	16	16	-9	-5	7	11
Total depreciation	286	260	2	-34	288	226

* Including depreciation against reserves

Note 3. Sales of investment and development properties

The Parent Company's holdings of development properties, formerly Göteborgshem, were sold to the subsidiary Skanska Fastigheter Göteborg AB effective December 1, 1989.

Note 4. Development properties and property management

Earnings from Parent Company holdings of development properties and earnings from property management partnerships and limited partnerships were reported under this heading through 1989. Effective December 1, 1989 holdings of development properties were sold to another Group company. See Note 3. Effective January 1, 1990 holdings of participations in partnerships and limited partnerships were sold to the Group's real estate companies.

Note 5. Reserve for investment and development properties

The Parent Company's properties are used in its own operations and are therefore booked as fixed-asset properties. From a tax standpoint, however, these properties (except power stations) are classified as investment and development properties. In its 1990 financial statements, the Company has thus utilized its opportunity to allocate funds to a reserve for investment and development properties - 5% of acquisition price - at the maximum amount of SEK 19 M. See also the comments to the financial statements, pp 42, 44 and 45.

Note 6. Investment and development reserves

	1990		1989	
	Income statement	Balance sheet	Income statement	Balance sheet
General investment reserve				
Opening balance		32		55
Transferred reserve		-4		-6
Withdrawal	16	-16	17	-17
Change during the year/ Closing balance	16	12	17	32
Development reserve				
Opening balance		25		36
Withdrawal	13	-13	11	-11
Change during the year/ Closing balance	13	12	11	25
Total				
Change during the year/ Closing balance	29	24	28	57

Note 7. Taxes

	1990	1989
Income tax	119	231
Profit sharing tax	9	3
Real estate tax	4	8
	132	242

As in prior years, the Parent Company's tax expense in relation to pretax earnings was favorably affected by the fact that its dividend revenues are mainly tax-exempt. The large withdrawal from the reserve for uncompleted

contracts was attributable to the reserve for indirect expenses, which is included under this heading. The withdrawal is primarily a consequence of the fact that a number of large projects abroad were credited to income.

The Company's opportunities for allocations to reserves have been fully utilized.

Note 8. Current assets held by consortia

This represents the Parent Company's share of assets held by consortia (except for expenses incurred that are included under the heading "Uncompleted contracts"). Liabilities (except for invoicing) are similarly shown under "Current liabilities of consortia."

Note 9. Other current receivables, receivables from subsidiaries

The heading "Other receivables" refers primarily to short-term investments in the form of promissory notes and commercial paper issued by corporations and finance companies. The extent of these investments declined in the Parent Company because financial management was moved to a separate company. This also meant that receivables from subsidiaries increased.

Note 10. Shares and participations

Subsidiaries ¹⁾	% stake (if <100)	Par value 000	Book value SEK 000
<i>Listed on the Stockholm Stock Exchange</i>			
JM Byggnads och Fastighets AB ²⁾	13,713,350	64	54,853 1,543,894
<i>Other subsidiaries</i>			
AB Angeredsasfalt & Co KB	61.8	65	618 618
Boxholms Skogar AB	1,250,000		125,000 149,990
AB Drott*	769,578	67	7,696 50,755
AB Drott convertible debentures	18,750		131,250 131,250
AB Fakiren	3,000,000		150,000 95,295
AB Gadus	10,000		1,000 1,000
GEBEA, Göteborgsentreprenörers Bostadsproduktion AB & Co KB	4	75	100 0
Göteborgs Kross AB & Co KB	61.8	65	618 618
Hofors Kraft KB			3 3
AB Hynbogrus**	250	33	25 25
Industriventilation Produkt AB	3,600		360 6,100
Industriventilation Svenska AB	2,000		200 14,996
AB Jan Ralling	10,000		1,000 1,000
Karlstads Väg och Byggprodukter KB**		33	300 300
Kolbäckens Kraft KB			3 3
LBI Luftbehandling AB	600		60 9,999
Myresjö AB	650,000		65,000 71,500
AB Målarhus	10,000		1,000 1,000
Sektionsbyggarna AB	12,000		1,200 10,000
Skanska Allemansfond Förvaltnings AB	500		250 250
Skanska Entreprenad AB	4,000		1,000 1,072
Skanska Fastigheter Nord AB	30,000		3,000 3,000
Skanska Fastigheter Norge AB	730		73 73
Skanska Fastigheter Stockholm AB	160,000		16,000 16,000
Skanska Fastigheter Syd AB	50,000		5,000 5,000
Skanska Fastigheter Väst AB	10,000		1,000 1,000
Skanska Fastighets-service AB	20,000		2,000 2,000

Subsidiaries	Number	% stake (if <100)	Par	Book	Number	% stake	Par	Book	
			value 000	value SEK 000			value 000	value SEK 000	
Skanska Installation AB	20,000		2,000	2,050	FFNS Gruppen	8,000	<1	40	302
Skanska International Building and Properties AB	500,000		50,000	50,000	Geveko	852,134	21	21,303	68,910
Skanska International Civil Engineering AB	24,000		12,000	12,000	Industrivärden	730,625	2	14,613	77,448
Skanska Kapital- förvaltning AB	500,000		50,000	65,000	Industrivärden, convertible participatory notes	374,387		43,055	71,636
Skanska Mellansverige AB	10,000		1,000	1,000	Klövern	1,472,144	4	14,721	29,760
Skanska Norrland AB	2,000		1,000	1,033	Piren	970,000	5	9,700	14,550
Skanska Prefab AB	30,000		3,000	4,500	Protorp	2,550,000	26	127,500	256,780
Skanska Stockholm AB	1,000		1,000	990	Sandvik	11,711,200	22	292,780	938,073
Skanska Stålteknik AB	10,000		1,000	50	Seco Tools	1,820,361	6	4,551	174,755
Skanska Syd AB	10,000		1,000	784	SKF, Series A	12,440,000	12	155,500	344,813
Skanska Sydöst AB	10,000		1,000	1,134	SKF, Series B	2,389,200	2	29,865	108,713
Skanska Trading AB	1,000		100	670	Trygg-Hansa Holding	12,441	<1	124	2,405
Skanska Väst AB	10,000		1,000	1,008	Wihlborg & Son	17,000	<1	340	2,946
Stabilator AB	500		50	2,000	Öresund	3,931,636	25	98,291	304,546
Swedcon					Parent Company's holdings of listed shares and convertibles (excl. JM):				4,480,843
International AB & Co KB			400	400	<i>Others</i>				
Södertälje Asfalt HB**		33	0	250	Atrium Fastighets AB	550,000	25	55,000	82,493
AB Tryckkrör	54,000		5,400	3,900	Banister Continental Ltd., Canada	1,355,116	23	CAD 5,209	78,005
C G Jensen A/S, Denmark	382	DKK	20,000	675	BGB Intressenter i Malmö AB	117,468	13	1,175	2,252
Devoncourt Holdings Unltd, Ireland	41,000,000	GBP	41,000	442,083	CACI BV, Belgium	1,400	25	BEC 1,400	52
East-West Prop. Dev. Share Co, Hungary	1,080	54 DEM	1,080	36,836	Fastighets AB Luxor	1,000	50	100	100
Marktune Ltd, Great Britain	100	GBP	0	198	Fastighets AB Ladusvalan	599,700	21	29,985	74,963
SCEM Reinsurance SA, Luxembourg	500	LUF	50,000	8,214	Fastighets AB Ladusvalan convertible debentures	505,528		63,191	63,191
Skanska (USA) Inc., United States	15,207	USD	25,494	142,887	Graningeverkens AB	255,718	29	127,859	638,223
Skanska A/S, Norway	5,000	NOK	5,000	0	Halmstads BGB AB	112	41	56	55
Skanska Baugesellschaft mbH, Germany		DEM	10,000	31,428	AB Helsingborgs Byggbetong	240	33	240	1,085
Skanska Finance BV, Netherlands	3,600	NLG	3,600	2,000,963	Härryda Kross AB	130	50	650	650
Skanska Investment BV, Netherlands	41	NLG	25,000	81,237	Högbo Bruks Utb.centrum AB	100	17	100	402
Skanska Saudi Arabia, Saudi Arabia	60	60 SAR	6,000	0	Ideon AB	2,625	9	3,500	3,871
Trinity Tower Property Co Ltd, Great Britain	1,000,000	GBP	1,000	11,205	Mälartraktens Kraftdistribution AB	274	<1	14	69
Oy Wallit, Finland	100	FIM	20	0	Råsjö Torv AB	25,204	23	2,520	7,638
Miscellaneous shares and participations				2,200	Selmer a.s., Norway	5,127,000	33	NOK 51,270	250,253
Parent Company's total holdings in subsidiaries:				5,021,436	Sihnska A/S, Denmark	17,720	50	DKK 17,720	0
					Skanska West Africa Ltd, Nigeria	160,000	40	NGN 160	269
* Together with Skanska Fastigheter Syd, 76%					Trinova AB	500	4	50	50
** Together with JM, 67%					Uddevalle Invest AB	50,000	4	5,000	5,000
					Ullna Golf AB	3,500	1	350	505
					Yemen Construction & Development Company, Yemen	3,000	3	YER 3,000	0
									1,209,126
Other shares	Number	% stake	Par value 000	Book value SEK 000	Betongcentrum HB		50	50	50
<i>Listed on the Stockholm Stock Exchange</i>					Bodträskå Kraft KB		50	60	60
Active	360,000	3	3,600	15,427	AB Dala-Asfalt & Co KB	5	50	250	250
Cardo	900,000	6	45,000	200,134	Fastighetsbolaget Glunten KB		50	200	1,200
Catena	2,205,000	11	44,100	79,144	Fastighetsbolaget Skavsta KB		50	500	500
Catena convertible debentures	1,062,426		169,988	178,488	Fyllebro Exploatering KB	1	20	50	50
Custos, Series A	9,839,833	21	245,996	1,205,172	Högbo Utb.fastigheter HB		25	100	500
Custos, Series B	650,000	1	16,250	57,383	HB Nordform	1	45	0	225
Euroc	9,995,000	29	249,875	349,458	Nyköping Airport Development KB		25	50	50
					Närkes Kross- & Asfalt- produkter & Co KB	10	50	500	500
					Sörmlands Asfalt- & Kross- produkter & Co KB	10	50	500	500
					AB Uppsalagrus & Co KB	10	50	500	500
					Vestasfalt KB	19	50	475	475
					Vikans Kross AB & Co KB	7	35	210	300

Other shares	Number	% stake	Par value 000	Book value SEK 000
Åkerigrus KB	100	50	100	100
ÖS Företagsby KB		50	50	50
Miscellaneous shares and participations				1,136
				6,446
Parent Company's total holdings in other companies:				5,696,415

1) List of indirectly owned property management and operating companies, some of which operate on a commission basis for the Parent Company:

	Number	% stake (if <100)	Par value 000	Book value SEK 000
Annedals Elektriska AB	500		50	177
Arlanda Flyghotell KB			100	0
Bark & Warburgs AB	6,200		6,200	46,716
Berlin Teleport Communication Centrum GmbH, Germany		DEM	50	184
Boxholms Säg AB	175,000		17,500	20,990
Combiglas AB	50,000		5,000	1,700
Drott Investment BV, Netherlands	40	NLG	40	76,916
Eurostop KB	2,925	59	2,925	6,805
Fastighets AB Davidshall	75,000		7,500	127,500
Fastighets AB Överkikaren	500		50	47
Fastighetsbol. Färöarna HB		50	50	50
Fastighetsbolaget Utkiken KB			50	41,528
Flexator AB	500		50	500
Gallerläfastigheter AB	10,000		1,000	333,800
Grus & Betong i Norrland AB	10,000		1,000	2,825
AB Gusum Skogar	80,000		4,000	19,500
Himlinge Maskinstation AB	500		50	3,232
Internordisk Spännarmring AB	500		50	50
Karl Koch Erecting Co Inc., United States	90	90 USD	390	81,461
Lundqvist & Söner Muddrings AB	20,000		2,000	33,520
Myresjöfönster AB	40,000		20,000	150
Myresjöhus AB	200,000		20,000	4,200
Nordiska Trähus AB	18,200	91	1,820	37,705
Ohlsson & Skarne AB	50,000		5,000	5,048
Pålgruppen Geomekan AB	500		50	50
RMS Resmastsystem AB	65,000		6,500	5,597
Scandinavian Center i Malmö AB	1,801	90	1,801	1,843
Scandinavian Development Inc., United States	875	88 USD	14,834	91,821
Skanska Data AB	5,000		500	500
Skanska Kirchberg 3 SA, Luxembourg	1,250	LUF	1,250	227
Skanska Maskin AB	100		100	120
Skanska Property Investment, 5 BV, Netherlands	40	NLG	40	133
Skanska Raise Boring AB	1,200		120	144
Skanska Stålteknik Mekan AB	500		50	37,500
Skanska Teknik AB	20,000		2,000	2,000
Slattery Associates Inc., United States	500	USD	5,000	30,950
Sordoni/Skanska Construction Co Inc., United States	100	USD	3,750	21,375
Stenbergs E i Stockholm AB	800		50	50
Svenska Rivteknik AB	5,000		500	6,616
Uri Civil Contractor AB	300	60	30	0
Örmo Skogar AB	45,000		2,250	35,175

2) The market value of the Company's shareholding in JM Byggnads och Fastighets AB was just over SEK 2,262 M, calculated on the basis of the market price for Series B shares, SEK 165, established by the Tax

Administration and the Stockholm Stock Exchange. Skanska's holding consists of 2,475,000 Series A shares, all restricted, and 11,238,350 Series B shares, including 5,084,980 free shares.

Note 11. Property, plant and equipment

	Acquisition price for remaining assets		Accumulated depreciation	
	1990	1989	1990	1989
Ships (dredgers, barges)	71	71	71	71
Machinery and equipment	2,452	2,266	1,539	1,443
Buildings	320	297	147	144
Hydroelectric power plant	230	230	23	18
a) Assessed values	1990	1989		
Fixed-asset properties				
Buildings, incl. power plant	320	323		
Land and other real estate	131	144		

Note 12. Assets pledged

Shares and other securities pledged constitute collateral for bank loans.

Note 13. Other current liabilities

As of December 31, 1990, other current liabilities consisted of SEK 165 M (50) in the current portion of long-term liabilities, SEK 3,954 M (1,179) in other interest-bearing liabilities and SEK 543 M (442) in non-interest-bearing liabilities.

Note 14. Provision for pensions

	The year's provision incl. interest		Liability as of December 31	
	1990	1989	1990	1989
PRI liability	149	92	1,102	953
Other pension commitments	0	0	20	20
	149	92	1,122	973

Note 15. Convertible debenture loans

The proceeds of the convertible debenture loan were received on February 17, 1989. The loan falls due for payment on February 28, 1994. Conversion to Skanska shares may take place from February 18, 1991 until February 15, 1994. The conversion price is SEK 470 per share. See also Note 20 to the consolidated financial statements.

The capital discount of SEK 61 M – calculated on the basis of the difference between the 9.5 percent convertible debenture loan interest rate at the close of the subscription period on December 23, 1988 and the Company's alternative loan interest rate, estimated at 11.5 percent – was credited in the 1988 accounts to the legal reserve as a capital contribution. This asset is being depreciated successively during the life of the loan, with SEK 11 M (10) being charged against financial items in 1990.

Note 16. Change in shareholders' equity

	Capital stock	Legal reserve	Retained earnings
Opening balance, Jan. 1, 1990	630	483	3,011
Dividend			-331
Closing balance, Dec. 31, 1990	630	483	2,680

Note 17. Capital stock

4,568,430 Series A shares (10 votes apiece), each with a par value of SEK 10
 58,393,155 Series B shares (1 vote apiece), each with a par value of SEK 10
 62,961,585

Proposed allocation of earnings

The Board of Directors and the President propose that the net profit for 1990, SEK 847,521,147, plus the retained earnings of SEK 2,680,274,401 carried forward from the preceding year, making a total of SEK 3,527,795,548, be allocated as follows:

To be transferred to capital stock by means of a stock dividend _____	SEK	629,615,850.00
A dividend to the shareholders of SEK 6.25 per share _____	SEK	393,509,906.25
To be carried forward _____	SEK	<u>2,504,669,791.75</u>
	SEK	<u>3,527,795,548.00</u>

Danderyd, Sweden, April 25, 1991

Bengt Haak

Sten Lindh Sven Johansson Lennart Johansson

Carl-Olof Ternryd Stig Herner Percy Barnevik

Lars-Ove Håkansson Christer Jönsson Carl-Erik Feinsilber
President

Anders Sjöberg Alf Eker

Auditors' Report for Skanska AB

We have examined the Annual Report, the consolidated financial statements, the accounts and the management by the Board of Directors and the President during 1990. Our examination has been carried out in accordance with generally accepted auditing practices.

Parent Company

The Annual Report has been prepared in conformity with the Swedish Companies Act.

We recommend that the annual meeting of shareholders adopt the income statement and balance sheet, distribute the earnings in accordance with the proposal in the Report of the Directors and discharge the members of the Board and the President from personal responsibility for their administration during 1990.

Group

The consolidated financial statements have been prepared in conformity with the Swedish Companies Act.

We recommend that the annual meeting adopt the consolidated income statement and balance sheet.

Danderyd, Sweden, April 26, 1991

Bo Fridman
Authorized Public Accountant

Anders Scherman
Authorized Public Accountant

Data on Skanska shares

Skanska shares have been quoted on the Stockholm Stock Exchange's A-list since 1965. At the time of flotation, Skanska's capital stock was SEK 32 M. Since then, capital stock has been increased by

Skanska's market capitalization fell 48 percent to SEK 17.8 billion during the weak stock market year of 1990. Trading volume rose by 5 percent. Since early 1991, Skanska's convertible debentures have been quoted on the Stockholm Stock Exchange.

Changes in capital stock since Skanska's introduction on Stockholm Stock Exchange in 1965

Year	Stock dividend SEK M	New share issue SEK M	Par value of capital stock SEK M
1965			32.0
1967	-	3.4	35.4
1969	2:5	14.1	49.5
1973	1:3	16.5	66.0
1975	1:3	22.0	89.7
1977	1:2	44.9	134.6
1979	1:2	67.3	204.3
1981	2:3	136.2	340.5
1982	1:5	68.1	411.3
1983	1:2	205.6	616.9
1984	split 5:1	-	616.9
1987	-	8.7	625.6
1988	-	4.0	629.6

Shareholdings by size

February 1991				
Number of shares held	Number of shareholders	% of all shareholders	Total number of shares held	% of capital stock
1- 500	47,940	88.5	4,950,599	7.9
501- 1,000	3,116	5.8	2,420,851	3.8
1,001- 2,000	1,604	3.1	2,380,097	3.7
2,001- 5,000	921	1.7	2,901,373	4.6
5,001- 10,000	262	0.5	1,877,386	3.0
10,001- 20,000	128	0.2	1,875,594	3.0
20,001- 50,000	81	0.1	2,591,123	4.1
50,001- 100,000	27	0.0	1,926,242	3.1
100,001-	63	0.1	41,969,542	66.7
Not reported by trustees			68,778	0.1
Total	54,142	100.0	62,961,585	100.0

means of eight stock dividends and seven targeted special issues of new shares.

In March 1991, Skanska's capital stock amounted to SEK 629.6 M. This is divided into Series A and Series B shares, all with a par value of SEK 10. Series A shares carry 10 votes apiece, whereas Series B shares carry one vote apiece. Both A and B shares are issued as restricted and unrestricted (free) shares. Restricted shares may not be acquired by foreign citizens or companies.

Only Series B shares are listed on the Stockholm Stock Exchange. Skanska shares are not quoted on any stock exchange outside Sweden. Quotations for Skanska B restricted and Skanska B free vary somewhat. Trading in free shares is naturally far less than trading in restricted ones.

On December 31, 1990, the market price of a Skanska share was SEK 283 (542). On April 12, 1991, the market price was

SEK 360 and the Company's total market capitalization including Series A shares was about SEK 22.7 billion.

In February 1991 the total number of shareholders in Skanska was 54,142 (52,000). In addition, some tens of thousands of people are indirect shareholders through mutual funds. During 1990, 4,531,624 (4,316,832) Series B restricted shares changed hands - an average of 18,100 (17,200) shares per trading day.

Employees' shareholdings

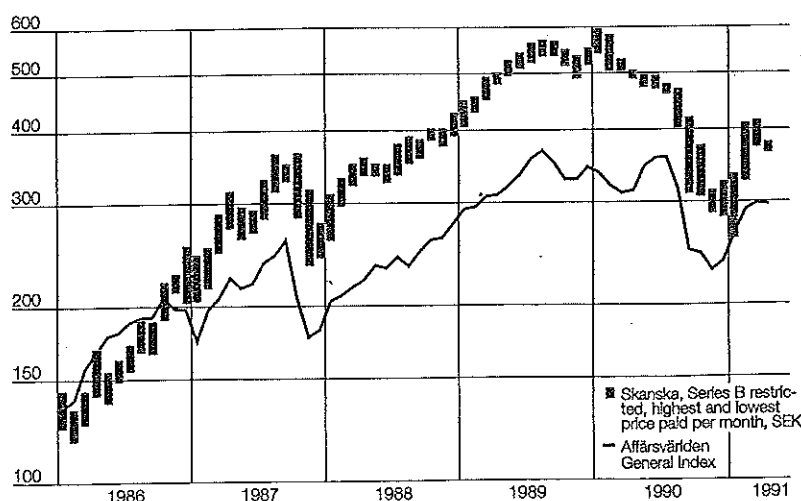
Many Skanska Group employees own Skanska shares as a result of special issues of new shares to employees in 1975, 1979, 1982 and 1987. Today a person who took advantage of all four special issues owns a total of 410 shares, following stock dividends and the 5:1 split carried out in 1984. Their market value was about SEK 147,600 as of April 12, 1991. The costs per employee have consisted of a cash contribution of SEK

Shares by categories

	Number of shares	% of voting power	% of capital stock
A restricted	3,903,150	37.5	6.2
A free	665,280	6.4	1.1
B restricted	48,370,395	46.5	76.8
B free	10,022,760	9.6	15.9
Total	62,961,585	100.0	100.0

Share price movement

1986-1990/91, diluted for stock dividends. Logarithmic scale.



2,060 plus taxes on the salary-related benefit, which was about SEK 7,900.

Convertible debenture issue to personnel

Following approval by an extra meeting of shareholders on November 28, 1988, employees of Skanska AB and its Swedish subsidiaries (except for JM, whose employees received an offer of their own) were invited to subscribe for convertible debentures issued by Skanska.

The offer was favorably received by employees, and 12,530 people, or more than 57 percent of those eligible, subscribed. The total amount of debentures distributed was SEK 844.5 M. If holders left their employment before the end of 1990, they were obliged to sell their convertible debentures to Skanska Kapitalförvaltning AB. For this reason, 911 people sold their convertibles, which had a total par value of more than SEK 60 M. In connection with these divestments, employees were compensated for the extra interest paid as part of the loan they had normally taken out.

Since January 2, 1991, the con-

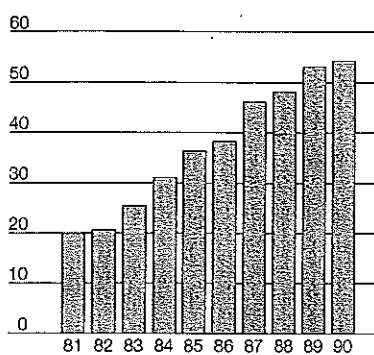
vertible debenture loan has been quoted on the Stockholm Stock Exchange. Due to the sharp price decline for Skanska shares, during the first few weeks the quoted price of a debenture was below par value. The number of transactions was small, however. The price then rose gradually, reaching 125 percent of par in early March.

The first day for conversion into shares was February 18, 1991. By the end of March, no conversions had occurred. In case of full conversion, the number of Series B shares in Skanska will increase by about 1.8 million. This is equivalent to approximately 2.8 percent of capital stock and 1.7 percent of voting power.

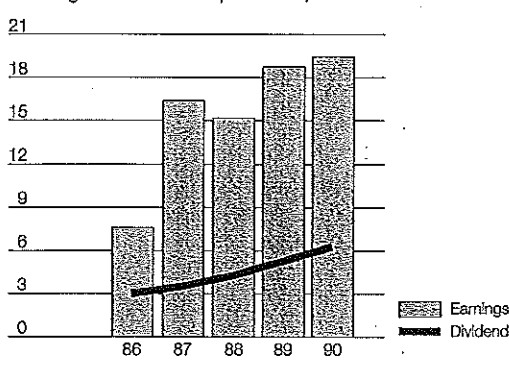
Dividend

Skanska's Board of Directors has proposed a dividend of SEK 6.25 per share for 1990. This means that SEK 393.5 M would be paid to shareholders. Provided that this proposal is approved by the Annual Meeting of Shareholders, the average annual growth rate in the dividend for the 10-year period 1981-1990 has been more than 21 percent.

Number of shareholders in thousands

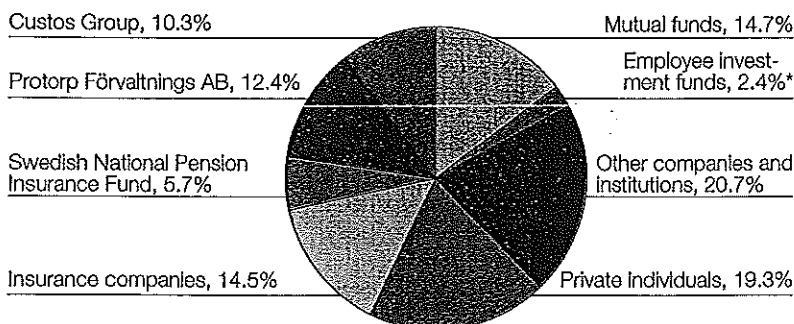


Earnings and dividend per share, SEK



Skanska's shareholders

Percentage of capital stock



*On February 25, 1991, employee investment funds owned 1,493,700 Series B shares.

The largest shareholders in Skanska

According to the Swedish Securities Register Center (VPC), the largest shareholders and their percentages of total votes and shares in February 1990 were (>0.9% of voting power)

Shareholders	% of voting power	% of capital stock
Custos Group	16.0	10.3
Industrivärden Group	12.0	2.9
Protorp Förvaltnings AB	10.7	12.4
Skandinaviska Enskilda Banken pension funds	4.6	0.8
Svenska Handelsbankens pension fund	4.2	0.7
Investment AB Öresund, via AB Malmöglia	3.7	0.6
Swedish National Pension Insurance Fund, Fourth Fund Board	3.1	4.6
Trygg-Hansa Group	2.2	3.6
Försäkringsbolaget SPP	2.2	3.6
Skandia Group	1.1	1.8
Sparbankernas Aktiesparfond	1.0	1.7
Folksam Group	1.0	1.6
Total	61.8	44.6
Other shareholders	38.2	55.4
	100.0	100.0

Board of Directors

Bengt Haak

Stockholm, born 1925. Chairman (seated in photo). Elected to the Board in 1971. President of Skanska AB, 1977-81. Group Chief Executive, 1981-83. Chairman of the Board since 1983. Chairman of the Board, AB Custos. Board member, AB SKF, S-E-Banken and AB Volvo. Holdings in Skanska: 5 Series B shares.

Carl-Olof Ternryd

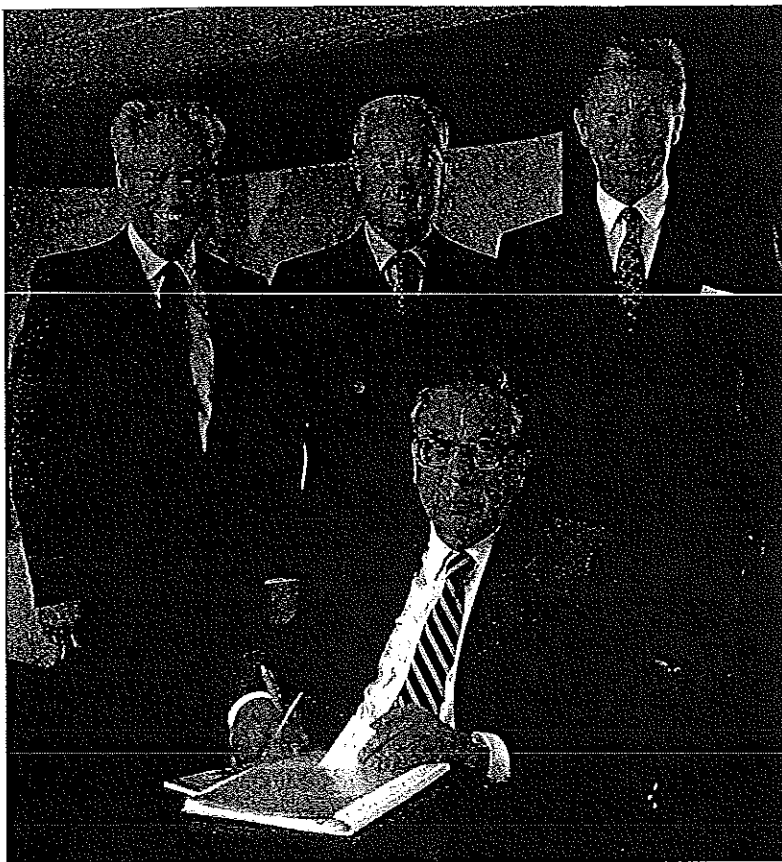
Stockholm, born 1928. Elected to the Board in 1982. Dr. Eng., professor at Royal Institute of Technology. Chairman of the Board, Association of Swedish Automobile Manufacturers and Wholesalers. Board member, Institute of Management.

Sten Lindh

Pully, Switzerland, born 1922. Elected to the Board in 1969. Former Ambassador, former CEO of Industri AB Euroc.

Lars-Ove Håkansson

Djursholm, born 1937. Elected to the Board in 1985. President of Skanska AB since 1986. President and Group Chief Executive since 1987. Chairman of the Board, JM Byggnads och Fastighets AB. Board member, Banister Continental Ltd., Graningeverkens AB, Svenska Handelsbanken, Industri AB Euroc, AB Cardo, Sandvik AB, among others. Holdings in Skanska: 4,790 shares, including 4,290 Series B.



Percy Barnevik

Zurich, Switzerland, born 1941. Elected to the Board in 1986. President and Chief Executive Officer of ABB Asea Brown Boveri Ltd. Chairman of the Board, Sandvik AB. Board member, Providentia AB.

Lennart Johansson

Gothenburg, born 1921. Elected to the Board in 1982. Dr. Eng., Chairman of AB SKF. Vice Chairman of the Board, S-E-Banken, AB Volvo and Esab AB. Board member, Asea AB, AB Investor, Atlas Copco AB, Stora Kopparbergs Bergslags AB, Federation of Swedish Industries.

Anders Sjöberg

Kungälv, born 1935. Elected to the Board in 1990. Professor, President of Chalmers University of Technology.

Carl-Erik Feinsilber

Lidingö, born 1931. Elected to the Board in 1990. President and CEO of AB Industrivärden. Board member, AGA AB, Investment AB Bahco, Ericsson, Svenska Handelsbanken and SCA.



Sven Johansson
Lund, born 1923. Elected to the Board in 1979. Professor emeritus, Lund University.

Gudrun Norberg
Glanshammar, born 1938. Elected in 1990. Deputy member of the Board. Member of Parliament (Liberal Party) since 1985. Member of the Industry Committee. Deputy member of the Defense Committee. Chairman, Liberal Party, Örebro County.

Auditors

Auditors

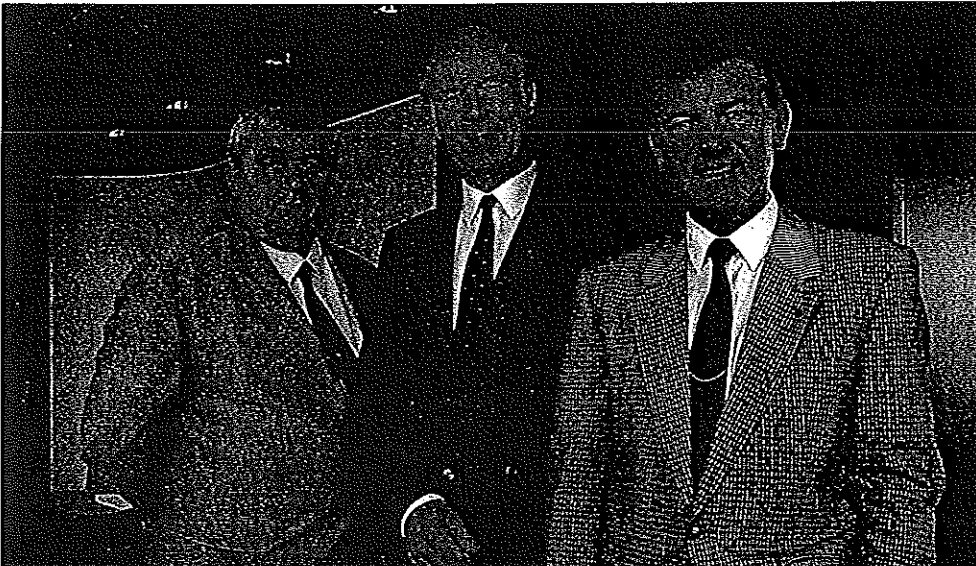
Bo Fridman
Stockholm,
Authorized Public
Accountant

Anders Scherman
Malmö,
Authorized Public
Accountant

Deputy Auditors

Bernhard Öhrn
Stockholm,
Authorized Public
Accountant

Christer Ljungsten
Malmö,
Authorized Public
Accountant



Alf Eker

Forshaga, born 1935. Elected to the Board in 1990. Mason, empl. repr. (Swed. Trade Union Conf., LO).

Stig Herner

Gothenburg, born 1932. Elected in 1985. Engineer, empl. repr. (Fed. of Salaried Empl's in Industry and Services, PTK). Holdings in Skanska: 2,750 B shares, 170 conv. deb.

Christer Jönsson

Solna, born 1944. Board member since 1989. National repr., Swed. Building Workers' Union.

Gunnar Åberg

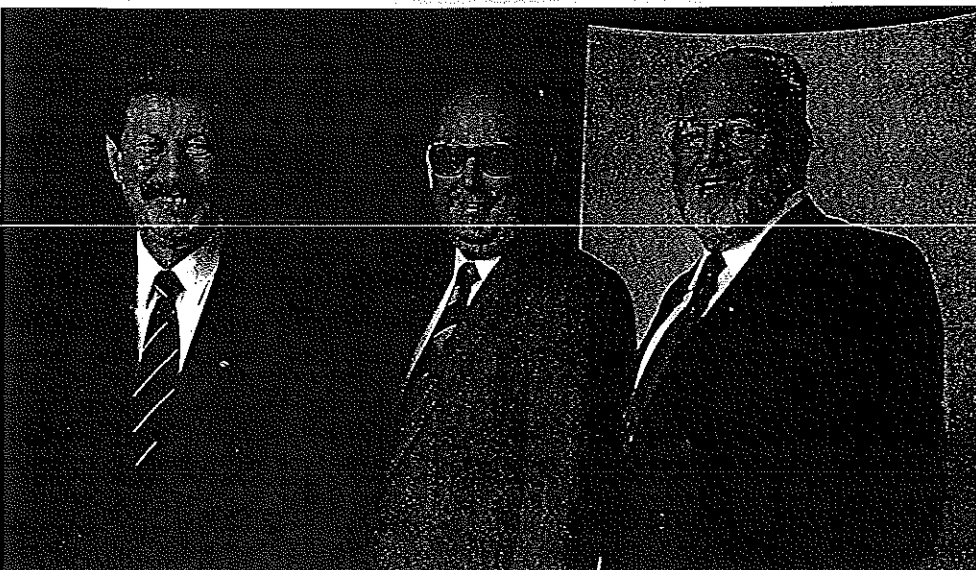
Södertälje, born 1947. Elected in 1990. Dep. member. Concrete worker, empl. repr. (LO). Holdings in Skanska: 5 B shares, 150 conv. deb.

Hans Eriksson

Tyresö, born 1942. Dep. member since 1989. Repr., Swed. Union of Clerical and Techn. Empl. in Industry (SIF).

Ulf Andersson

Täby, born 1929. Elected in 1987. Dep. member. Office worker, empl. repr. (PTK). Holdings in Skanska: 100 A shares, 170 conv. deb.



**heads of Group
aff units and
business segments**

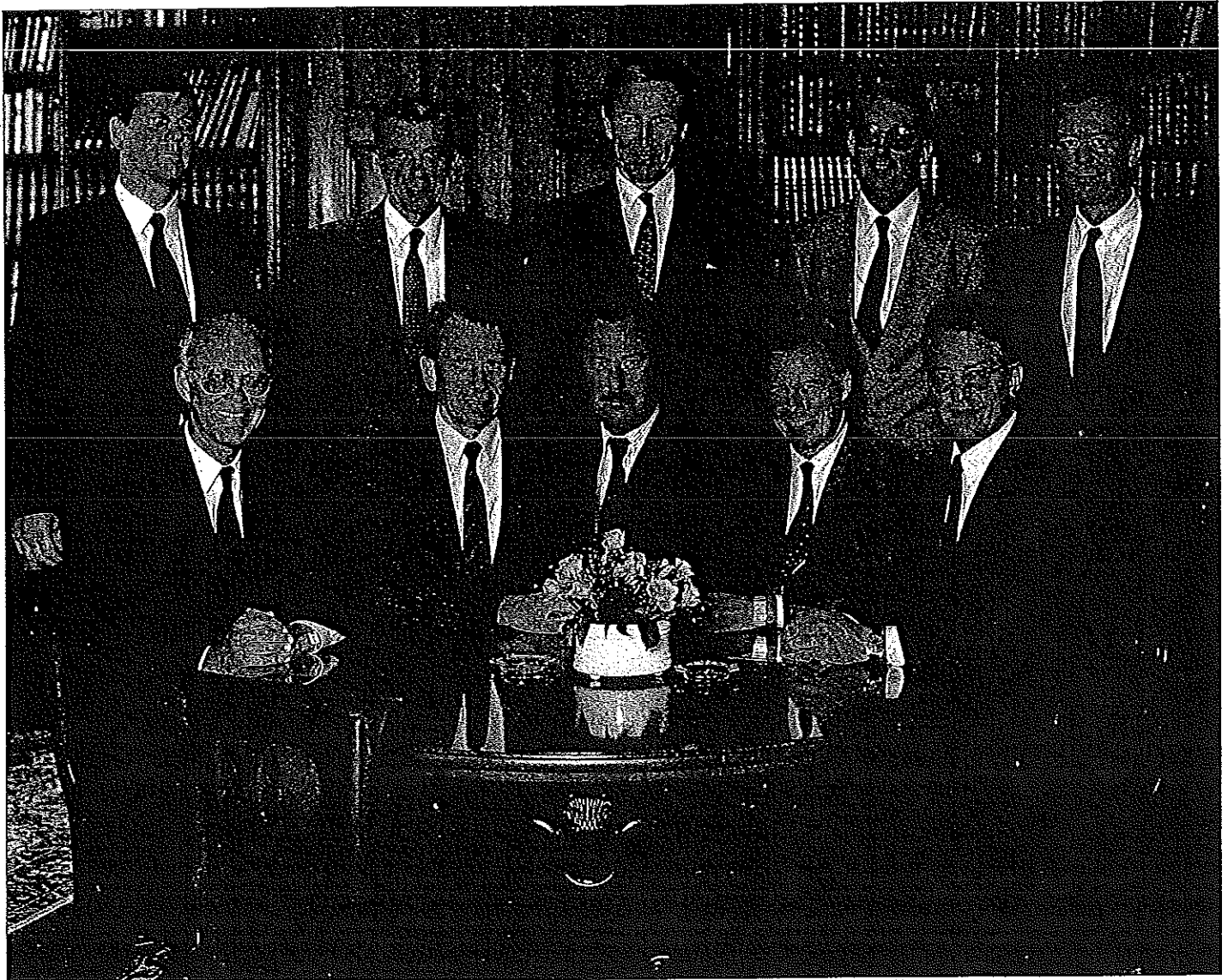
Lars Wiklander,
Senior Vice President
President of Skanska International Civil Engineering AB

Sven-Eric Hersvall,
Executive Vice President
President of Skanska AB from May 29, 1991
Head of Specialized Companies and Industrial Companies business segments

Lars-Ove Håkansson,
Group Chief Executive

Mats Cederholm,
Senior Vice President
Head of Properties Sweden business segment

Anders Herslow,
Senior Vice President
Head of Group Economy staff



Sven-Åke Johansson,
Executive Vice President
Head of Group Administration staff and of International Building Construction and Properties business segment until May 17, 1991.

Gunnar Carleson,
Executive Vice President
Head of Group Finance staff and Finance business segment

Lennart Hallberg,
Senior Vice President
Head of Group Public Affairs staff

Håkan Carlsson,
Executive Vice President
Head of Group Legal Affairs staff (Chief Counsel) and Secretary of the Board

Per Westlund,
Executive Vice President
Head of Swedish Construction Operations business segment

Five-year Group financial summary

Amounts in SEK M		1990	1989	1988	1987	1986
Income statements	Income after depreciation					
	Contracting operations etc. _____	1,244	844	820	524	-12
	Sale of investment and development properties _____	95	136	122	374	161
	Development properties _____	-6	-59	-23	-31	-
	Property management _____	595	511	427	411	290
	Financial items _____	442	603	403	439	455
	Income before extraordinary items _____	2,370	2,035	1,749	1,717	894
	Extraordinary items _____	12	814	124	141	152
	Income before acquisition _____	-	-11	-12	-77	-
	Minority interest in income _____	-117	-94	-57	-136	4
	Income before allocations and taxes _____	2,265	2,744	1,804	1,645	1,050
	Allocations _____	-944	-567	-650	-31	-181
	Taxes _____	-715	-643	-385	-410	-384
	Net profit for the year _____	606	1,534	769	1,204	485
Balance sheets	Bank balances _____	2,680	2,416	1,611	1,258	1,414
	Current receivables _____	16,775	10,628	8,265	7,530	6,576
	Inventories _____	504	450	411	413	406
	Investment and development properties _____	18,885	14,012	10,605	8,366	4,248
	Shares and participations (fixed assets) _____	6,343	5,865	4,804	4,016	4,040
	Long-term receivables _____	1,935	1,126	1,048	924	566
	Ships, machinery, equipment etc. _____	1,753	1,493	1,132	1,106	961
	Fixed-asset properties _____	1,466	1,371	1,062	1,072	1,085
	Current liabilities _____	15,386	8,633	6,551	6,329	4,720
	Uncompleted contracts (balance) _____	7,096	4,966	3,625	3,293	3,433
	Long-term liabilities _____	15,320	12,492	9,245	6,993	4,292
Untaxed reserves _____	6,824	5,930	5,400	4,763	4,736	
Shareholders' equity _____	5,715	5,340	4,117	3,307	2,115	
Total assets _____	50,341	37,361	28,938	24,685	19,296	
Revenues _____	37,216	29,806	23,090	19,631	16,103	
Number of employees _____	31,746	29,494	29,670	29,418	27,627	
Financial ratios	Dividend per share, SEK _____	6.25*	5.25	4.25	3.50	2.98
	Adjusted earnings per share, SEK _____	20.00	19.30	15.60	16.30	7.39
	Adjusted earnings per share after full conversion, SEK _____	19.45	18.75	15.15	-	-
	Adjusted earnings per share after extraordinary items, SEK _____	20.10	30.70	17.20	19.38	9.07
	Adjusted earnings per share after extraordinary items and after full conversion, SEK _____	19.55	29.80	16.70	-	-
	Return on shareholders' equity after taxes, % _____	12.6	15.0	15.9	20.5	11.2
	Return on capital employed before taxes, % _____	14.6	15.2	16.4	20.8	16.2
	Equity/assets ratio, % _____	21.9	26.5	24.5	24.5	23.2

* Proposed by the Board of Directors.

Dividend and adjusted equity per share have been calculated on the basis of the number of shares outstanding on December 31, 1990.

In financial ratios for 1989 and 1990, deferred taxes in untaxed reserves have been calculated at 30 percent.

Financial ratios in prior years have been based on deferred taxes calculated at 52 percent.

Definitions of financial ratios

The following definitions conform with a recommendation by the Industry and Commerce Stock Exchange Committee.

Adjusted earnings per share. Income after financial items minus minority interest in income and full taxes, divided by the number of shares outstanding at year-end 1990.

Adjusted earnings per share after extraordinary items. Income before allocations and taxes minus minority interest in income and full taxes, divided by the number of shares outstanding at year-end 1990.

Return on shareholders' equity. Income after financial items minus minority interest in income and full taxes, as a percentage of average adjusted shareholders' equity, i.e. reported shareholders' equity plus 70 percent of reported untaxed reserves excluding the minority share in these.

Return on capital employed. Income after financial items plus interest expenses and exchange differences, as a percentage of average total assets minus operating liabilities. Operating liabilities are defined as current liabilities except for short-term loans, the balance of uncompleted contracts and deferred tax liability in untaxed reserves.

Equity/assets ratio. Reported shareholders' equity plus 70 percent of reported untaxed reserves as a percentage of total assets.

Comments on the English version

Comments on the English version of Skanska's Annual Report

For the convenience of readers who may not be familiar with Swedish accounting and reporting practices, this English-language version of Skanska's Annual Report contains additional explanatory comments on pp. 42, 44, 45 and 46. Otherwise the presentation of financial data is the same as in the Swedish version, except that certain detailed statistics on stockholdings – required by the Swedish authorities but of little interest to foreign readers – have been omitted. For space reasons,

a few descriptions of projects by business segments were shortened, and details mainly of local interest were left out.

The abbreviation M after a currency code and amount means millions, while 000 means thousands. Figures in parentheses after 1990 amounts refer to the corresponding 1989 amounts. Sveriges Riksbank is Sweden's central bank. All places mentioned are in Sweden unless otherwise specified.

During 1990 the average exchange rate for Swedish kronor to U.S. dollars was SEK 5.91=USD 1. The year-end rate was SEK 5.70.

The following international currency codes have been used:

SEK	Swedish kronor
BEC	Belgian francs (commercial)
CAD	Canadian dollars
CHF	Swiss francs
DEM	West German marks
DKK	Danish kroner
FIM	Finnish marks
GBP	British pounds sterling
LUF	Luxembourg francs
NGN	Nigerian nairas
NLG	Dutch guilders
NOK	Norwegian kroner
SAR	Saudi Arabian riyals
USD	United States dollars
YER	Yemeni riyals

Financial information

During the year, Skanska issues the following financial reports in their official Swedish-language versions:

- Press release on previous year's results, in April
 - Annual Report, in May
 - Interim Report for the period January–August, in October
- The 1991 Interim Report will be issued on October 24.

These documents are also published in English. In addition, excerpts from the Annual Report are available in English, French, Spanish and German.

All financial information can be ordered from Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden, telephone +46 8 753 80 00 or fax +46 8 755 12 56.

Skanska in brief

Skanska – one of Europe's largest construction and real estate companies and one of the largest industrial corporations in Sweden – began operations in Malmö more than 100 years ago by pioneering the use of concrete in the Swedish building trade.

Starting with concrete blocks and decorative items, Skanska – known officially until 1984 as Skånska Cementgjuteriet – soon

progressed to foundations, hydro-electric power plants and bridges. Its first company based outside Sweden was established in 1902: the Russian-Swedish Concrete Piping Factory in St. Petersburg (now Leningrad).

Since then, Skanska has broadened its operations and developed techniques and know-how.

During the 1980s Skanska strengthened its leading position in the Swedish construction market. The Skanska Group is also

Sweden's largest private real estate owner. The experience and knowledge gained in this business segment are applied throughout the construction process.

Skanska's international operations have spanned some 70 countries during the past 35 years.

In 1965 Skanska shares were introduced on the A-list at the Stockholm Stock Exchange.

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Fax: +46-40-11 43 03

Skanska Teknik AB
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Fax: +46-8-753 60 48

Skanska Data AB
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Skanska Maskin AB
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Svenska AB**
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Industriventilation Produkt AB
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