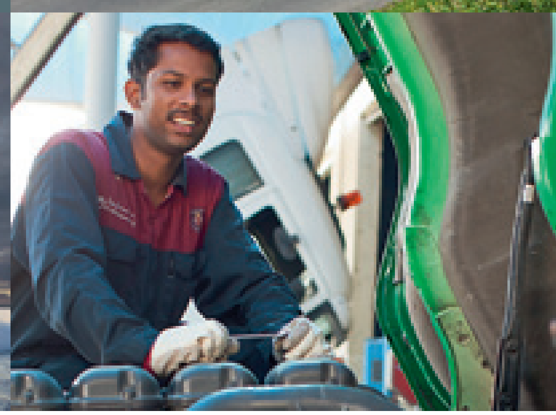
ANNUAL REPORT 2011

SCANIA

Scania's objective is to provide the best profitability for its customers throughout the product life cycle by delivering optimised heavy trucks and buses, engines and services – thereby becoming the leading company in its industry. The foundation is Scania's core values, focus on methods and dedicated employees.



This English version of Scania's Annual Report is a translation of the Swedish-language original, the binding version that shall prevail in case of discrepancies.
Translation: Victor Kayfetz, Scan Edit and David Murphy, Word of Mouth.

The Financial Reports encompass pages 74-141 and 144-151 and were prepared in compliance with International Financial Reporting Standards (IFRSs).
The Report of the Directors encompasses pages 32-73 and 142-143.

The Report of the Directors and accompanying Financial Reports also fulfil the requirements of the Swedish Annual Accounts Act and have been audited by Scania's auditors.

Scania's Swedish corporate identity number: Scania AB (publ) 556184-8564.

Unless otherwise stated, all comparisons in this Annual Report refer to the same period of the preceding year.

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REPORT OF THE DIRECTORS 32–73, 142–143

FINANCIAL REPORTS 74–141, 144–151

Partnering with customers

Scania showed strong earnings in 2011. Meanwhile demand slowed in the final months of the year, and we are entering 2012 with lower demand. We are, however, well prepared because of our strong balance sheet and product and service portfolio. Our focus is on continuing to develop Scania's business model and brand – we will ensure long-term growth by strengthening the product and service offering to customers.

In 2011, Scania achieved record high sales and deliveries of vehicles and services. Earnings per share were the best in the company's history. However, profitability weakened compared to our very strong performance in 2010. The Swedish krona appreciated and our operating costs increased, compared to a low level in 2009 and 2010. The upturn that dominated the market in recent years also ended in 2011. During the second half of 2011, we noticed that the demand for vehicles was slowing, while service deliveries continued to rise.

Growing service demand

We adjusted our production rate during the final months of 2011 and in early 2012 in response to lower demand. As a consequence of this adjustment, we could not extend the fixed term temporary contracts of about 1,900 employees. We have become restrictive about recruitment and are focusing increasingly on cost trends.

Our service operations are continuing to develop favourably. The average age of the truck population in Europe is rising and this impacts demand for workshop hours and parts positively. It also means that there is an increasing need for transport companies to invest in new vehicles.

We are continuing to invest in and develop our service operations – being close to customers is crucial. It is not just about workshops, but also about mobile solutions where we perform service out among our customers. Meanwhile we are introducing the same thinking and methods from the well-known Scania Production System in our sales and services operations in order to become more efficient and to reduce lead times for our customers.

Further development of Scania's business model and brand

Like other companies in the transport industry, Scania is facing major challenges. Demographic changes, urbanisation, economic growth and increased trade are driving the demand for transport services. Meanwhile there are increasing calls for sustainable and efficient transport systems.

For our customers, it is ultimately a matter of meeting their day-to-day needs by having vehicles with the best possible uptime. The more hours the customer's transport equipment is available, the more revenue for the customer. However, each customer is unique and has specific needs. In partnership with customers, we develop packages of products and services that deliver high efficiency, profitability and sustainability.

As a leading actor in the industry, we can achieve good results in cooperation with various stakeholders. We are developing better, more sustainable components together with our sub-contractors. Through an active dialogue with legislators, we can improve knowledge about longer vehicle combinations, which provide significant reductions in emissions per tonne transported.

Cooperation with MAN

In November 2011, Volkswagen completed its acquisition of 55.9 percent of the voting rights in MAN, after the approval of competition authorities around the world. This removed impediments against deeper cooperation between Scania and MAN.

A number of working groups are currently reviewing the potential for synergies in procurement, development and production. This is taking place in line with Volkswagen's well-established strategy of independent brands, in which competition between brands has high priority. The strategy means developing and strengthening each brand with its customer base.

100th anniversary of Scania buses and coaches – tomorrow's mode of transport

Scania's bus and coach operations have performed very well in recent years. Bus chassis and trucks are assembled in the same production units, using a large number of common components. This has boosted productivity considerably.

Scania delivered its first bus 100 years ago. Buses and coaches are playing a key role in the establishment of sustainable transport systems. As global urbanisation continues and major cities expand, Bus Rapid Transit (BRT) systems will be a cost-effective investment for solving congestion and environmental problems. These systems offer public transport that combines the advantages of rail-bound traffic with the flexibility of buses. There are many advantages if passenger traffic can be shifted from cars to buses: reduced climate impact, better health and improved traffic flow.

Long-term growth

Another interesting product in our bus and coach operations is Scania Touring, which is strengthening our position in the market for intercity services and tourist coaches. Our new Scania Citywide model, which was launched during 2011, supplements our product range in the city bus segment.

We foresee good growth in our industrial and marine engine operations. As early as 2009, we launched industrial engines that met the emission standards introduced in 2011.

Our solution will also enable customers to use essentially the same installations to meet the new emission standards that take effect in 2014. In 2011, we began deliveries of engines to US-based Terex and South Korean-based Doosan Infracore. We are also seeing strong interest in our low-emission engines among other machinery manufacturers.

The share of our vehicle deliveries that go to Europe has decreased in recent years, but demand for our type of products and services is increasing strongly in many emerging market countries. We are optimistic in the long term about Brazil and the other markets in Latin America. The middle class is growing and consumption is rising. Brazil is also facing major infrastructure investments and has strong agricultural and mining sectors. In China, Scania sells to customers that have strict standards concerning uptime, performance and service life. There are increasingly strong demands for efficiency in the transport sector in China and in other parts of Asia. This will mean higher demand for Scania's type of vehicles and services. In early 2012, we strengthened our presence in India and started the construction of an assembly facility in Bangalore. About SEK 200 million will be invested during the coming year.

2012 – a year of uncertainty

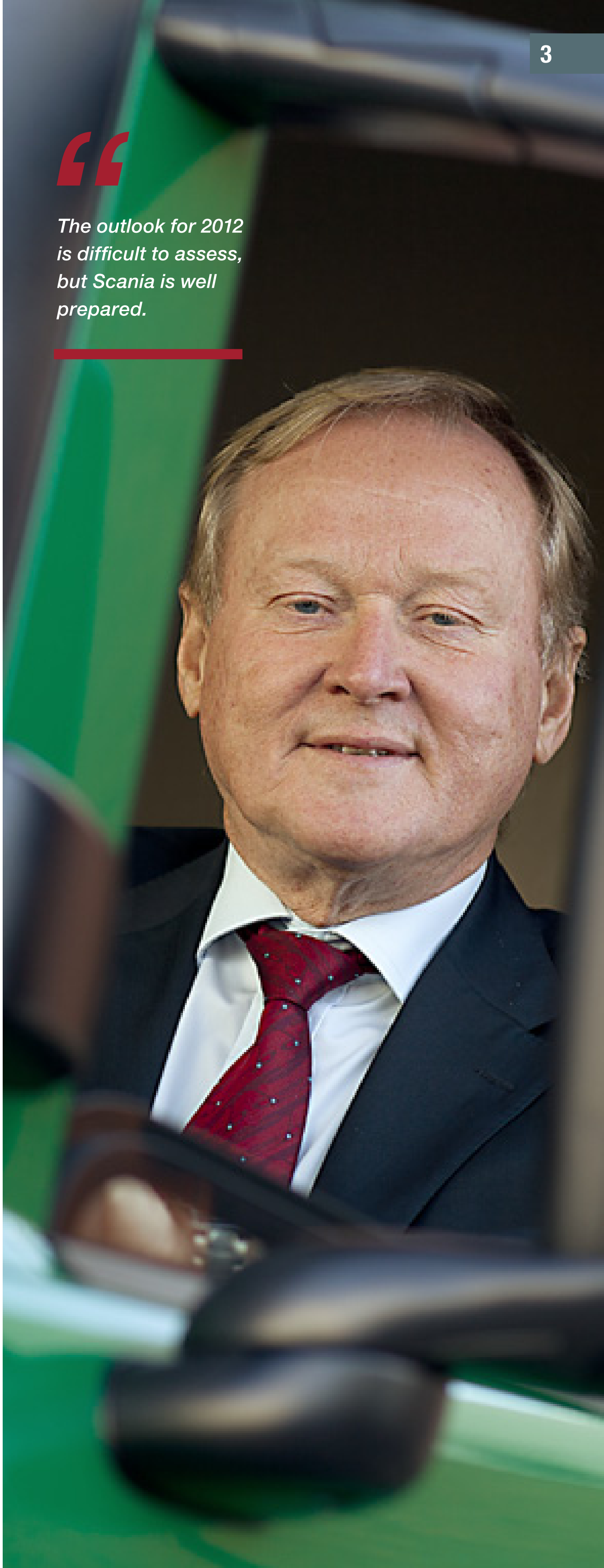
A number of national governments in Europe have financial problems, and it is uncertain how this will affect demand in the economy generally and thus the demand for transport services. Meanwhile truck deliveries were at a high level during 2005–2008, followed by low deliveries in recent years. This means that the average age of the truck population is rising rapidly and replacement needs are thus growing.

In Brazil, we have had high vehicle deliveries in recent years. The changeover to Euro 5 emission standards at year-end 2011/2012 may impact demand this year.

The outlook for 2012 is difficult to assess, but Scania is well prepared. During the dramatic downturn in demand in the final months of 2008, our organisation learned how to work under strong cost pressure – lessons we are deriving great benefit from today. Good cash flow during 2010 and 2011 has strengthened our balance sheet. We deliberately work with short delivery times in order to reduce the risk of building up inventories of unsold vehicles, and this is positive for our cash flow. Due to our product and service launches of recent years, we are well positioned in the market.

We have highly competent employees, who focus on continuously improving our working methods, efficiency and quality. Our employees have shown strong dedication during recent turbulent years. I want to express my sincere gratitude for their excellent contributions.

Leif Östling
President and CEO



The outlook for 2012 is difficult to assess, but Scania is well prepared.

Scania in figures

Scania's earnings in 2011 amounted to SEK 12,398 m. Scania's vehicle deliveries rose by 26 percent to a record high 80,108 vehicles. Service revenue rose by 4 percent to SEK 17,048 m., which was also a record level.

- Operating income fell to SEK 12,398 m. (12,746) and earnings per share rose to SEK 11.78 (11.38).
- Net sales increased by 12 percent to SEK 87,686 m. (78,168).
- Cash flow amounted to SEK 6,970 m. (11,880) in Vehicles and Services.
- The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share.

Vehicles and Services

Operating income in Vehicles and Services totalled SEK 11,881 m. (12,575) during 2011. Higher vehicle deliveries and service volume were offset by a significantly stronger Swedish krona and a higher cost level.

A less favourable market mix and increased prices for raw materials had an adverse impact on margins while higher prices had some positive effect.

Financial Services

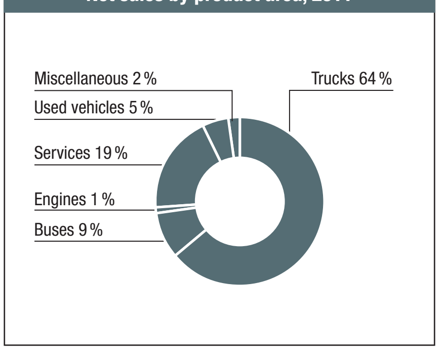
Operating income in financial services amounted to SEK 517 m. (171) during 2011. Bad debt expenses decreased to SEK 298 m. (493) during the year.

KEY FIGURES

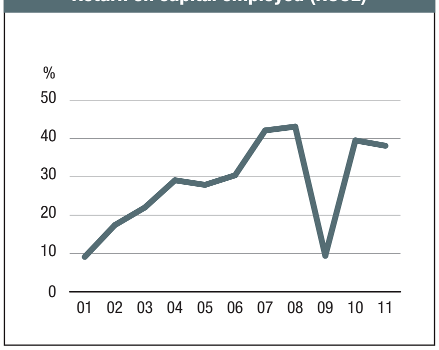
KEY FIGURES	2011	2010	2009
Deliveries, units			
Trucks	**72,120**	56,837	36,807
Buses and coaches	**7,988**	6,875	6,636
Engines	**6,960**	6,526	4,235
Net sales			
Vehicles and Services, SEK m.	**87,686**	78,168	62,074
Operating income, SEK m.			
Vehicles and Services	**11,881**	12,575	2,648
Financial Services	**517**	171	–175
Total	**12,398**	12,746	2,473
Operating margin, percent	**14.1**	16.3	4.0
Income before taxes, SEK m.	**12,612**	12,533	1,602
Net income for the year, SEK m.	**9,422**	9,103	1,129
Earnings per share, SEK	**11.78**	11.38	1.41
Cash flow			
Vehicles and Services, SEK m.	**6,970**	11,880	5,512
Return, percent			
on equity	**29.5**	34.7	5.1
on capital employed, Vehicles and Services	**38.1**	39.5	9.4
Net debt/equity ratio*			
Vehicles and Services	**–0.35**	–0.30	0.21
Equity/assets ratio, percent	**31.6**	30.5	23.7
Net capital expenditures, excluding acquisitions, Vehicles and Services, SEK m.	**3,776**	2,753	3,031
Research and development expenditures, SEK m.	**4,658**	3,688	3,234
Number of employees, 31 December	**37,496**	35,514	32,330

* Net debt (+), net surplus (-).

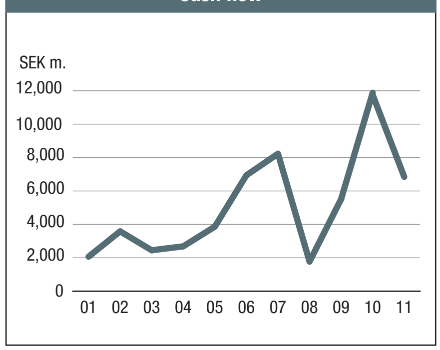
Net sales by product area, 2011



Return on capital employed (ROCE)



Cash flow



The world of Scania

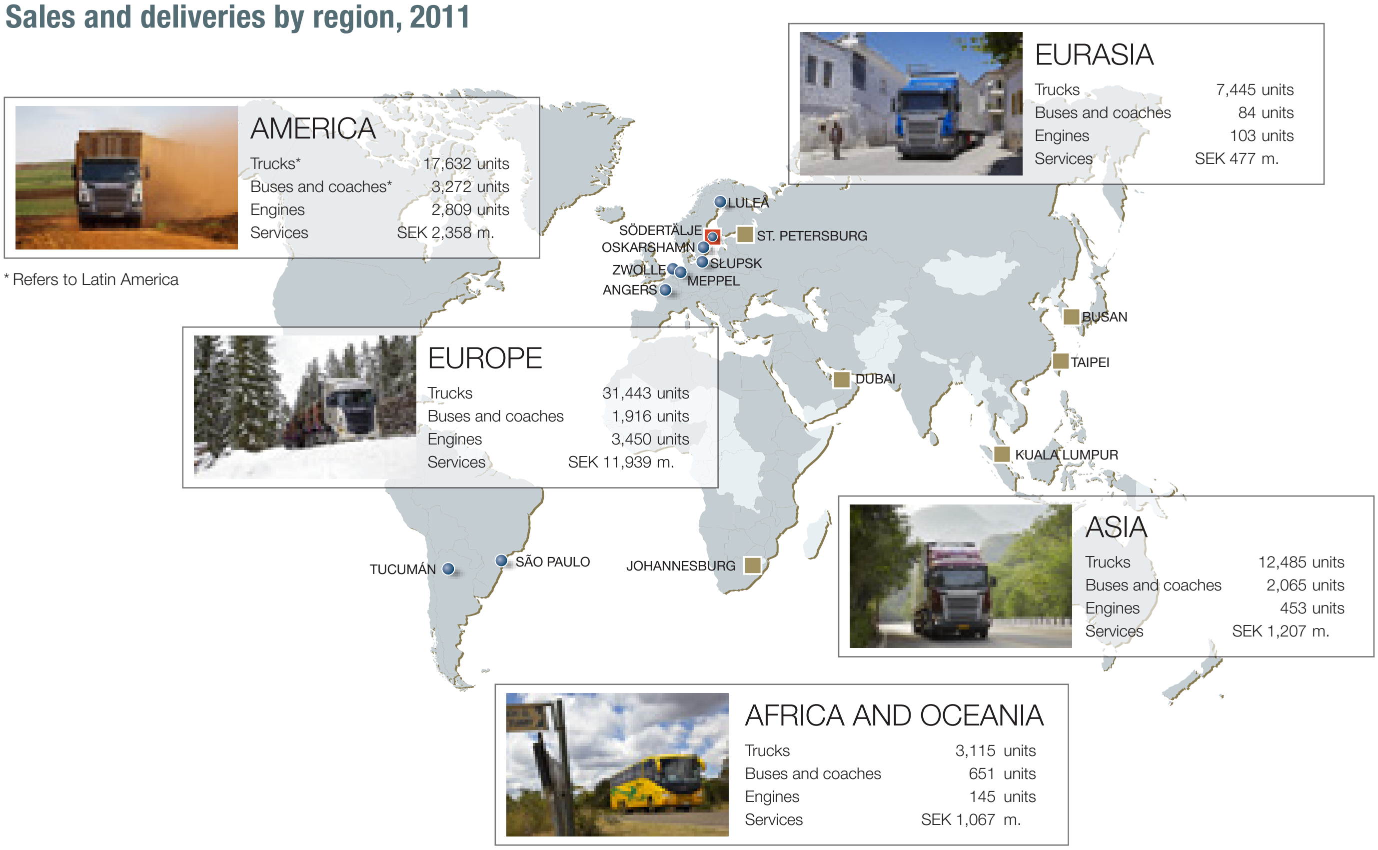
Scania is a global company with a sales and service organisation in more than 100 countries. Aside from sales and services, Scania offers financial services in many markets. Scania's production units are located in Europe and Latin America.

Scania has approximately 37,500 employees. Of these, some 16,000 work with sales and services in Scania's own subsidiaries worldwide. About 12,400 people work at production units in seven countries and regional product centres in six emerging markets.

Scania's Head Office is located in Södertälje, Sweden, where a total of 5,800 people work with sales as well as administrative and other tasks. Also in Södertälje are Scania's research and development operations, with about 3,300 employees.

Scania's central purchasing department in Södertälje is supplemented by local procurement offices in Poland, the Czech Republic, the United States, China and Russia.

Sales and deliveries by region, 2011



SALES AND SERVICES

REGIONAL PRODUCT CENTRE

PRODUCTION

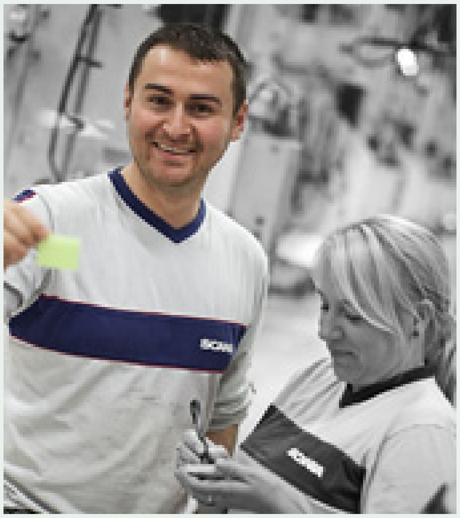
RESEARCH AND DEVELOPMENT

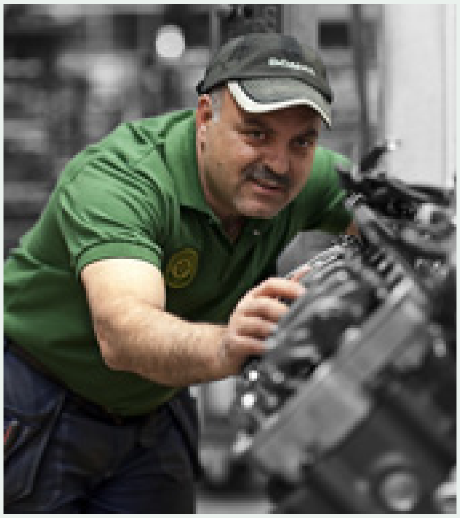
Scania's strategic platform

Scania's objective is provide the best profitability for its customers throughout the product life cycle by delivering optimised heavy trucks and buses, engines and services – thereby becoming the leading company in its industry. Scania's operations are based on the company's core values, its focus on working methods and dedicated employees.

Core values

Scania's core values permeate its entire corporate culture and influence its day-to-day work. Customer first, respect for the individual and quality are closely linked and are applied as a unified concept. These core values are the point of departure for all business development.





Customer first

Through good knowledge of its customers' business operations and conditions, Scania delivers solutions that contribute to customer profitability by means of high earning capacity and low operating costs, while promoting a sustainable environment. The customer's operations are at the centre of the entire value chain: from research and development via procurement and production, to sales, financing and delivery of services.

Respect for the individual

Respect for the individual means recognising and utilising each employee's knowledge, experience and ambition in order to continuously improve and develop working methods. Inspiration and new ideas are born out of day-to-day operations. This helps ensure higher quality, efficiency and job satisfaction.

Quality

High profitability for the customer throughout the product life cycle depends on delivery of high-quality solutions from Scania. Through good knowledge of customers' needs, Scania can continuously improve the quality of its products and services. Elimination of all forms of waste is the way Scania can ensure that all deliveries meet the expectations of demanding customers. Deviations from targets and standards are used as a valuable source of continuous improvement in Scania's processes.

A focus on the customer and sustainability

Market and customer expectations are constantly changing and Scania must continuously review its strategies. Six times a year, the Executive Board of Scania holds meetings specially aimed at refining the company's strategy and business model based on a global perspective.

Leif Östling: Our overall strategy is crystal-clear: to strengthen the customer's profitability through optimised transport solutions. To succeed with this, we must understand our customers' day-to-day operations.

Together, we Executive Board members have the competency in all the relevant fields to make decisions on matters of a long-term, strategic nature. Our collective decisions clearly show the direction we are heading in, so that all employees throughout the organisation have the right preconditions and support for their work.

Changes and new challenges in the transport sector are constantly imposing new demands on Scania. In-depth knowledge of customers and their operations is thus crucial.

Per Hallberg: We have to begin at the right point – in the research stage – and ensure that our processes flow more effectively right from there, in order to minimise lead times from idea to finished product. Knowledge of our customers' operations is not enough. We also need to understand how our customers' customers think and act.

The competition is unrelenting and will remain that way. And we will stay in the forefront. This is why we need the highest possible quality in all product development for our vehicles, engines and services. Quality is vital if we are to continue elevating Scania to higher levels.

Quality is one of Scania's core values and is crucial in order to maximise the time a vehicle is performing transport work for its owner, thereby creating the potential for good profitability.

Anders Nielsen: For many customers, vehicle reliability is increasingly critical to profitability. All vehicles we manufacture must maintain the same high quality. The right vehicle for each transport task is the basis for the customer's profitability, and we have to be capable of producing a large number of different variants in order to meet all customer demands. The key is to work more efficiently, since efficiency and quality go hand in hand. We are now taking further steps in our systematic efforts to ensure continuous improvements, in order to make our production system even more efficient.

The Scania brand evolves in response to new customer demands. The brand is of direct importance not only to Scania, but also to its customers and its customers' customers.

Martin Lundstedt: We have a strong brand, and our vehicles have a good reputation in terms of quality and performance. Scania should stand for more than a good vehicle – Scania should deliver profitable transport solutions. We do this by becoming more involved in the customer's business. We deliver not only a vehicle, but a comprehensive solution including services that strongly contribute to customer profitability. This is partly a matter of thinking in new ways, focusing on the logic of the customer's industry and specific situation. It is a major challenge to fully implement.

Today we already have customers who set clear environmental targets, both internally and in relation to consumers. Understanding these targets, we can more easily arrive at a comprehensive solution that leads to lower fuel consumption and thus lower carbon dioxide emissions. Greater focus on fuel costs, vehicle uptime and emissions not only helps reduce environmental impact but also directly benefits the customer's business. This is the Scania brand.

"Our overall strategy is crystal-clear: to strengthen the customer's profitability through optimised transport solutions.

Leif Östling, President and CEO

The change in customers' needs towards encompassing complete transport solutions places great demands on Scania's service operations.

Christian Levin: We see that customers are making new, much more detailed demands. We must respond to this, among other things by spending even more time on meetings with customers in order to understand their business. We also have to offer more services based on customer needs. This presupposes broader expertise and greater knowledge of customers' business and operations in our sales and service organisation.

Today vehicle uptime is incredibly important to customers. In response, we can offer shorter repair times and increase our ability to quickly service the customer's entire rig, not just the parts of the truck or bus that Scania manufactured. Our continuous improvement efforts will enable us to achieve this with reasonable investments. The number of Scania vehicles on the roads is steadily growing. We must constantly become more efficient, both in the sales process and in our service workshops.

Road transport services will be a major element of transport systems in the future, and a growing number of markets will demand efficient transport solutions.

Martin Lundstedt: There are several long-term trends that, in our judgement, will increase demand for Scania vehicles, engines and services. The trend towards more energy-efficiency and higher uptime is also being driven by increased demands on transport services for both people and goods. This is why Europe, our main market, will continue to grow in the long term. There is great potential for growth in Eurasia, and Latin America is facing large infrastructure investments. In Asia, Africa and Oceania, there is an increasing focus on profitability throughout the service life of a vehicle, and demand is becoming increasingly similar to the European market.

Scania has to be capable of delivering individually tailored, comprehensive solutions that contribute to the customer's business. Our strategy is clear. Scania's business model and brand are identical in all markets. At the next peak in demand, we foresee the potential for 150,000 vehicles and 15,000 engines per year. Given more in-depth collaboration with customers, this will continue to drive the volume of related services.

Jan Ytterberg: We have been successful by following our customers as they have expanded their operations. To remain a long-term partner we have to achieve growth, at the same time as our owners must receive a good return. By growing within our existing structure, based on continuous improvements, we will have good potential to continue building more vehicles with improved profitability.

Meanwhile we face ever-increasing demands for flexibility. In recent years, we have had major turbulence in the world economy and in the financial markets, which has led to rapid changes in the economic situation. We will have to become accustomed to this, but we are prepared for it and can benefit from all the lessons we learned during the sharp downturn of 2008/2009.

Martin Lundstedt, Executive Vice President, Franchise and Factory Sales

"We deliver not only a vehicle, but a comprehensive solution including services that strongly contribute to customer profitability.

Christian Levin, Executive Vice President, Sales and Services Management

"The number of Scania vehicles on the roads is steadily growing. We must constantly become more efficient, both in the sales process and in our service workshops.

Per Hallberg, Executive Vice President, Research and Development, Purchasing

As a leading player in the transport sector, Scania has an important role in efforts to generate long-term value and contribute solutions to the challenges faced by society. Scania works actively to minimise both its resource consumption and the environmental impact of its products.

Anders Nielsen: Scania's environmental work is proactive and based on a life cycle perspective, from supplier to end-of-life treatment. First, of course, we have our own operations. We are constantly working to lower our use of energy and other resources.

When we invest in new production capacity, we must use the best possible technology, but it is also a matter of being able to produce more vehicles per employee. By manufacturing more vehicles without increasing the area of our production units and the number of employees, we become more resource-efficient.

Per Hallberg: Scania has an important role to play in reducing carbon dioxide emissions. We are thus working in a number of areas to reduce climate impact – for example through engine technology, aerodynamics and renewable fuels – and we are also improving our services, which has similar effects.

In addition to our customers' demands for low fuel consumption we also have our vision for 2020: that the carbon dioxide emissions related to completing a given transport task should be halved compared to the year 2000. Here the vehicle plays an important role, of course, but so does the driver. Our own haulage company, the Scania Transport Laboratory, enables us to evaluate vehicle properties and performance, but also test and practice the use of various driver support systems. The results are leading to new services that back up drivers in their day-to-day work in terms of safety, profitability, efficiency and the environment.

Even today, Scania can make a big difference by offering its customers solutions that boost their profitability and reduce their environmental impact.

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Martin Lundstedt: One example of this is our “green” solution, Ecolution by Scania, which was developed together with customers in Sweden. Ecolution by Scania is a package of products and services specially adapted to the needs of a given customer's operations. Through vehicle optimisation, driver training and coaching and a specially adapted programme of regular maintenance, fuel consumption and thus carbon dioxide emissions can be reduced substantially. Climate impact can be reduced further by using renewable fuels. It also makes a major contribution to society, here and now.

Safe, efficient and easily accessible public transport helps reduce environmental impact, while enabling people to enjoy a more efficient everyday life. To a growing extent, Scania delivers buses to bus systems for which we also assume responsibility for all servicing.

Martin Lundstedt: Many fast-growing cities have realised the advantages of building efficient bus systems that simplify people's everyday lives and encourage a shift of passenger traffic from cars to buses. This will greatly reduce both congestion and environmental impact, which is true even if the buses run on fossil fuels.

Bus systems are a good example of how the needs of our customers encompass more than vehicles alone. It is a matter of services, workshops, parts and so on. We have to make sure that together with operators and other players, we have the expertise related to these systems that enables us to provide a genuinely attractive solution for passengers. That will make public transport a genuinely important element of future urban development.

Christian Levin: In many markets, we have an extensive service network. That is a clear advantage when we discuss bus system solutions. It is also of interest here that we can station our service technicians in the customer's workshop or completely take care of the customer's vehicle service needs. City bus traffic is highly demanding and wearing on vehicles, so the buses require access to service and parts round the clock.

Martin Lundstedt: During 2011 we launched the new Scania Citywide bus series. These are city buses built entirely out of aluminium. The body sections are modularised so the buses can be adapted to the customer's operations.

The aluminium body saves weight, and the body panels are easy to repair. This reduces environmental impact and improves the bus company's operating economy and vehicle uptime.

A responsible, sustainable approach is part of Scania's day-to-day work – both inside and outside the company. It is essential if the company is to be competitive in the long term.

Anders Nielsen: At Scania, for two decades now, we have seen the positive effects on our employees when they assume greater responsibility for improving and boosting the efficiency of their own work. High healthy attendance and motivated employees are central elements of the Scania Production System and are essential for good growth.

Christian Levin: And now we have embarked on the same journey in the sales and service organisation. We can see the results in many places. It is a matter of keeping in mind – right from the pre-production engineering stage – that a vehicle should be easy to service and maintain. This means less wear on our employees and it increases their efficiency, which is also good for our customers.

Anders Nielsen: To further strengthen its sustainability work, during 2011 Scania established a cross-functional decision making forum for safety, health and environment, the SHE Council, which includes four members of the Executive Board. This new structure will enable us to achieve further progress and ensure that Scania is a sustainable organisation, by means of consensus and a coordinated approach in all our areas of operation. We have a major challenge ahead of us, for example to persuade all our employees to think in terms of safety. During the year, we intensified our efforts, for example with regard to preparing and training new managers.

Per Hallberg: Scania has a large number of suppliers. We know that ensuring good conditions for the employees in these companies goes hand in hand with good quality for our products and services. We make demands of our suppliers, both regarding environmental and working conditions. We work closely with them and back them up in various ways. Among other things, we offer training in our leadership model, with continuous improvements and evaluations according to Scania's rating systems.

Sustainable development is also a matter of monitoring and evaluating operations.

Jan Ytterberg: A responsible approach to our economic, social and environmental impact includes actually following up the instructions that we give to our managers. In this way, we can ensure that our operations are in line with our values. This follow-up includes monitoring health-related statistics and environmental factors, aside from the classic financial key figures. We are refining our Scania Blue Rating monitoring system and improving the quality of the data that we gather.

We are also clarifying our internal management systems when it comes to corruption and anti-competitive behaviour issues. For many years, we have also monitored our sub-contractors from a quality and financial perspective. Here, too, we are broadening our cooperation.

To enjoy the confidence of all our target groups, it is important for us to be transparent about the results of our work, not only our finances.

Anders Nielsen, Executive Vice President, Production and Logistics

"The key is to work more efficiently, since efficiency and quality go hand in hand.

"To enjoy the confidence of all our target groups, it is important for us to be transparent about the results of our work, not only our finances.

Jan Ytterberg, Chief Financial Officer (CFO)


ZOELLER
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Profitable business through customised solutions

Scania works closely with customers to enable them to perform their transport tasks optimally, from both economic and environmental perspectives. Through a good knowledge of customers and their operations, Scania designs customised vehicle and service solutions and thereby contributes to their profitability. The hub is Scania's modular product system, which also plays a key role in ensuring an efficient, profitable Scania.

Scania is traditionally associated with its products – trucks, buses and engines. Defining exactly the right product for the customer's tasks is a fundamental element of the company's operations. However, Scania increasingly focuses on designing a comprehensive solution together with the customer.

The right products are profitable

Correct product specification is the hub of Scania's business. Through Scania's modular product system, various customer wishes – as well as new environmental requirements – can quickly be met, without expanding the number of parts included in its in vehicles proportionately.

The modular system is an effective method for optimising customer vehicles. Meanwhile the concept contributes to short lead times, high quality and less downtime, more efficient servicing and a smaller number of parts in stock.

Scania's modular system also maximises the number of vehicle variants, while minimising the number of components. This lowers Scania's research, development, production and servicing costs. Quality is high and production series are longer, which is cost-effective both for customers and for Scania.

Services support the customer's business

A deep knowledge of customers' operations is also fundamental to Scania's service-related products. Scania endeavours to build long-term relationships with its customers and is dedicated all the way to the customer's business – from specifying the best-suited vehicle to providing the best servicing and support in day-to-day transport work.

Scania's service workshops are one of its most important points of contact with customers. They are strategically located near transport arteries and logistics centres in order to ensure high uptime. Through continuous advice and regular, professional servicing at Scania, customers can minimise downtime. Maintenance and repairs are available 24 hours a day. Scania also offers mobile workshops that satisfy servicing needs and field workshops that are integrated with customer operations, for example at mines.

Scania's range of services is organised in modules, where customers may choose a single service or a customised package of services. For customers with strict demands, Scania has designed the Ecolution by Scania concept, in which the vehicle is specified in detail, for example to deliver the best fuel efficiency and environmental qualities. The service element of Ecolution by Scania includes maintenance and repair agreements, roadside assistance, driver training, driver support and Fleet Management, financing and follow-up.

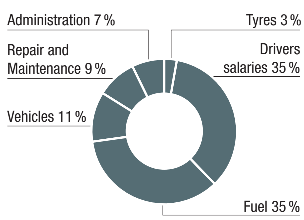
A focus on customer profitability

For a European long-haulage company, about 70 percent of costs are related to driver salaries and fuel. The company's profitability thus depends largely on the driver's proficiency, which in turn may be connected to his salary. A knowledge of the customer's business enables Scania to deliver the right product, backed up by services that provide reliability and high uptime – a comprehensive solution that boosts the customer's earning capacity.

Higher revenue

- The right vehicle for the right task
- High uptime
- Fast repairs
- Attractive to the driver

Customer costs



Reduced costs

- Low fuel consumption
- Driver training
- Effective financing
- Long service life and high resale value

Scania's modular system

Scania's modular product system has been built up over several decades. It enables Scania to provide individual specifications for each customer with a limited number of components in its product range. The modular system means that different customer wishes can quickly be met without expanding the number of parts included in its vehicles proportionately.

Standardisation of interfaces

Modularisation is based on standardisation of the interfaces – connection points – between component series to ensure that they fit together in different combinations.

These interfaces are designed in such a way that they do not change over time. This makes it possible to install new components with improved product performance without any need to change the surrounding components.

Same need, identical solution

Customer needs may be the same as regards specific components despite different applications, in which case Scania uses the principle "same need, identical solution". A large percentage of the components in a bus are shared with a truck. The shortest truck cab variant may be needed in order to maximise cargo capacity both in light distribution service and in a heavy tipper truck operating in a mine. A powerful, high-torque engine may satisfy the need for maximum tractive power in a demanding operation or for maintaining a uniform speed during long highway journeys.

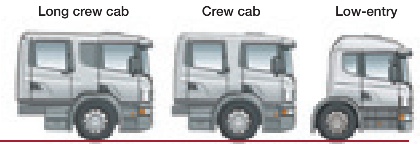
Components based on performance needs

Together with the customer, the Scania sales person specifies components with the right performance steps. Examples of performance steps are different cab sizes, engine output steps, frame strengths and number of axles.

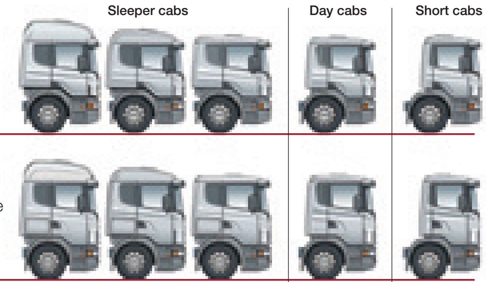
The factors that influence the customer's profitability vary, depending on the customer's operations and transport task. A truck transporting timber in the Nordic region drives up to 200,000 km per year under difficult conditions, especially in winter. The engine also powers a crane while the vehicle is standing still during loading and unloading, which puts a heavy strain on the engine. Different capabilities are required in a vehicle operating in a hot climate at Brazilian sugar cane plantations, with a gross combination weight of 120 tonnes.

The truck and bus variants built are continuously evaluated, enabling Scania to have the smallest possible number of parts and the largest possible selection of variants in its product portfolio.

Trucks

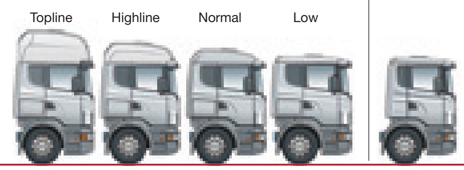


P-SERIES
Scania's P-series featuring a low-mounted cab is mainly used for distribution and construction haulage. The P-series is also the base for Scania's low-entry and crew cabs.



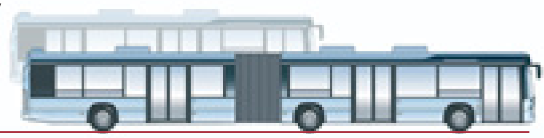
G-SERIES
Scania's G-series is a versatile model featuring a spacious cab for long-haulage and construction haulage and with more powerful engines than the P-series.

R-SERIES
When equipped with a V8 engine, the R-series provides the highest performance and has become a legend in the road transport business.

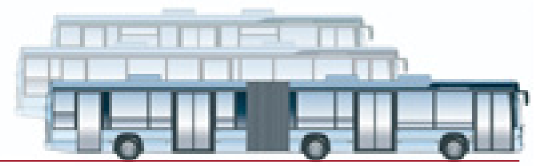


Buses and Coaches

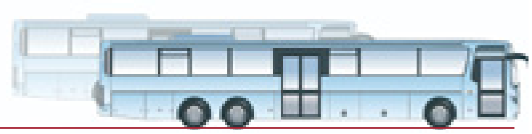
SCANIA CITYWIDE LF
All Scania Citywide models are based on the same range of body modules. The low-floor LF version is available with two axles or articulated.



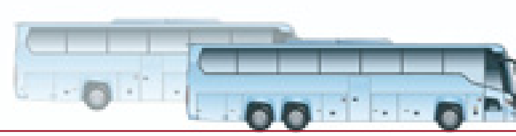
SCANIA CITYWIDE LE
The low-entry LE version has a low floor in the front section and can be specified in several lengths with two or three axles or articulated.



SCANIA OMNIEXPRESS
An exceptionally flexible modular design offered with two or three axles and lengths in 10 cm steps from 11 to 15 metres, as well as in three optional heights.

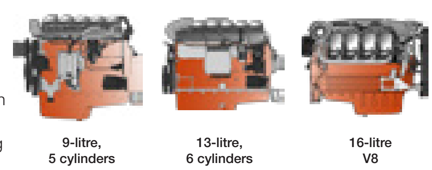


SCANIA TOURING
The modularised Scania Touring high-decker coach is available with two or three axles.



Scania Engines

Scania's industrial and marine engines are based entirely on the corresponding vehicle engines. All business areas benefit from common development work, which also includes auxiliary equipment such as engine management, cooling systems, fuel injection and exhaust treatment.



Component modularisation

The wide range of choices available to customers is achieved through the design of the interfaces between different components. Each interface is very precisely defined to allow the greatest possible flexibility when components are combined into the correct performance steps in the vehicle.

Cabs

Scania's cabs are strongly modularised, with a common frame and common outer panels. Cabs are fitted at different heights to suit different applications.

With three roof heights for the P- and G-series and four for the R-series, customers have ample opportunities to optimise space and comfort in the cab.

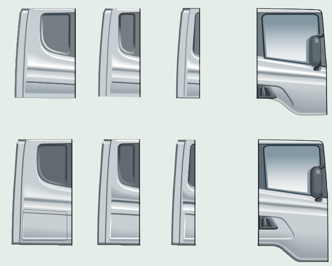
P-series G-series R-series

Doors and sidewalls

Between the front and rear wall, which are the same in all cab series, is the same door structure (different heights) and modularised side panels (different heights and lengths). The windscreen is the same on all cabs. A few door and sidewall variants cover the entire cab range.

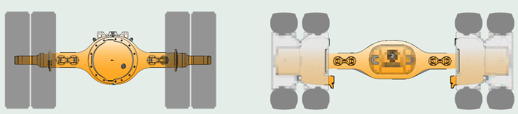
P-series

G-series
R-series



Axles

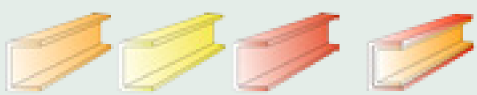
Driven, steered and live beam axles are part of Scania's modularised range, which is used in various combinations in 2- and 3-axle trucks and buses, as well as in 4- and 5-axle trucks, tandem bogies etc. Some driven axles are available with hub reduction and can also be utilised as driven front axles.



Single-reduction axle Axle with hub reduction

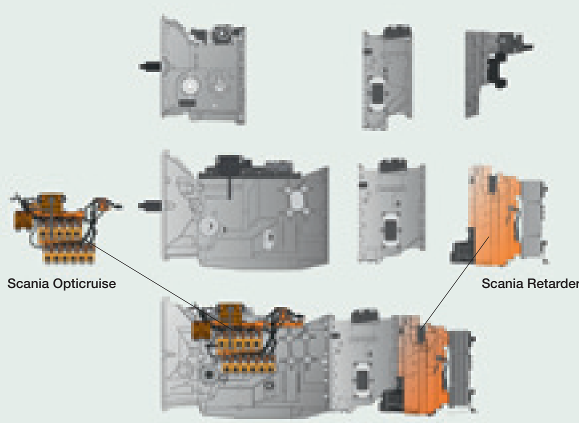
Frames

Frames are manufactured in several strength classes, the most rugged with an inner frame to handle extra heavy loads.



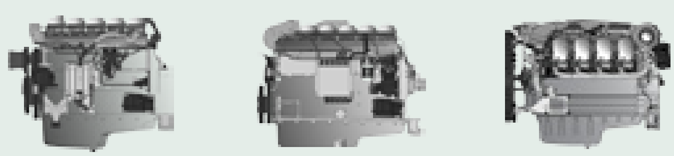
Gearboxes

With two main gearboxes in combination with range and splitter units, Scania covers the need for haulage ranging from 16 tonnes to 200 tonnes gross train weight. Gearboxes are available with manual or automated gearchanging (Scania Opticruise) and can be ordered with an integrated Scania Retarder.



Engines

Scania's engine range is based on three engine series featuring five, six or eight cylinders, with the cylinder and related components sharing a common design. This means that engine development work can focus on optimising the combustion in one cylinder, which is used in all engines. The basic design of these engines is very similar and they share many parts and components, radically reducing the number of unique parts that are included.



9-litre, 5 cylinders 13-litre, 6 cylinders 16-litre V8

Many engine components are common to the entire engine range, regardless of the number of cylinders.


SCANIA

Methods for sustainable profitability

One core element of Scania's strategy is involving its employees, who take responsibility for boosting efficiency and for making improvements. Scania encourages a holistic perspective through cross-functional (interdepartmental) groups and other methods that provide the basis for high productivity, the best possible quality and healthier employees.

Scania has worked to involve its employees in continuous improvements efforts since the early 1990s. Good experience of these efforts at production units, including higher healthy attendance, lower employee turnover, higher quality and less waste of resources, has led to the application of similar principles in administration and the sales and service organisation as well as in research and development.

Improvement activities are driven by Scania's employees, with the support of managers and Group executives. There is a strong emphasis on working methods instead of traditional earnings targets. The focus is cutting lead times and boosting flexibility by eliminating waste of time and resources.

Visualisation makes cross-functional improvement work easier.

Cross-functional working method

An important part of efficiency improvement work occurs in cross-functional (interdepartmental) groups. Representatives from research and development, production, purchasing, sales and services cooperate in these groups. All employees are aware of the value of their delivery to the next stage in the work flow, reducing the risk of waste, ensuring quality at an early stage and shortening lead times to customers for both new products and services.

While ensuring that the need for specialised expertise is met, Scania encourages its employees to change work duties within different areas of the company in order to gain a holistic perspective on its operations.

Everyone is responsible for improvements

Involving all employees is at the core of efforts to improve efficiency. Time to work with continuous improvements is part of normal operations. This has led to a way of thinking that is very important for the development of Scania's employees and organisation. A large proportion of improvement efforts has shifted from staff and management levels to the individual employee.

Identifying and eliminating deviations

Scania's working methods are described in "standards". Employees are encouraged to find deviations from the standard described which disrupt or prevent operations from working optimally. Deviations must not be sent onward, either internally or to the customer. By finding deviations, it is possible to test and evaluate new solutions, which later lead to a new standard. When a new solution has been introduced at a unit, it is spread methodically to other units in the global Scania organisation.

Steady productivity and quality improvements

Continuous efforts to identify deviations and improve methods and processes occur according to various concepts adapted to the different branches of operations. These are the Scania Production System (SPS) at production units, the Scania Retail System (SRS) in the sales and service organisation and R&D Factory at research and development units.

Continuous improvements are crucial in order for Scania to grow in a capital-efficient manner. With limited investments, it is possible to sell more products and services, build more vehicles, serve a larger number of customers more quickly and develop more products, without equally large growth in the workforce, resources or need for premises.

Established working methods are of crucial importance to Scania's ability to continuously improve its productivity and quality and thereby grow within its existing structure.

The right solution for each transport task

To ensure good customer profitability, Scania must deliver a truck that is optimised for each transport task. Scania also supports the customer's business by providing various services and thereby contributing to sustainable profitability.

Scania's customers work in long-distance haulage and distribution; transport services in the forest product, construction, commodity and mining industries; and public services. Each customer is unique and requires individual solutions.

Low fuel consumption a priority in road transport

Fuel accounts for a large part of the customer's road transport costs. Recruiting and retaining skilled drivers is vital in enabling transport companies to influence fuel consumption and thus their profitability.

Recurrent driver training is important for reducing fuel consumption and unplanned repairs and also for improving road safety.

Scania continually develops its driver support systems and during 2011 unveiled a new cruise control system – Scania Active Prediction – which adapts vehicle speed to save as much fuel as possible, using GPS and topographical data.

New fuel-efficient Euro 6 engines

Scania has always been at the leading edge as regards low fuel consumption.

Euro 6 is the name of the new European Union emission standard that goes into effect on 31 December 2013. One challenge has been to meet stringent emission requirements without increasing fuel consumption.

Scania's de facto success with the Euro 6 engines has been demonstrated, among other ways, in tests documented by the truck trade press. Fuel consumption in Scania's Euro 6 engines has been unchanged compared to Euro 5 engines, while performance has been comparable or better.

Starting in 2011, Scania has sold vehicles with Euro 6 engines to customers that prioritise the environment. This gives customers the opportunity to plan investments and also take advantage of any incentives offered by public authorities to haulage firms that choose to change over to Euro 6 performance at an early stage.

Major investment in construction vehicles

Cargo capacity, robustness and mobility are important parameters for trucks in the construction and mining sectors. Demanding conditions and the need for continual vehicle uptime require swift access to service and repairs.

Scania is strenghtening its position in the mining industry. The new Off-road truck series is intended for very demanding operating conditions, for example in mines. Scania trucks are a flexible alternative to traditional heavier dumpers in mines – mainly due to their lower investment, fuel and maintenance costs.

By having mobile or stationary workshops, Scania can perform service and repairs at the customer site in order to maximise uptime.

Keener competitiveness in distribution

Low fuel consumption, good manoeuvrability and environmental performance are important factors in vehicles for transport tasks in cities and towns. Scania also strives to minimise the noise level from its vehicles, since this is important to customers that provide services in the distribution segment.

There is increasing interest in alternative fuels for urban traffic, and Scania offers engines that run on all the alternative fuels available today.

Strong position in special-purpose vehicles

Scania has a strong position as a supplier of products for public services such as rescue, fire-fighting, cleaning and waste management. There is an ever-increasing need for vehicles that are exactly specified for their task. Reliability and robustness are also of great importance here. In this segment, too, the demand for vehicles that run on renewable fuels is increasing significantly.

Used vehicles a core business

For Scania, used trucks are a strategic part of the business, both because of actual vehicle sales and the opportunity to provide continued service at Scania workshops.

A used Scania truck is a premium product, and its condition is important for the Scania brand. Scania thus manages used vehicles in a systematic way: from trade-in, reconditioning and technical upgrading, for example, with regard to environmental performance – which is made easier by the Scania modular system – to warranties for the new owner. In this way, the customer can feel secure when investing in a used Scania vehicle.

Short-term rental business is growing

To increase the customer's flexibility, for example by providing greater capacity during peak working periods, Scania engages in short-term truck rentals. Rental operations are now being established in additional markets and include tractor units for use with trailers as well as trucks with bodywork.

Cooperation means greater efficiency

Post-Kogeko is a Dutch all-round provider of logistics services with 30 years experience in conditioned food logistics. The company has 700 employees and its fleet consists of 350 trucks and 400 trailers.

The company's profitability depends on being able to optimise flows, achieve a high load factor, maximise the number of orders per stop, avoid load damage and minimise fuel consumption.

Post-Kogeko has a central planning department to obtain the best flows. The Scania Fleet Management service offers the company continual information via e-mail or a web portal about vehicle and driver performance as well as vehicle positions.

Safer, more efficient drivers

Post-Kogeko cooperates with Scania in a comprehensive programme for drivers, which includes training, continuous coaching and driver support. Each driver has a development plan which is followed up regularly.

Rapid results

Since expanded cooperation with Scania began in early 2010, Post-Kogeko has been able to save about 4 percent in fuel, and downtime has fallen from 27 to 17 percent. Awareness among drivers and throughout the company about the importance of efficiency, fuel economy and carbon dioxide emissions has increased significantly.

Wholesaler with ambitious climate targets

The Norwegian wholesaler ASKO has the ambition of being Norway's most customer-oriented, efficient logistics company. ASKO assumes responsibility for the complete flow of goods from producer to consumer in the convenience goods trade. The company wants to be the best in its industry in Norway when it comes to environmental matters. A high load factor and the shortest possible driving distance are critical factors for achieving this.

Every day almost 600 trucks carry goods to ASKO and to ASKO's customers. The company has a fleet of trucks that meet high standards. It imposes strict demands as regards technology and environmental characteristics.

Clear environmental goals

ASKO's ambition is to be climate neutral. Its environmental targets are to reduce energy consumption by 20 percent and carbon dioxide emissions from its haulage services by 50 percent from 2008 to 2014. At-source sorting of 90 percent of the company's waste shall also be achieved by 2014.

Partnership with Scania

One important reason why ASKO chose Scania as its overall truck supplier was the strong network of Scania workshops throughout Norway. Another key factor was that Scania can deliver complete transport equipment including bodywork.

A winning concept

This partnership has helped to ensure that ASKO is well on the way to achieving its environmental targets. It has also provided ASKO with higher vehicle uptime, a newer fleet, easier administration of its haulage services and standardisation of equipment – factors that translate to high efficiency in transport work.

Effective overall solution supports logistics

HAVI Logistics is a Lead Logistics Provider for the European food service industry. The company has about fifty distribution centres in Europe and its head office in Germany. Scania delivers complete vehicles to HAVI Logistics including trucks and bodywork and provides service for the entire rig.

HAVI Logistics offers its customers flexible, integrated overall solutions covering the entire supply chain. The company has 5,400 employees and about 650 trucks. Customers serviced by HAVI Logistics' Scania vehicles include McDonalds, OMV, Vapiano and Coffeeheaven.

Long-term relationship with Scania

The relationship between HAVI Logistics and Scania goes back many years and has intensified in recent years as Scania has extended its range of products and services.

From HAVI Logistics' perspective, it is efficient that Scania can deliver trucks or tractor units as well as trailers and cooling units. Because Scania assumes overall responsibility for servicing entire rigs, HAVI Logistics can concentrate on its main task, logistics. For example, Scania operates a workshop in Warsaw which focuses exclusively on serving HAVI Logistics' vehicles.

Since its founding in 1981, the company has pursued ambitious environmental goals. Its partnership with Scania has resulted in reduced costs as well as lower carbon dioxide emissions.

Close working relationship ensures high uptime

Vale is a Brazilian mining company with worldwide operations and more than 100,000 employees. Production mainly consists of iron ore and nickel.

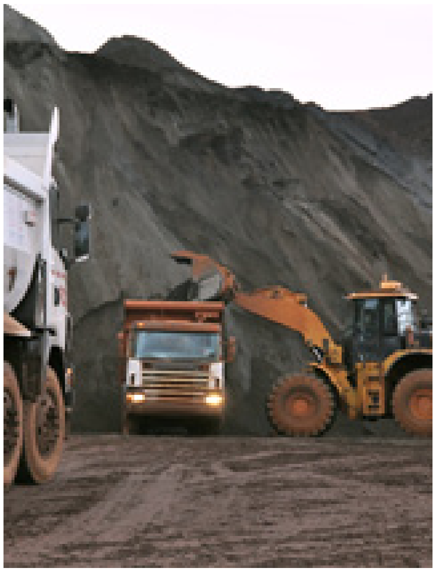
Vale is a Scania customer that prioritises a close working relationship and cooperation with its sub-contractors in many areas. This long-term relationship enables Scania to become familiar with how Vale works and to propose effective solutions. The partnership provides Scania with information about the trucks' operational performance. The parties can exchange ideas about product improvements and how the products should be used optimally.

Contributing to development work

Scania conducts field tests at Vale's mines as part of its product development work. Operational deviations are jointly analysed with the customer so that products can be updated.

Service on site

Scania's presence at Vale's mines makes it possible to provide tailor-made maintenance and parts supply and immediate support in the event of faults or downtime. Service can be performed swiftly and efficiently, which together with a driver training programme helps the customer achieve high vehicle uptime.



Great potential in the bus and coach market

The demand for efficient, sustainable passenger transport is increasing, especially in the rapidly growing cities of emerging market regions. To a growing extent, Scania is a supplier of comprehensive solutions that include buses and coaches as well as various service packages. Scania also participates in the planning of entire transport systems.

Scania delivers buses and bus chassis with high passenger capacity for use as tourist coaches and in scheduled intercity and urban traffic.

Scania's modular system means that a large percentage of the components in buses and coaches are shared with trucks. This creates major synergies in development, production, parts supply and servicing.

Great potential in urban traffic

Investments in public transport systems are increasing as cities around the world seek sustainable solutions to their often acute traffic problems. Buses and bus systems play a key role in transporting passengers in an efficient, flexible, safe, environmentally responsible way.

Good passenger capacity, fuel efficiency, reliability and environmental performance are important requirements in urban traffic. During 2011, the new Scania Citywide urban and suburban bus series was launched, offering very efficient passenger throughput and a high standard of comfort.

Modern and efficient bus systems

More and more large cities are building systems for more efficient bus transport. One example is Bus Rapid Transit (BRT) systems, with dedicated bus lanes that shorten journey times and substantially improve efficiency in public transport systems. It is also possible to adapt the BRT concept for cities and regions outside of mega-cities, and a number of bus systems are now starting to be built in Europe.

Scania has delivered buses and services to such bus systems in Australia, Mexico, South Africa and several countries in South America, among others.

Sophisticated intercity and tourist coaches

Good fuel economy, driveability, uptime and high passenger safety standards are key factors for companies that operate tourist traffic. Demands from passengers for a high level of comfort and good communication equipment are becoming more advanced.

In order to provide the highest possible reliability and uptime, Scania's strategy is to deliver comprehensive solutions. For example, the company has established close cooperation with a number of bodybuilders in order to offer customers fully built buses where the chassis and body are completely integrated. Scania's cooperation with the Chinese company Higer represents a cost-effective solution, since Higer builds and

assembles the bodies for the Scania Touring coach model in China. The quality standards are the same as at Scania's production units, and Scania takes responsibility for all servicing of these coaches.

The increasingly advanced technology in buses and coaches requires professional servicing. Scania's extensive service network plays a key role in ensuring that bus operators achieve high uptime.

Greater interest in renewable fuels

The need for sustainable transport systems is increasing and so is demand for vehicles that run on non-fossil fuels. Demand for buses that run on biofuels is no longer limited to northern Europe. For example, during 2011, Scania delivered about fifty ethanol buses to Brazil.

In the mid-1980s, Scania was a pioneer in ethanol-powered buses. Since then the company has delivered 800 units to the public transport system in Stockholm, Sweden, for example. In 1980, Scania delivered the first gas-powered buses.

In 2010, Scania became the first manufacturer to offer buses that can be run on all of the three renewable fuels that are widely used today – ethanol, biogas and biodiesel.

Flexible, efficient bus systems

Bus Rapid Transit (BRT) systems are a form of urban public transport employing buses that are supported by an infrastructure similar to that of a light-rail or tram system.

Because of their dedicated lanes, right of way at crossings, better stations, ticketing outside the buses and other features, BRT systems offer substantially higher efficiency and average speeds.

The transport capacity of a BRT system can match that of a light-rail or tram system, but at significantly lower civil construction, vehicle procurement and operating costs.

Speed and quality

EBS Public Transportation operates bus transport services and in early 2011 won the tender for bus traffic in Waterland, an area north of Amsterdam. Since this service would commence as soon as 11 December, the time for preparation was extremely brief. In March 2011, EBS awarded Scania Benelux a contract to deliver the buses.

The order, which totalled 211 vehicles, represented a major challenge for Scania due to the very tight delivery time. The buses were bodyworked at Scania's facility in Poland and at the production unit of Scania's partner Higer in China. They had to be fitted out with accessories and quality-assured prior to delivery.

Scania has an extensive workshop network in the Netherlands which, however, did not have the capacity for this assignment. A temporary workshop was therefore established.

Efficiency from the start

By fully using Scania's standardised working methods according to the Scania Retail System (SRS), the team at the facility immediately succeeded in reaching the productivity necessary to meet the challenging timetable – helped by lessons from other Scania workshops.

Comprehensive commitment

Scania landed the order not only because of its guarantee that all buses would be in service on 11 December but also because it provided a complete package of financing, insurance, parts and servicing of the Waterland buses.

Customised solutions in Mexico

Grupo Estrella Blanca is one of the largest bus and coach operators in Mexico. With its large fleet of 5,000 buses and coaches, Estrella Blanca needs effective systems for traffic management and vehicle maintenance.

With operations spread over almost all of Mexico, Estrella Blanca previously had no central department for planning of bus fleet maintenance. This was handled by each unit separately, which led to high costs and uneven vehicle quality.

Three-stage solution

Scania's three-stage solution – completed in 2007, 2009 and 2011 – involved upgrading the entire maintenance organisation through measures such as training of service technicians and drivers, more efficient parts management and establishment of Scania workshops at customer facilities.

Operational control

Scania Fleet Management plays a key role in this partnership. A web portal gathers, analyses and reports real-time information about Estrella Blanca's vehicles and how they are being driven. In this way, the company monitors costs, avoids unplanned downtime and can schedule servicing that disrupts operations as little as possible.

Basis for increased profitability

From Estrella Blanca's perspective, its partnership with Scania has created potential for higher profitability, since maintenance costs have become more manageable, there is better monitoring of operations, servicing has been tailored to its operations and fuel consumption has fallen significantly.

100 years of innovation

In 2011, Scania's bus and coach operations celebrated their 100th anniversary. Scania's bus and coach operations have always been characterised by an intrinsic innovative capability. Customised solutions fully supported in the market have always been essential in building durable relationships with bus and coach customers all over the world. This was true even 100 years ago, and perhaps is even more important today considering the challenges that the entire transport industry is facing when it comes to developing efficient and sustainable transport solutions.

During the 1930s, buses dominated Scania-Vabis sales. After the Second World War, Scania-Vabis aimed to establish the make in markets outside Sweden's borders. The Nordic countries were close at hand, but sales also began in continental Europe and in Brazil.

Later technological milestones were the Metropol and Capitol buses from the early 1950s, based on a bus concept from U.S.-based Mack. The buses departed from European tradition by virtue of their U.S. design and rear-mounted engines.

”The silent bus”, launched in 1971, featured a radical approach for reducing the outside noise level to 77 dBA, which even 40 years later lies within the standards required by legislation.

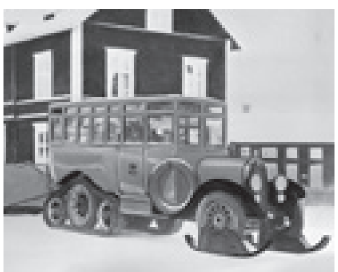
In the early 1980s, Scania implemented a far-reaching modularisation. More and more components could be utilised in both buses and trucks.

Scania's ethanol buses were developed in the second half of the 1980s in collaboration with the Greater Stockholm Public Transport Company Limited (Storstockholms Lokaltrafik), which gradually expanded its ethanol bus fleet. Meanwhile the buses were also sold to other countries, including Brazil.

Over a 20-year period, Scania has tested a number of hybrid concepts. The latest of these, featuring an ethanol engine, also went into commercial service in Greater Stockholm. One of the hybrid buses was a visionary concept that demonstrated how transport operators can further boost the attractiveness of taking the bus, compared to driving and being stuck in traffic jams.

During the 21st century, there is increased demand for larger, more efficient bus systems, particularly in major cities where congestion and pollution pose a significant challenge. In recent years, Scania has delivered buses and services for such systems, including in South Africa.

The so-called “Nordmark” bus was the first entirely Swedish-built omnibus. Built by Scania in Malmö in 1911 on a truck chassis, it was fitted with an engine and body at Vabis in Södertälje, Sweden.



Motor vehicles found it difficult to cope with wintry road conditions. Scania-Vabis constructed fifteen motorised mail buses in collaboration with the Swedish Post Office (1922-23). The first models were fitted with track drives and forward-mounted snow runners, enabling them to be used when the road was completely snow-covered.

The B75 was Scania's first Brazilian bus. Starting in 1959, this bus served on long-distance routes between São Paulo and Sumeré, Brazil. Due to the length of the run, the bus covered 2,500,000 km in only 13 years.

The new Scania Citywide bus series was introduced in 2011. It includes city and suburban buses in numerous modularised variants. Its design has clear Scania features that are noticeable on the roads.

Growth through performance and service

In recent years, Scania has broadened its base significantly among purchasers of industrial and marine engines. A new generation of engines with improved environmental characteristics, low fuel consumption, high performance and reliability as well as an efficient service offering makes Scania an attractive partner in all customer segments.

Scania focuses on engines with a swept volume of 9, 13 and 16 litres. A large share of Scania's engines are used for generator sets (gensets) for continuous electricity or stand-by power supply. Engines for industrial applications are showing the fastest growth and are expected to become the largest segment within a few years. Deliveries to marine customers are either for vessel propulsion or marine gensets.

Rising standards, new opportunities

During 2011, tighter environmental requirements for industrial applications became mandatory. Two years earlier, Scania unveiled a new generation of engines that already met the new standards that have now taken effect.

The next upgrade in emission standards will occur in 2014. Today's Scania engines were developed with these new technological requirements in mind. This is an advantage for the machinery manufacturers that choose Scania engines today, since they will meet 2014 standards with only minor changes in the installation.

A new generation of marine engines was launched during 2011. With these engines, Scania offers a complete marine solution, incorporating engines, transmissions and instrumentation. Given this integrated solution, the customer only needs to deal with a single supplier of these components and can concentrate more on its core business.

Attractive engines for industrial customers

The features of Scania's new generation of engines are leading to clearly increased demand from both existing and new customers that use Scania's engines in their products. Engines that deliver high-level performance, low running costs and high reliability – together with Scania's global sales and service network – are important factors for customers that manufacture machinery such as dumpers, stone crushers, forklift

trucks, working vessels and gensets for continuous operation. These fields of application suit Scania's focus on giving customers the best possible operating economy and environmental qualities throughout the service life of the product.

Machinery manufacturers choose Scania

Deliveries of engines for various types of construction machinery and other heavy equipment commenced according to an agreement with South Korean-based Doosan Infracore, which has chosen to use Scania engines in a large part of its product range.

In 2011, Scania entered into cooperation with Shanghai Boden Engine Co Ltd, a Chinese distributor of engines for gensets.

Expanded North American service network

During 2011, Scania continued the expansion of its service point network in North America to nearly 200 workshops from about 30 previously. There is now a continent-wide service network for equipment fitted with Scania engines. This expansion means that Scania can offer excellent support to its new industrial customers, such as Terex and Doosan Infracore.

Productivity and energy efficiency

Doosan Infracore, a South Korean machinery manufacturer, has begun to use Scania engines in its products. Its cooperation with Scania has yielded positive results in terms of productivity and energy efficiency.

Doosan Infracore's vision is to be ranked among the world's top three construction machinery makers. The company has grown in recent years and has strengthened its position by acquiring the Bobcat Company from Ingersoll Rand, as well as the Norwegian articulated dump truck manufacturer Moxy.

As part of its growth strategy, Doosan Infracore is also investing in its brand. Using Scania engines in the company's dumpers and wheel loaders contributes to this objective.

Stricter emission standards an important driver

New emission regulations that went into effect in 2011 prompted Doosan Infracore to renew its machinery portfolio. Scania's comprehensive range of high quality, fuel-efficient engines that meet these high standards, combined with an extensive service network around the world, contributed to Doosan Infracore's decision to initiate cooperation. The fact that Scania engines are already prepared for new emission standards that will take effect in 2014 reinforced this decision.

Productivity and performance

Doosan Infracore's experience of Scania engines has met its high expectations, and the results clearly demonstrate improved operational performance as well as lower fuel consumption and emissions.

Services crucial for customer profitability

The services supplied by Scania are of great importance in enabling customers to achieve maximum operating time and low costs. Through its extensive workshop network and customised service-related products, Scania can provide support to the customer and perform the right servicing at the right time and in the right place. Service operations contribute to the stability of Scania's profitability, and there is good potential to increase volume.

Service workshops are one of the most important points of contact with customers. Scania's service network consists of more than 1,600 workshops, of which some 1,000 are in Europe. A third of the network is owned by Scania. Service sales are much less sensitive to economic cycles than vehicle sales and help stabilise Scania's earning capacity.

Uptime most important to the customer

Every minute that the vehicle is not performing transport work means lower productivity for the customer. High uptime is also important for industrial and marine engines. Scania thus strives to cut lead times.

As part of its development work, Scania establishes "model workshops" where service technicians from other workshops receive guidance in using new, improved working methods.

Through continuous improvements in the service organisation, servicing and repairs are carried out more efficiently, which improves a vehicle's earning capacity. Greater efficiency also liberates resources, enabling Scania to cost-effectively take care of the growing demand for service, which is partly due to the growing number of Scania vehicles on the roads.

Focus on quality

Among the strengths of Scania workshops are their highly trained service technicians and immediate access to parts. To ensure that all customers receive the same high degree of service, Scania certifies the quality of its service network by means of the Scania Dealer Operating Standard. This standard is based on a number of customer pledges that must be met regularly in order for a service point to be authorised by Scania.

A vehicle that has been continuously serviced by a Scania workshop normally has a higher resale value. A fixed-price service contract from the day a vehicle goes into operation makes it easier for customers to set the prices of transport assignments.

Investing in service technicians

One key factor in ensuring good service to customers is highly skilled and motivated service technicians. Scania conducts web-based and instructor-led training of

service technicians in all parts of the world. During 2011, for example, Scania initiated the Dragon School Project – one of the first schools in China for training heavy truck service technicians. The school is run in cooperation between Scania and Guangzhou Institute of Technology.

In order to raise the status of the profession, Scania organises competitions between workshop teams. In the 2011 Top Team competition, 6,000 technicians participated and the Australian team won the final. The competitions have evolved over the years. Environment, health and ergonomics have become more important elements.

A broad range of services

Scania's range of services is organised in modules, where customers may choose a single service or a customised service contract that includes the services they need.

Service agreements

Repair and maintenance agreements and the Scania Assistance roadside repair service offer maintenance and repairs 24 hours a day, every day of the year all over Europe and in many other markets. Scania Assistance allows customers in some 50 countries to maintain continuous contact with Scania in their own language via 17 assistance centres, summon help to start or repair a vehicle on the road, contact a workshop or have the vehicle towed.

Driver training and support systems

Scania provides driver training in more than 40 countries. During 2011, about 20,000 truck and bus drivers received such training. For the customer, having trained and highly skilled drivers mean improved fuel economy, lower repair and maintenance costs, better road safety and reduced environmental impact.

Scania Driver Support is an electronic system that provides drivers with real-time on-the-job feedback and tips for refining their driving style. This can save up to 10 percent fuel. During 2011 Scania unveiled Scania Active Prediction, a cruise control system that uses GPS to determine the vehicle's position and to predict the topography of the road ahead and adjust the cruising speed before entering an ascent or descent. The system can deliver a fuel saving of up to 3 percent.

Management systems for optimal fleet operation

Scania Fleet Management helps customers utilise their fleets optimally. Via e-mail or a web portal, the customer receives continuous information about vehicles, how they are being driven and where they are located. Customers can analyse this information and plan their operations themselves. The information is also used as supporting documentation and for follow-up of driver training. An introductory Fleet Management package is included in all Scania vehicles delivered in Europe.

Part of comprehensive customer solutions

Financial services play a key role for customers by allowing them to efficiently finance vehicles on good terms. Scania conducts its own financing operations in 49 countries. Scania also offers vehicle insurance in more and more markets.

The biggest markets for Scania's financial services are the Nordic region, Germany, Great Britain, Brazil and the Benelux countries. Combined, they account for about 60 percent of the total financing portfolio.

The financing portfolio is well-diversified in terms of geography and types of customers as well as their size, economic sector and vehicle applications. Scania lowers its risks by means of good risk diversification in geographic terms and by customer, a conservative credit policy and a refinancing profile that matches borrowing to lending.

The market recovered after the slump

After the deep slump in the transport industry during 2008–2009, the upturn which began in 2010 accelerated, and financing volume increased in 2011 compared to 2010. The restrictive attitude of banks towards vehicle financing continued, especially in Europe, which contributed to the increased volume of Scania's financial services. Pricing of vehicle loans became better in relation to the risks than during the preceding year, which meant that the market functioned more effectively.

The number of vehicles repossessed decreased by 27 percent during the year. These vehicles were quickly sold, thanks to strong demand and good cooperation with the Scania sales organisation.

Cooperation with the sales organisation

Closer collaboration between Scania Financial Services and the Scania sales organisation is one important reason behind the expansion of Scania's financing portfolio. This allows both operations to utilise each other's knowledge about customers and their businesses.

Diversified financing portfolio, December 2011

Customer category	Number of customers	% of total portfolio value
Exposure below SEK 15 m.	23,501	67.4
Exposure SEK 15–50 m.	281	15.0
Exposure above SEK 50 m.	97	17.6
Total	**23,879**	**100**

There are 281 customers with a credit exposure between SEK 15 to 50 m., and 97 customers have a credit exposure exceeding SEK 50 m.

Experience shows that brand loyalty is higher among customers that have both financing and maintenance contracts with Scania. This close relationship allows scope for Scania to take the initiative for additional offers.

Financing companies in more markets

Scania's solutions are especially important to customers in emerging markets, since there are fewer local financing opportunities. Brazil is Scania's single largest market. Scania Banco Brasil, which was established in 2010, performed very strongly and became Scania's fourth largest financing company in 2011. Scania opened a financing company in Peru during 2011.

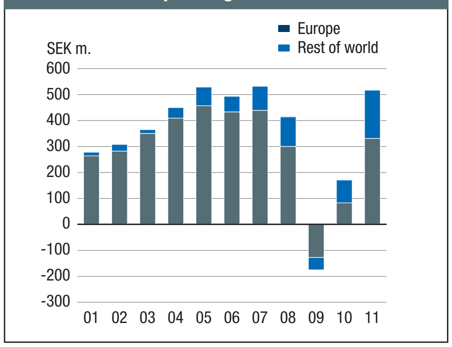
In markets where Scania does not have its own financing operations, it offers export financing or financing in cooperation with local banks.

Continued expansion in insurance business

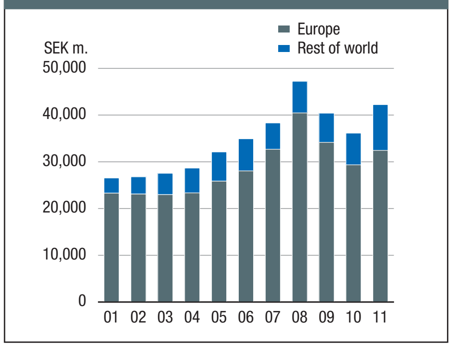
One important element of Scania's comprehensive customer solutions is Scania Insurance. This service can offer the customer a package price that, aside from the vehicle, includes comprehensive insurance coverage and an efficient claims management service and rapid repairs, with access to Scania's entire service network, all aimed at minimising downtime and lost revenue for the customer.

In 2011, Scania also started selling insurance solutions to customers that have not arranged financing via Scania. This means a considerable expansion of the market and potential for further growth. For customers that combine an insurance agreement with a maintenance agreement, Scania can offer very attractive premiums and higher uptime, for example by making replacement vehicles available in some cases.

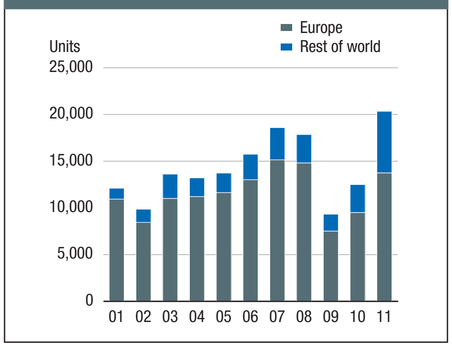
Operating income



Portfolio size



Trucks financed




Tsim Sha Tsui, Mong Kok, Hong Kong (W)
尖沙咀,旺角及香港(西)

Market trends, 2011

For Scania, 2011 was a year of rising volume for vehicles, engines and services as well as customer financing. The upturn in truck deliveries was driven by Europe, Russia and the Middle East. Demand for services was heavy in all regions. However, order bookings for vehicles decelerated during the second half of 2011.

Scania's volume reached a record level in 2011. Truck deliveries increased by 27 percent to a total of 72,120 units, bus deliveries increased by 16 percent to 7,988, engine deliveries rose by 7 percent to 6,960 and sales of service-related products rose by 4 percent to SEK 17,048 m. The customer finance portfolio increased by SEK 6.1 billion to SEK 42.2 billion.

Economic growth is a crucial driving force for demand for the type of transport-related products and services that Scania delivers. The economic policy problems in several countries in the euro zone made customers more hesitant about placing orders for new vehicles during the latter part of 2011.

Emerging markets advanced

Deliveries in Eurasia increased sharply during the year, driven by Russia, which is the dominant market in the region. However, order bookings in the Russian market weakened towards the end of 2011. Scania sees opportunities in the region in line with the establishment of higher productivity standards in logistics systems. This in turn means higher standards as regards vehicle quality and uptime.

In China, demand for the type of transport solutions offered by Scania is increasing. However, the Chinese market is still dominated by local makes. In the major Asian markets, most transport companies focus on the local market and have short-term planning and budgetary horizons. Resale value, fuel economy, environmental performance and cargo capacity are less important than in the European markets. However, these factors will become ever more important since the Chinese economy is undergoing rapid growth. As part of this development, logistics systems will become more and more advanced. This means higher standards of vehicle reliability and thus increased demand for Scania vehicles and services.

Early in 2012, Scania strengthened its presence in India and began construction of an assembly facility in Bangalore. About SEK 200 m. will be invested during the coming year. Production is expected to begin in 2013.

In Asia, the upturn in deliveries during 2011 was driven by the Middle East, but order bookings decelerated sharply during the second half of the year from a high level.

Latin America at a high level

Deliveries in Latin America were at a high level in 2011. In Brazil, year-end order bookings were affected by the country's changeover to Euro 5 emission standards. Euro 3 vehicles were allowed to be produced until year-end, while sales were also allowed during the first quarter of 2012. The high level of vehicle deliveries in Brazil in recent years is likely to influence demand for trucks and buses and coaches in the short term, since Euro 5 vehicles are more technologically advanced and command a higher sales price than Euro 3 vehicles.

Heavy service demand

Demand for servicing and repairs depends on the size of the vehicle population and capacity utilisation. This is determined by transport service volume and is more stable through the economic cycle than demand for new vehicles. The average age of the vehicle population is another factor affecting demand.

High truck deliveries in Europe during 2005–2008 followed by low truck deliveries in recent years means that the average age of the truck population is increasing. This higher average age impacts demand for workshop hours and parts positively. Good service demand was also noted outside Europe. During 2011, Scania increased the number of workshops in the European and Eurasian markets, among others.

In Scania's view, the rising average age of the European truck population also means that there is an increasing replacement need. In Scania's experience, reinvestment in the European market normally occurs when the vehicle has been in service for between 4–6 years. By then, wear and tear will have boosted the vehicle's operating cost considerably. Demand during individual quarters is influenced by seasonal patterns, with the European market normally experiencing lower activity during the third quarter of the year. Latin America is affected by the holiday period during the first quarter of the year.

Access to credit important

The customer finance portfolio increased, as did Scania's share of customer finance. Scania established its own financing operations in Brazil during 2010. Most of the portfolio, 77 percent, consists of customers in European markets. Access to credit is an important factor for demand, since customers normally finance their vehicle investment through the vehicle manufacturer or via banks and other financial institutions. Investments in buses and coaches, especially city buses, occur in many cases through public financing. Demand is thus influenced by the scope of potential government spending in a given market.

Environmental considerations drive demand

Increased urbanisation is leading to more passenger traffic within and between urban areas, and demand for economically and environmentally sustainable passenger transport will increase in the rapidly growing cities of emerging market regions. There are major advantages in reallocating passenger transport from cars to buses, especially as regards congestion and carbon dioxide emissions. Various standards and regulations regarding the environment and emissions have recently assumed greater importance in determining the types of vehicles and services in demand. They include emissions standards, noise restrictions, motorway tolls and driver training requirements. These factors may affect the need for replacement investments and the demand for various types of service. In Europe, the next stage in the emission standards, Euro 6, will be introduced at the end of 2013.

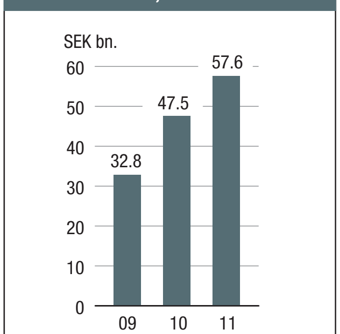
Scania's main competitors

Scania's main competitors are other Western manufacturers. In the truck market, Scania competes with DAF, Iveco, MAN, Mercedes, Renault and Volvo.

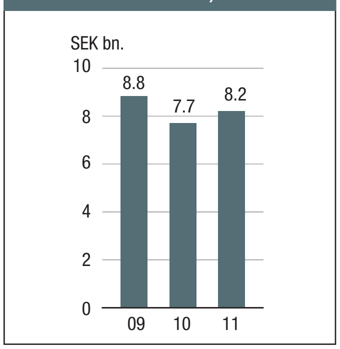
In the bus and coach market, Scania's main competitors are Irisbus, MAN, Mercedes, Neoplan, Setra and Volvo.

In the engine business, Scania competes with Caterpillar, Cummins, Deutz, Fiat Powertrain, MAN, MTU and Volvo Penta in the industrial applications segment.

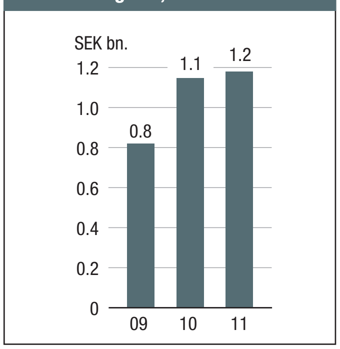
Trucks, net sales



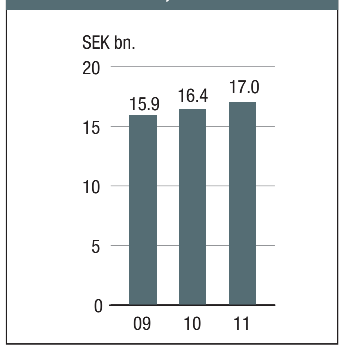
Buses and coaches, net sales



Engines, net sales



Services, net sales



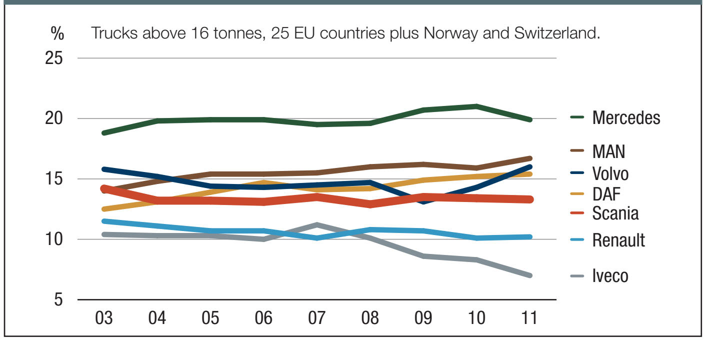
Scania receives an order for 158 buses from Sweden's Keolis.

New city and suburban buses are launched.

Scania unveils trucks with Euro 6-engines.

Scania showcases engines certified for Tier 4i at ConExpo-Con/Agg in Las Vegas.

Market shares



Highlights of 2011

21 January
Scania receives an order for 158 buses from public transport company Keolis in Sweden. The buses will be equipped with engines for the renewable fuels ethanol and RME.

9 March
Scania showcases engines certified for Tier 4i at ConExpo-Con/Agg in Las Vegas.

1 April
Scania unveils trucks with engines that comply with Euro 6 European emission standards, which will go into effect on in 31 December 2013.

5 May
Scania's Board of Directors has decided to extend President and CEO Leif Östling's employment contract by three years, to 31 March 2015.

23 May
Scania strengthens its position in Iraq – signs an agreement to deliver 4,000 vehicles.

9 June
Scania is to deliver 100 city buses to the public transport system in Copenhagen, Denmark. The buses will be equipped with diesel engines that meet EEV requirements and are prepared for up to 100 percent biodiesel.

20 October
Scania launches new city and suburban buses – Scania Citywide.

22 December
Scania unveils a cruise control system that uses GPS to determine a vehicle's position and to predict the topography of the road ahead. The new system is called Scania Active Prediction.


SCANIA

High standards of flexibility

Short, stable delivery times mean that customers can swiftly put products into operation. This imposes high standards of flexibility at Scania. High quality is crucial for product functionality and performance. Quality is also the key to productivity at Scania, enabling it to apply sustainable production methods.

Because of its common product and production system, Scania's production network is globally integrated. The same working methods and quality standards mean that production can be allocated flexibly between Europe and Latin America to achieve optimal capacity utilisation.

Through the Scania Production System (SPS), Scania works with continuous improvements to boost efficiency and flexibility, and to eliminate environmental waste as well as waste of time and materials.

A new globally coordinated organisation for safety, health, working environment and environmental activities was established late in 2010. The goal is to ensure that Scania operates as a sustainable organisation. These efforts are integrated into day-to-day operations and include continually working to ensure safer workplaces and improve well-being in the company, while minimising Scania's environmental impact.

Flexible production with a high level of service

Since 2010 Scania has worked with short, stable delivery times of six to eight weeks from customer order to truck delivery in Europe. This enables customers to quickly start using the company's products. Starting in autumn 2011, the same system has been applied to bus and coach production in Europe.

Applying short, stable delivery times requires a high degree of flexibility at Scania, since the production network must quickly adapt to actual demand as order bookings change. One advantage of this working method is that Scania avoids building up sizeable order books, thereby minimising the risk of large inventories of unsold vehicles.

Demand for vehicles fluctuates with market conditions. This has been apparent in recent years. A very severe downturn in 2009 was followed by a rapid upturn in 2010 and 2011. After production remained at a high, stable level during most of 2011, a slowdown in demand occurred in various markets late in the year. This prompted Scania to reduce its vehicle production rate in two steps. In November 2011, Scania lowered daily production on a global basis by about 15 percent compared to the end of the third quarter. Starting in January 2012, the daily production rate was lowered by another 15 percent. As part of this adjustment, nearly 1,900 employees are affected by not having their fixed term temporary contracts renewed.

Greater flexibility with new agreement

During the summer, Scania reached a new agreement with the Swedish Metal Workers' Union as part of the company's efforts to boost flexibility at its production units in Sweden. The agreement regulates flexible working hours and flexible staffing and is an important element of Scania's ability to respond to rapid changes in demand. It also increases Scania's chances of retaining core competency at its Swedish production units in the long term.

Under the new agreement, most flexible staffing will consist of personnel from staffing companies. The share of total production employees consisting of flexible staffing will not exceed 30 percent.

Close collaboration with sub-contractors

Of Scania's total production costs, about 70 percent consist of purchased materials and components. Most of Scania's sub-contractors have had a long-term relationship with the company. This allows for close cooperation, where a supplier's production is increasingly integrated into Scania's production network. This has clear benefits for Scania's customers by means of higher product quality and reliability.

For example, such cooperation includes training in the Scania Production System (SPS), help with improving the efficiency of production equipment and logistics as well as environmental work.

Scania is also expanding its cooperation with bodybuilding companies that supply and assemble special equipment on vehicles. Integrating bodybuilding companies more closely into the chain leads to substantial time savings for the customer from the order date until a vehicle goes into operation and also broadens Scania's business.

Increase in capacity

While ensuring the flexibility to meet short-term fluctuations, Scania has decided to raise its annual technical production capacity, with the aim of reaching 120,000 vehicles from about 100,000 at present. Investments to achieve a 120,000 vehicle capacity will total about SEK 1.5 billion during a three-year period.

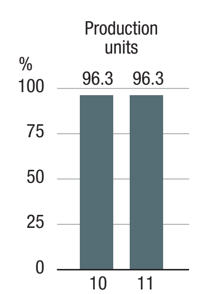
This increase is a step on the way towards reaching a technical production capacity of 150,000 vehicles by the next peak in the economic cycle. This can be achieved with limited investments at the existing production units due to the gains in efficiency that are continually being achieved by working according to the Scania Production System (SPS).

The largest investments in new capacity will occur at engine and cab production units in both Europe and Latin America.

New regional product centre

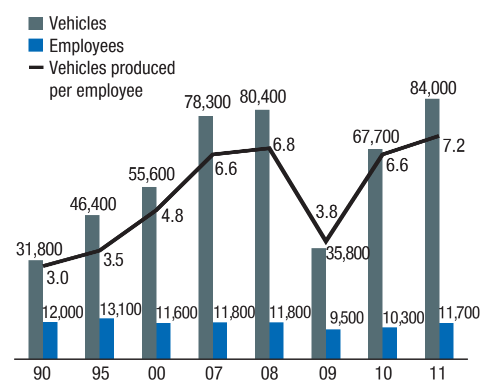
Scania's strategy is to strengthen its position in key emerging markets by establishing regional product centres for assembling, bodyworking and fitting out locally-adapted vehicles. Scania is thus moving the factory gate closer to the customer, resulting in shorter delivery times and a major improvement in customer support. The task of opening a new facility in India has begun.

Global healthy attendance



Global healthy attendance among employees at Scania's production units remained at the same level as in 2010.

Number of vehicles produced per employee



In 2011, productivity reached its highest-ever level. This was a result of Scania's day-to-day efforts to achieve continuous improvements, thereby also eliminating waste of time and materials as well as environmental waste. Vehicle production reached its highest-ever level, with 84,000 units produced during the year.

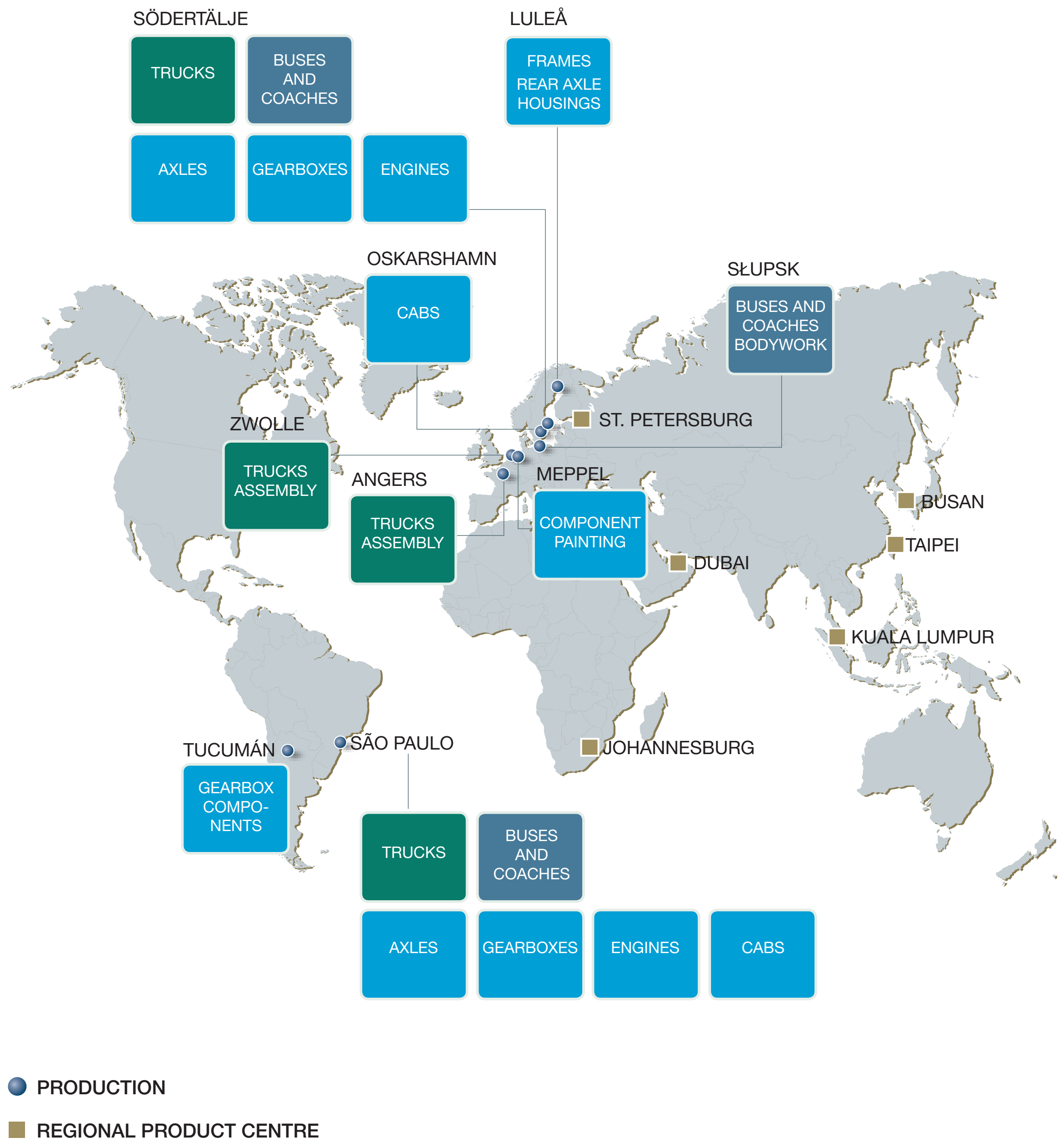
Number of employees*, 2011

Södertälje	10,640
São Paulo	3,527
Oskarshamn	1,690
Zwolle	1,460
Słupsk	706
Angers	590
Luleå	585
Tucumán	568

* Refers to the total number of employees at Scania's production sites.

Scania's global production network

Scania has a global production network into which all units around the world are integrated. This provides high flexibility and cost-effective production. Most components and parts, working methods, quality standards and environmental standards are the same at all production units.




SCANIA
G-ROAD

Focus on knowledge about customer operations

Scania focuses on customer profitability, the foremost yardstick for ensuring that it is developing the right products and is supporting them with the right services. This requires solid knowledge about customer operations and the factors that determine optimal vehicle use. Sustainable development also governs Scania's development work.

Scania invests about 4 percent of its sales in research and development over an economic cycle. Scania has chosen to develop and manufacture strategically and competitively important components and systems in-house or in strategic alliances with leading suppliers. About 60 percent of R&D investments are related to engines and transmissions.

Possessing cutting-edge expertise in strategic areas is the foundation for Scania's role as a leading brand.

Co-location of resources for all product types generates major synergies, as does being close to production facilities. This is why research and development resources are concentrated at the Scania Technical Centre in Södertälje, Sweden.

Also of strategic importance is in-house development of electronic systems, which provides greater opportunities to adapt vehicle properties according to users' specific requirements.

Sustainable transport is a guiding principle for Scania's development work. This includes the least possible environmental impact from pre-production engineering as well as production, vehicle operation, maintenance and end-of-life treatment of products.

Understanding customers and their operations

Scania constantly seeks to increase its knowledge of its customers' operating conditions and working methods in order to offer products with exactly the right properties and performance for each customer and application.

Development engineers work more and more out in the field in close contact with customers in order to increase Scania's knowledge of customer operations. For example, measurements of the stresses on vehicles provide knowledge about improving the dimensioning of components such as axles and gearboxes in Scania products.

Customer clinics are another method of acquiring knowledge about customers and their operations. Customers are invited to participate in the design of new components and products.

Scania Transportlaboratorium AB (Transport Laboratory) is a Scania-owned haulage company that tests and evaluates vehicle properties and services in commercial road haulage, using both Scania vehicles and competing makes. Its task includes developing methods and monitoring the company's drivers as regards economical, environmental and safe driving.

New services important for safety, profitability and the environment

The Scania Communicator is a communication interface that makes it possible to track vehicle and driver data via the mobile telephone network. This forms the basis of Scania Fleet Management, which gives the customer feedback about data that is tracked, via e-mail or an easily accessible internet portal.

The Scania Driver Support system provides real-time feedback and suggestions about appropriate driving styles on the road.

Scania Active Prediction is a new Scania-developed cruise control system that uses GPS and topographical data to help the driver. The system automatically adjusts the vehicle's speed before ascents or descents in order to use as little fuel as possible.

Vehicles available round the clock

Many customers require continuous access to their vehicles. They must be in operation round the clock, on all days of the year. Unplanned downtime must be avoided, which requires high standards of technology, maintenance and preventive measures. Scania thus places special emphasis on this through the concept "design for uptime", which aims at clarifying customer demands when developing vehicles and services. Intelligent service solutions, new electronic systems for faster and easier troubleshooting and systems for preventive maintenance and component replacements are part of the development work.

More efficient product development

During 2011, Scania revised its product development process in order to shorten project lead time. The process is being divided into two phases: concept development and product development. The focus of concept development is on innovation, with cross-functional teams that turn concepts into development projects. Even at an early stage of the product development process, Scania can determine which alternative should continue into the development phase, where the project is completed within an agreed period.

New global engine range

Scania unveiled a new global generation of engines during 2011, designed to meet all the various emission standards throughout the world. The benefits for customers include enhanced robustness, performance and fuel economy as well as easier access to parts and servicing via the global Scania network.

The development of the new engine generation and the technology to meet future emissions legislation took more than five years and cost Scania about SEK 10 billion.

The engines and other technologies have been developed for use in trucks and buses, as well as in industrial and marine engines. Combined with the latest generation of gearboxes, the new engines fit into the global product range, which is independent of production site.

Scania's fuel-efficient Euro 6 engines

By means of intensive development work, as early as the first half of 2011 Scania's customers could order trucks with engines satisfying the strict new European norm for exhaust emissions from commercial vehicles, Euro 6. Nitrogen oxide and particulate emissions will decrease by around 80 percent compared to the standards currently in force (Euro 5). This norm will go into effect at the end of 2013.

It has been a major challenge to design engines and exhaust technology systems that satisfy strict emission standards without increasing fuel consumption. This is important in order to limit their environmental impact and ensure that transport companies are not adversely affected by higher fuel costs.

An invaluable source of knowledge

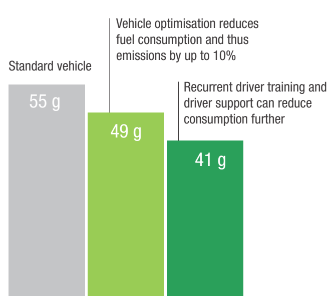
Scania Transportlaboratorium AB is a Scania-owned haulage company that carries out commercial road haulage between Scania's production units in Europe. The Transport Lab tests and evaluates vehicle properties and services using both Scania vehicles and other makes. The Transport Lab also provides Scania with experience from all aspects of a transport company's operations, delivering important insights into conditions in the transport industry.

Drivers and their behaviour are very important for the environment, economy and safety. One of the Transport Lab's most important tasks is thus to develop and monitor the company's drivers as regards environmental, economical and safe driving. Driver training and recurrent coaching, along with monitoring of data from completed journeys, provide very good results. Scania Driver Support also helps ensure an economical driving style by providing different kinds of information on the road.

Ecolution by Scania is a concept that has been developed together with customers in Sweden. Based on knowledge gained from the Transport Lab, the concept has been further developed. Over one full year, average fuel consumption by Transport Lab drivers is 27 litres per 100 km, compared to a normal consumption of 33 litres per 100 km, which represents an annual saving of about EUR 30,000 per truck. Under ideal driving conditions, a driver can bring this down to 20 litres per 100 km for the same type of vehicle combination.

With optimised vehicles plus support according to the Ecolution package, total fuel consumption has decreased by 472,000 litres of diesel compared to the previous average for the Transport Lab's fleet of 20 trucks in service from Södertälje to Zwolle. According to measurements by the Transport Lab, this reduces annual fuel costs by EUR 600,000 and annual carbon dioxide emissions by 1,300 tonnes. Meanwhile delivery precision, meaning that the shipment arrives on time, has improved from 93 percent to 99 percent.

Reducing CO_2 emissions



CO_2 emissions per tonne/kilometer of goods transported (grams).

Scania's own bus service

During 2011 Scania decided to start a new bus service between Stockholm and Södertälje as an alternative to commuting by train or car. Starting on 1 January 2012, there have been eight daily departures each way between Stockholm and Scania in Södertälje, intended for the company's 2,000 or so Stockholm commuters.

The new bus service offers Scania employees a comfortable, safe and environmentally friendly bus commute. The service is also an effective way for the Scania Transport Lab to test the company's own buses in actual operation.

Global driving forces

Global driving forces such as population growth, environmental and climate-related issues and increased energy costs have a major impact on the transport sector. Integrating sustainability into its day-to-day operations is one of the factors behind Scania's position as a leading company in its industry.

Demographic changes, urbanisation, economic growth and increased trade are driving demand for transport services, while there are increasing calls for more sustainable and efficient transport systems. Scania plays an important role by contributing solutions to the challenges generated by these driving forces. Assuming environmental, social and economic responsibility is important to Scania.

Scania attaches great importance to systematically monitoring and understanding the factors, trends and risks that impact the company and the transport industry as a whole. This analysis, combined with good knowledge of the operations of customers and their customers, forms the basis for strategic decisions in the company, while also helping Scania identify its priorities in the sustainability field.

Integrated into Scania's strategies

Scania's sustainability work is based on its core values and leadership philosophy and is integrated into the company's management structure. In order to meet the expectations of customers, employees, the public sector and other stakeholders, Scania integrates sustainability into its strategies. This is achieved by developing innovations for sustainable transport services, carrying out active health and environmental work at production units and service facilities and through continuous employee training. In this way, Scania can also attract and retain the necessary expertise.

Along with other stakeholders, Scania shall help create a sustainable transport industry. For Scania, it is a matter of offering services and products that have a lower environmental impact and cooperating with other actors in order to contribute to effective transport systems, regardless of whether they are sub-contractors, transport companies, logistics planners, transport service buyers, passengers or legislators. Conducting an active dialogue and working together with politicians, public authorities, organisations and other stakeholders is a strategic element of Scania's contribution to making the transport system more sustainable.

Scania's ability to effectively integrate sustainability into its operations and contribute solutions to global challenges is crucial to the company's long-term success.

Key role for sustainable transport solutions

Efficient cargo transport and human mobility are fundamental for positive social development. Scania is strongly committed to the task of building a transport system that will be sustainable in the long term. The company plays a key role in this task together with its customers, transport service buyers and other actors.

Scania's vision is that the carbon dioxide emissions related to the completion of a given transport task shall be halved by 2020 compared to 2000. To achieve this vision, Scania works with technological development, driver training and streamlining of transport service planning.

Scania also advocates forward-looking transport policies and legislation that underpin the sustainable development of transport systems.

Making passenger transport more efficient

In and around the world's growing major cities, traffic jams and limited accessibility are major problems that require good public transport systems to resolve.

Safe, efficient and accessible public transport systems help reduce environmental impact and simplify daily life for everyone. Shifting passenger transport from cars to buses in urban areas has major environmental advantages by greatly reducing both congestion and emissions. The use of renewable fuels can further lower environmental impact.

Together with its partners, Scania helps develop modern, efficient, attractive and environmentally optimised bus systems. They consist of comfortable buses that use dedicated lanes and enjoy priority over other traffic. These bus systems provide good information about routes and timetables. They allow boarding and disembarkation at specially adapted station platforms.

Efficient bus systems are also a good way of creating attractive, safe commuting options that passengers can afford, thereby achieving greater mobility. This, in turn, promotes both economic and social development.

Making goods transport service more efficient

A substantial increase in transport services can occur with unchanged environmental impact if vehicles and existing infrastructure are used more systematically. Major environmental gains can be achieved by improving logistics systems for goods transport.

Scania also supports allowing longer, more efficient vehicle combinations. In this way, it would be possible to increase the cargo capacity of each vehicle by 50 percent, thereby reducing environmental impact – measured per tonne of goods transported – and also reducing transport costs.

Less energy consumption, better road safety

Scania shall offer its customers vehicles with high safety standards and the best possible operating economy throughout the product life cycle.

Scania develops vehicles with the aim of avoiding accidents and reducing injuries when accidents nevertheless occur. The development of services and products that help drivers make the right decisions is another important component.

The driver plays a key role in reducing energy consumption and environmental impact. Scania has offered driver training to its customers for a long time. By using a good driving style, drivers can reduce their fuel consumption by around 10 percent, thereby lowering transport costs.

There is also increased awareness that good environmental performance reduces costs and strengthens a haulage company's profitability. Today the cost of fuel accounts for about one third of a long-haulage company's transport costs in Europe and is also considerable for other truck and bus companies. Continuously reducing fuel consumption and emissions is thus a central element of new product and service development efforts.

A free choice between fuels

Biofuels are crucial for further reducing carbon dioxide emissions from heavy vehicles. For Scania, biofuels that meet agreed sustainability criteria are an important element in efforts to reduce the impact of transport on the climate. As the standards for reducing carbon dioxide emissions become tougher and the price of fossil fuels increases, both the supply and demand for renewable fuels will rise. All Scania vehicles can run on biodiesel, and Scania also supplies trucks and buses that are specially adapted for bioethanol and biogas. All commercially available biofuels can thus be used in Scania vehicles.

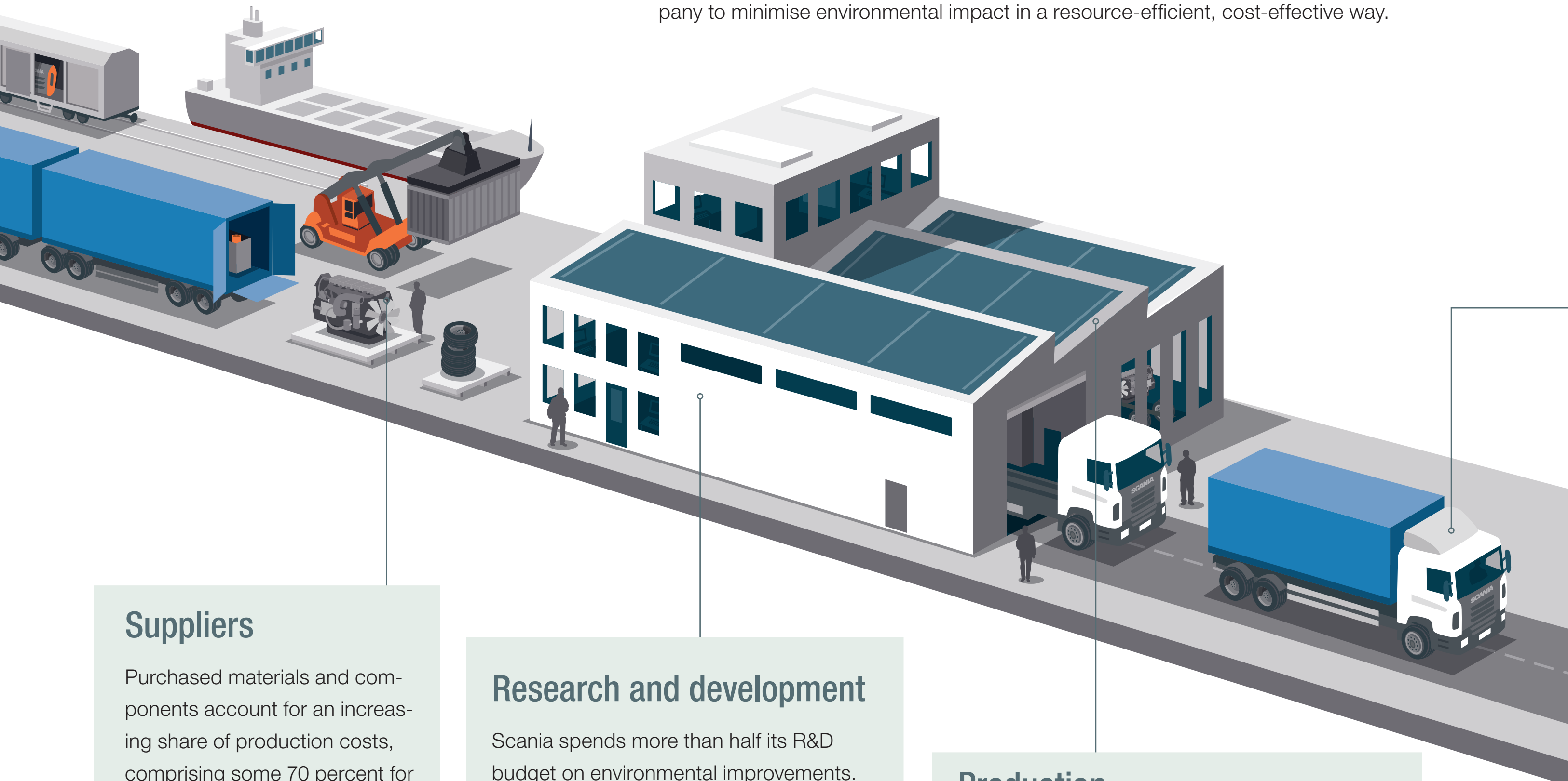

Scania Euro 6
HIGHLINE
SCANIA
R480
CNC 875

Safety, health and the environment in the value chain

A focus on safety, health and the environment permeates Scania's relationships and its work throughout the value chain – from suppliers to development and production units to sales and service points to end-of-life treatment for a product.

Most of a vehicle's environmental impact occurs during its service life. This is why Scania puts great emphasis on supporting the environmental work of its customers. The driver is of crucial importance to operating economy, road safety and environmental impact.

Scania thus continually develops new products and services that help drivers save fuel and improve road safety. In its own operations, Scania is constantly working to achieve more efficient resource utilisation and offer safe, healthy workplaces. A focus on reducing the use of energy, materials and chemicals enables the company to minimise environmental impact in a resource-efficient, cost-effective way.



Suppliers

Purchased materials and components account for an increasing share of production costs, comprising some 70 percent for a chassis. Scania's values are reflected in the requirements it issues to the Group's suppliers. Their health and safety and environmental work is evaluated by Scania.

Scania's procurement standards include strict rules requiring that suppliers adopt the ISO 14001 environmental management system.

Scania actively works to develop certain key suppliers, which implies that these suppliers work with continuous improvements in all areas, especially the environment.

Research and development

Scania spends more than half its R&D budget on environmental improvements. R&D work optimises all elements of vehicle technology – from more efficient fuels to better aerodynamics and hybrid solutions.

By putting customers first and understanding their operations, Scania continuously develops new products and services that help reduce environmental impact while boosting customer profitability.

Another important aspect is to understand new legal requirements at an early stage and ensure that development work takes these into account. As early as 2011, successful development work enabled Scania customers to order trucks with engines that meet the strict new Euro 6 emission norm, which goes into effect at the end of 2013.

Production

Scania is constantly reducing its emissions into the air and discharges into waterways in relation to production volume. The company endeavours to use closed production processes in order to avoid resource-intensive clean-up measures. By changing its painting processes, optimising test runs and replacing fossil fuels, Scania reduces its atmospheric emissions.

The company is also working actively to replace environmentally hazardous substances and to avoid the use of such substances in its products, product development, production and service network. This also improves the working environment for employees.

Continuous improvement in the working environment is a priority at Scania's production units.

Operation

To support the sustainability work of its customers, Scania offers environmentally adapted products and services such as driver training, active driver follow-up and coaching and specially adapted servicing.

By optimising a vehicle, its fuel consumption can be lowered by as much as 10 percent. An equal saving can be achieved with the help of recurrent driver training. Carbon dioxide emissions can be further reduced by using renewable fuels.

Scania also helps promote the health of its customers, and especially their drivers. Scania Driver Care is a programme that was developed to provide drivers with advice about health, diet, exercise and working environment.

Service

Scania's service network consists of more than 1,600 service workshops. In this network, environmental work is integrated into day-to-day efforts to achieve continuous improvements. The employees are involved in developing the best solution, streamlining process flows and eliminating any waste of time and resources. Another important element of this process is improving environmental efforts, ergonomics and the working environment. Visualisation, personal dedication and cross-functional collaboration are crucial ingredients. As one step in this development work and to identify best practices, Scania has established model workshops in Brazil, France, Sweden and elsewhere in the world where service technicians from other workshops are trained to use new, improved working methods.

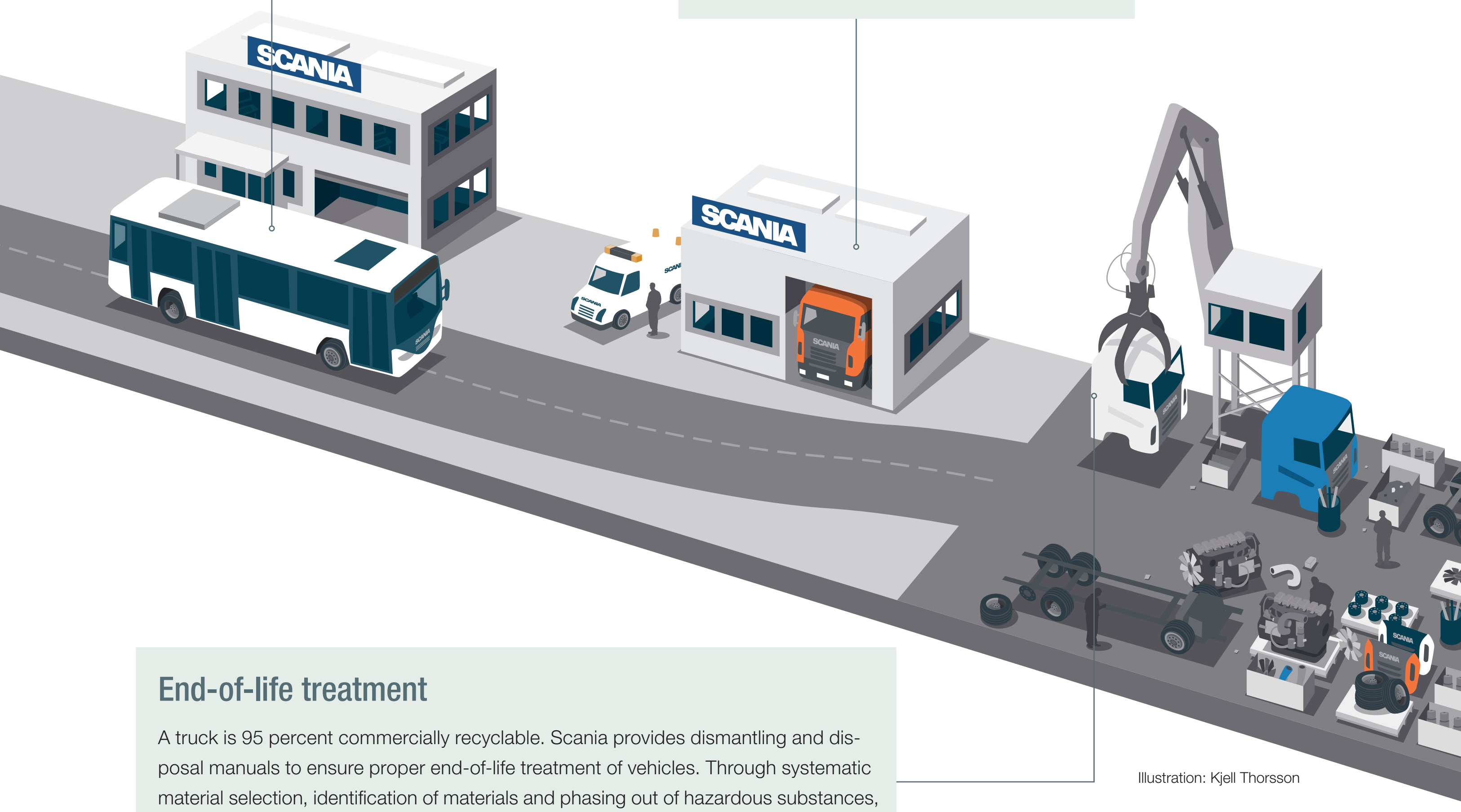


Illustration: Kjell Thorsson

End-of-life treatment

A truck is 95 percent commercially recyclable. Scania provides dismantling and disposal manuals to ensure proper end-of-life treatment of vehicles. Through systematic material selection, identification of materials and phasing out of hazardous substances, Scania achieves a safer working environment, minimised environmental impact and high recyclability, enabling a higher percentage of materials to be reused.

Scania's environmental work

Scania works actively to minimise both the resource consumption and the environmental impact of its products throughout their life cycle. The environmental aspects are taken into account right from the development and investment stage to ensure that Scania can meet future requirements with the best applicable technology, do the right things from the start and eliminate waste.

Scania's environmental work is integrated into all its operations. In the production and service networks, environmental work is integrated into day-to-day efforts to achieve continuous improvements through a strong connection to the Scania Production System (SPS) and the Scania Retail System (SRS).

Production units and service workshops are continuously evaluated in order to find examples of best practice that can be passed on to other parts of the organisation and to identify areas for improvement.

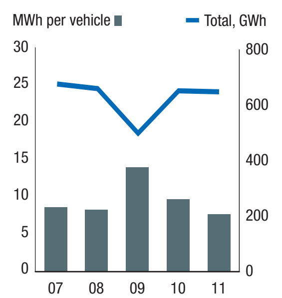
Continuous improvements

Improvement efforts are based on doing the right thing from the start and eliminating waste. Existing processes are examined to identify unnecessary, resource-intensive steps and to stimulate improved performance.

Energy efficiency improvements are a high priority. There is continuous, systematic work with local energy surveys and action plans. Fossil fuels account for a steadily shrinking share of Scania's energy use.

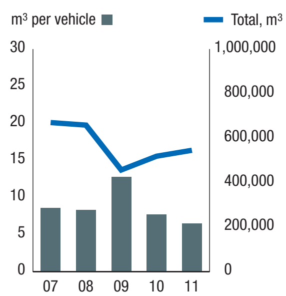
There have been major efforts to reduce volatile organic compound (VOC) emissions, mainly focusing on a transition to painting systems with little or no VOC content. In São Paulo (Brazil), water-borne painting is being introduced. In Meppel (the Netherlands) and Słupsk (Poland), where solvent-borne paint is still used, purification equipment has been installed.

Energy



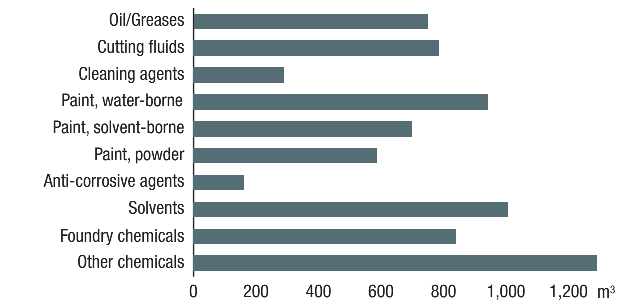
Energy use was slightly lower than 2010 despite an increased production volume and was reduced to 7.7 MWh per vehicle produced.

Water



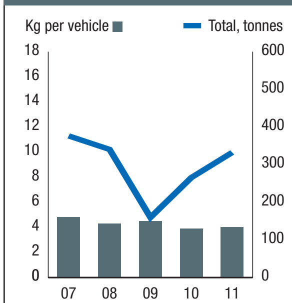
The trend towards reduced water use per vehicle produced continued and stood at 6.5 m³ per vehicle.

Chemicals



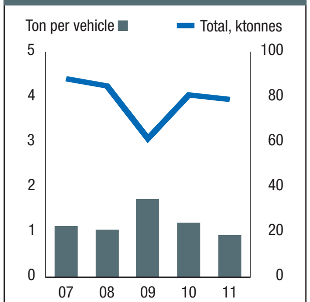
Chemical use totalled about 7,400 m³. Consumption per vehicle amounted to 88 litres, which represents approximately the same use of chemicals per produced vehicle as last year (89 litres).

VOC emissions



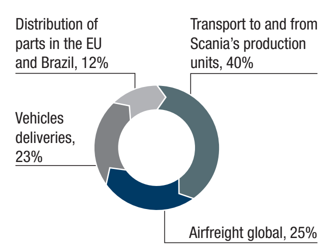
Volatile organic compound (VOC) emissions amounted to 4.0 kg per vehicle produced, which represents approximately the same emissions per vehicle as last year (3.9 kg).

Carbon dioxide from production



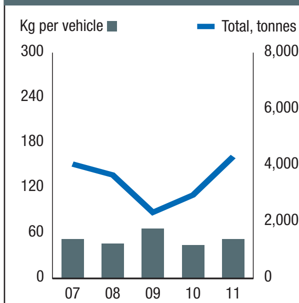
Carbon dioxide emissions decreased despite higher production volume. Total emissions fell to 0.94 tonnes per vehicle produced, a reduction of more than 20 percent compared to 2010.

Carbon dioxide from goods transport



In 2011, Scania's goods transport-related emissions totalled 233,000 tonnes.

Waste sent to landfills



Recycling continued to increase. In 2011, Scania disposed of 83,200 tonnes of waste (excluding foundry sand), of which nearly 85 percent was used in order to recycle materials and recover energy. Waste sent for off-site disposal, mainly classified as hazardous, totalled 8,100 tonnes.

Continued work is under way to limit the quantity of industrial run-off water that must be treated. The phosphating unit in Oskarshamn (Sweden), for example, has reduced the quantity of run-off water by 90 percent to the current 1 litre per m^2 of treated sheet metal surface, which is low for a unit of this type.

As for chemicals, improvement efforts focus on decreasing their use and transitioning to alternatives with lower environmental impact.

Better logistics systems

Process development in logistics is profitable, reducing transport work and thus emissions. This work includes increasing the load factor for goods shipments and developing transport systems that support varied goods volume. Increased use of intermodal shipments, which combine different modes of transport, often also leads to lower carbon dioxide emissions.

Carbon dioxide emissions during a product life cycle

Most of the environmental impact of Scania products occurs when vehicles and engines are in use. A large element of environmental impact is carbon dioxide emissions.

The production of a Scania truck generates around one tonne of carbon dioxide. Component haulage and vehicle delivery create another tonne. A long-haulage truck that is driven fuel-efficiently for 200,000 km per year emits approximately 170 tonnes of carbon dioxide during one year of use.

The big difference in emissions between production and vehicle use is an important reason for Scania to support the environment work of its customers.

Recycling

Recycling continues to increase, and during 2011, Scania disposed of 83,200 tonnes of waste (excluding foundry sand), of which nearly 85 percent was utilised for recycling of materials and recovery of energy. Waste to be sent for off-site disposal, and mainly classified as hazardous, totalled 8,100 tonnes in 2011.

In development work, Scania's objective is to reduce the quantity of waste that is not recyclable, as well as residual products, so they can be treated and recycled. Scania provides detailed dismantling and disposal protocols for end-of-life treatment of vehicles. Many parts are designed for recycling and are labelled for easy identification.

Environmental performance in the production network

	2011	2010	2009
Number of vehicles produced	**83,987**	67,567	35,698
Net sales, SEK m.			
Scania products	**87,686**	78,168	62,074
Raw material consumption			
Per vehicle, kg	**2,500**	2,500	2,300
Total, tonnes	**214,000**	168,000	80,500
Total, SEK m.	**2,480**	1,950	970
Chemical consumption			
Per vehicle, m^3	**0.088**	0.089	0.098
Total, m^3	**7,350**	6,000	3,500
Total, SEK m.	**277**	238	133
Energy use			
Per vehicle, MWh	**7.7**	9.7	14.0
Total, GWh	**649**	652	500
Total, SEK m.	**385**	385	315
Carbon dioxide emissions			
Goods transports, 1,000 tonnes	**145**	102	56
Fossil fuels, 1,000 tonnes	**32**	35	25
Purchased electricity, 1,000 tonnes	**41**	37	29
Purchased heat, 1,000 tonnes	**6.2**	9.4	7.0
Per vehicle, tonnes	**2.7**	2.7	3.3
Of which facility-related	**0.9**	1.2	1.7
Total, 1,000 tonnes	**225**	183	117
Water use			
Per vehicle, m^3	**6.5**	7.7	12.8
Total, 1,000 m^3	**546**	520	460
Total, SEK m.	**7**	6	6
Solvent emissions			
Per vehicle, kg	**4.0**	3.9	4.5
Total, tonnes	**333**	270	160
Recycling of residual products and waste			
Per vehicle, kg	**840**	830	890
Total, tonnes	**70,800**	56,000	32,000
Revenue, SEK m.	**125**	91	29
Sent to landfills and other off-site disposal			
Per vehicle, kg	**150**	150	220
Total, tonnes	**12,400**	9,900	7,800
Total, SEK m.	**28**	22	16

Emissions from goods shipments were calculated as specified by the Network for Transport and Environment (NTM). An in-depth account of measures and results as well as a summary of environmental performance by production unit are available at www.scania.com. The website has not been reviewed by the company's auditors.

Competency, dedication and well-being

Scania's success as a sustainable, profitable company is based on highly capable, dedicated employees who undergo professional development and have a sense of well-being – both in their work and private life.

Scania operates in about a hundred countries, and nearly two thirds of its employees are found outside Sweden. Clear values and shared principles tie together the global organisation.

Scania's objective is that the company shall be a highly regarded employer with competent and dedicated employees who work in a creative and healthy environment where diversity and good ethics are cherished. To make this possible, managers and executives are trained in how they should apply Scania's core values and leadership principles in their day-to-day work.

Day-to-day human resource development

Continuous development of employee capabilities is vital to Scania, which pursues this task as part of its day-to-day work throughout the organisation. Most of this learning occurs at the employee's own workplace. Personal dedication is paramount. Employees must have an individual development plan and are responsible for their professional development together with their respective manager. Courses and training in such fields as leadership, product knowledge, production engineering, the environment and communication are largely carried out by internal instructors, employees and managers.

Scania also engages in external collaboration to ensure the company's supply of the right expertise. The company works together with university-level institutions such as the Royal Institute of Technology in Stockholm, Sweden and with other educational organisations where Scania has operations.

Since 1941, Scania has operated its own industrial upper secondary school. This school is now being expanded and broadened, together with new partners. Its ambition is to offer a high-quality technical upper secondary education with a choice of vocational or university-preparatory study programmes.

Seeking diversity and gender equality

Scania views diversity as a success factor, since it provides greater access to different skills, experiences and perspectives. This is why Scania strives to recruit a wide variety of employees and managers. Scania is also working to increase the share of female managers. Recruitment to top management positions at Scania mainly occurs internally. Those Scania managers who are women will thus be part of the recruitment base for Group management and the Executive Board.

Broader safety, health and environmental work

Scania works proactively to promote and improve safety, health, the environment and the working environment throughout the organisation.

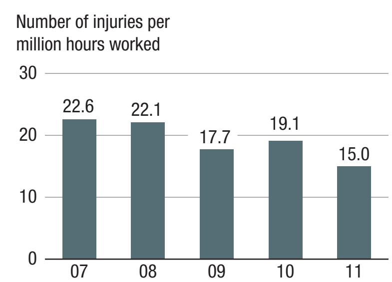
The objective is to be a sustainable organisation by providing safe workplaces, a sense of well-being and the smallest possible environmental impact in order to achieve the highest quality and long-term productivity.

Safety, health and the environment are an integral element of all processes – from development and production units to the sales and service network as well as administration, for example human resource and accounting departments. Quarterly reports are provided to the Safety, Health and Environment Council, which mainly consists of members of the Executive Board. During 2011 Scania adopted a new Safety, Health and Environmental Standard, which also deals with diversity issues.

For Scania, it is important that employees feel secure not only about their own health but also about their families. At a number of locations, Scania thus offers health care and health-related advisory services to family members.

Scania also operates a health programme to increase knowledge of lifestyle issues in southern Africa, where HIV prevention is important. All Scania employees and

Global work-related injuries



Work-related injuries resulting in absences (Scania's global industrial operations) amounted to 15.0 per million hours worked during 2011. Sadly, during the year, Scania had one work-related fatality in a service workshop in Estonia. Scania is conducting a thorough investigation of the cause of the accident and will disseminate the lessons learned throughout the company.

their family members are invited to participate in this programme.

During 2011, one of Scania's focus areas was to improve the health and safety work at Scania workshops and thereby improve the working environment and well-being of service technicians.

Scania also helps promote the health of customers, and especially their drivers. Scania Driver Care is a programme that has been developed to provide drivers with advice on health, diet, exercise and working environment.

Cross-functional working method

The development of working methods occurs cross-functionally at Scania. Information from workshops and assembly units – for example such key processes as the assembly, servicing and repair of brakes – is shared with product developers. This enables Scania to gradually improve the design of products, resulting in better ergonomics and greater efficiency.

Model workshops disseminate best practice in safety and ergonomics. These issues play an important role in updating product units and service facilities.

Scania also endeavours to involve sub-contractors in its efforts to improve and monitor safety, health and the environment.

Scania Blue Rating evaluations

Evaluation of safety, health and environmental work is based on several key figures, such as healthy attendance, accidents, near-accidents and employee turnover. The Scania Blue Rating system is the standardised method used in such evaluations. Employee surveys are continuously conducted to monitor how employees perceive their working situation and relationship to Scania.

Inauguration of the Dragon School in China.

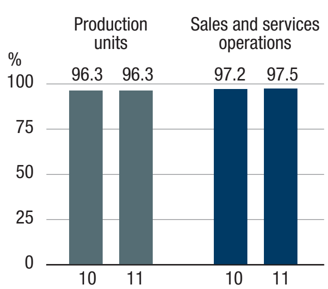
One of China's first schools for training service technicians

A major challenge for Scania in China has been the absence of any standardised training programme for heavy vehicle service technicians. To ensure a supply of service technicians with good knowledge of Scania vehicles, in 2011 Scania initiated a partnership with the Guangzhou Institute of Technology, which has 10,000 students, to jointly develop and run a Scania-branded training programme for heavy vehicle service technicians – the Dragon School Project.

The school was inaugurated on 12 October 2011 and is one of the first schools in China for training heavy vehicle service technicians. To Scania, this is a very important part of building a good reputation both as a vehicle manufacturer and as an attractive employer.

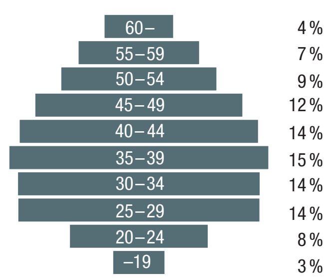
The programme runs for six terms, the last of which is a practical training term at Scania. This is a way of ensuring a good knowledge of Scania vehicles among the students.

Global healthy attendance



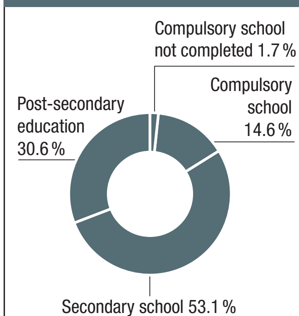
Global healthy attendance among employees at Scania's production units remained at the same level as in 2010. In sales and service operations, healthy attendance rose by 0.3 percentage points.

Age distribution



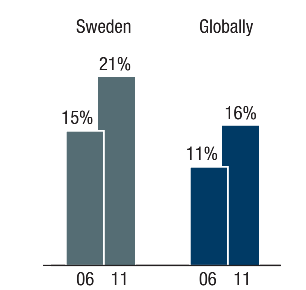
The age distribution among Scania's employees is well-balanced, and remained at the same level as in 2010.

Educational level



Scania's employees have a high level of education.

Female managers, 2006–2011



At the end of 2011, 21 percent of managers and 21.5 percent of employees were women in Scania's Swedish operations. Globally 15.5 percent of managers and 16.5 of employees were women.

Management and monitoring of sustainability work

Scania's sustainability work is based on its core values and leadership philosophy and is integrated into the company's management structure. Governance, management and evaluation of sustainability work occurs through special bodies and committees as well as various governing documents. Follow-up occurs regularly through internal and external controls.

It is essential that a company lives up to high ethical standards in order for customers, employees, business partners and shareholders to feel confidence in it. Scania supports the OECD Guidelines for Multinational Enterprises, which include pledges to respect human rights, never offer or accept bribes and refrain from anti-competitive activities.

During 2011, the OECD updated these Guidelines. Scania is currently evaluating how this update may affect the company's policies and how any changes should be integrated into its processes. Pending completion of this review, Scania is applying the previous version of the Guidelines.

Scania's policies and instructions on sustainability matters are described in the governing document "How Scania is Managed", issued by the Executive Board. Other governing documents are the Environmental Policy, the Working Environment Policy, the Human Resources Policy, the Competition Policy and the "Scania Governance Manual". The Governance Manual includes instructions on business ethics and attitudes. Compliance with the Governance Manual is monitored by Scania's internal auditors.

Under the Board of Directors and the Executive Board, work on sustainability issues is managed by the Safety, Health and Environment Council (SHE Council), a cross-functional body including members from the Executive Board. The Environmental Committee and the Health & Safety Committee perform preparatory work for the SHE Council.

During 2011 Scania adopted a new Safety, Health and Environment Standard, which is based on Scania's core values. The company also decided that communication of its ethics policies shall be further strengthened. During the year, Scania also introduced a web-based training course in competition law.

Scania Blue Rating evaluations

Environmental work and working environment at production units are evaluated via the Scania Blue Rating systems. The same method is also used to improve this work, disseminate best practice and assess risks.

Scania's production units, as well as its research and development units and corporate units, are certified according to ISO 14001 international environmental management standards.

At units in the sales and service organisation, environmental work is part of the Scania Dealer Operating Standard (DOS), which is followed up in regular audits.

Suppliers must meet the same standards

Scania's procurement standard requires that suppliers meet strict ISO/TS 16949 quality management standards and ISO 14001 environmental management standards and support the OECD Guidelines. Scania works together with its suppliers to provide them with support and monitor compliance with these requirements.

Reporting

Reporting of sustainability work occurs quarterly in the line organisation and annually to the Executive Board. Regular reporting occurs in an internal system that encompasses all research and development units as well as the production network. There is also a procedure that employees can use to report deviations from the regulations in force at the company. Suggestions for improving sustainability work emerge from the regular continuous improvement process.

External reporting of sustainability work occurs through Scania's Annual Report as well as on its website, www.scania.com.

Dialogue with Scania's stakeholders

Dialogue and cooperation with customers, political leaders, public authorities and other stakeholders are a strategic element of operations. Scania has identified the relevant stakeholders on the basis of their importance to the Group's operations and use of its products. One purpose of this dialogue is to provide Scania with a solid basis for any business decisions. Another is to contribute opinions on how legislation should best be formulated to ensure a sustainable and competitive transport industry – which is essential to a well-functioning transport system. Scania supports legislation that encourages investments and innovations in sustainable technology and promotes fair competition.

Scania is active in such organisations as Climate Neutral Freight Transportation (KNEG) in Sweden, the European Automobile Manufacturers' Association (ACEA), the two German industry organisations VDIK and VDA and the Brazilian Vehicle Manufacturers' Association (ANFAVEA).

Scania regularly organises the Scania Transport Conference in Brussels to promote dialogue about important transport issues. Participants include political decision makers, public authorities, transport companies, interest organisations and other stakeholders in the transport industry. The theme of the 2011 conference was sustainable transport solutions.

Since January 2009, Scania has participated in the European Union's voluntary Transparency Register, where the company reports what resources it uses in its dialogue with EU institutions.

Scania's sustainability report, which follows the reporting framework of the Global Report Initiative (GRI), is available at www.scania.com/sustainability. Questions may be e-mailed to csr@scania.com.

The OECD guidelines in brief*

Generally: Respect human rights.

Information: Disclose relevant information to all stakeholders.

Employees: Respect the union rights of employees and help eliminate child labour.

Environment: Strive for continuous improvement.

Corruption: Never offer, promise, give or demand bribes or anything else that might be perceived as bribes.

Interest to customer: Disclose product information to customers and establish improvement procedures.

Science and technology: Work towards transferring knowledge to host countries.

Competition: Refrain from anti-competitive agreements among competitors.

Taxes: Pay on time.

* During 2011, the OECD updated these Guidelines. Scania is currently evaluating how this update may affect the company's policies and how any changes should be integrated into its processes. Pending completion of this review, Scania is applying the previous version of the Guidelines.

Scanias's human resources policy

Scania shall be a highly regarded employer with competent and dedicated employees who work in a creative and healthy environment where diversity and an ethical approach are cherished.

Scania's leadership and employeeship principles

1. Coordinate but work independently – take responsibility
2. Work with details and understand the context
3. Act now – think long-term
4. Build know-how through continuous learning
5. Stimulate commitment through involvement

Scania's Vision for health, safety and the environment

Scania's goal is to be a sustainable organisation by providing safe workplaces and a sense of well-being as well as creating the smallest possible environmental impact, in order to achieve the highest quality and long-term productivity.

Scania's environmental policy

Scania continuously improves the environmental performance of its products, processes and services. Business demands and other requirements form the basis for improvements, where fulfilment of legislation is fundamental. Scania's environmental work is proactive, based on a life cycle perspective and the principle of precaution.

Scania share data

The stock market showed weak performance during 2011. The year was dominated by worries about economic policy problems in the European Union and question marks about the strength of the US economy. The NASDAQ OMX Stockholm (Stockholm Stock Exchange) lost 17 percent and Scania's Series B shares fell by 34 percent.

After a positive stock market year in 2010, great uncertainty arose after accelerating problems in various European economies. In the investment goods sector, where demand fluctuates greatly with the economic cycle, this meant poorer performance than the stock exchange as a whole.

Scania shares thus performed more poorly than the exchange as a whole. The B share provided a total return of –32 percent, compared to the exchange's broad SIXRX index, which provided a return of –14 percent. In the past five years, Scania's B share has provided an annual return averaging 13 percent. The corresponding SIXRX figure is 5 percent.

Share trading volume

Scania B trading volume averaged about 1,639,900 shares per day in 2011. Volume was thus higher than in 2010. Including the largest alternative marketplaces, volume averaged 2,466,000 shares. The turnover rate was 101 (77) percent, compared to 89 (88) percent for the NASDAQ OMX Nordic exchanges as a whole.

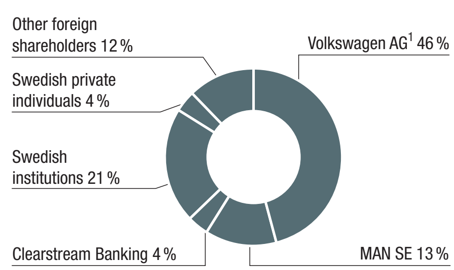
Dividend and financial targets

The proposed dividend of SEK 5.00 per share for 2011 is equivalent to 42 percent of net income for the year. In the past five years, an average of 45 percent of net income has been distributed to the shareholders. Scania's leadership philosophy is to take advantage of knowledge and experience gained from the company's improvement work. This means placing greater emphasis on methods than on traditional earnings targets. These principles, first applied at production units, have been disseminated and applied to various parts of the company. Scania thus does not set financial targets for the Group in the traditional sense. The capital needs of the Group are continuously evaluated and adapted to the investments required to safeguard Scania's growth.

Shareholder structure, 30 December 2011

Owner	Capital %	Votes %
Volkswagen AG[1]	45.66	70.94
MAN SE	13.35	17.37
Clearstream Banking	4.35	1.03
Swedbank Robur Funds	3.21	0.58
Alecta Pensionsförsäkring	2.56	0.47
Skandia Liv	0.82	0.35
AMF Insurance and Funds	0.92	0.30
Scania Resultatbonusstiftelse[2]	0.74	0.26
Afa Insurance	1.24	0.23
JPM Chase	1.12	0.21
Total	73.96	91.72

Source: Euroclear Sweden AB



1 On 9 November 2011, Volkswagen AG completed its acquisition of the majority shareholding in MAN SE. As a result, MAN's shareholding in Scania shall be included in Volkswagen's ownership in Scania. Furthermore, shares equivalent to voting rights of 0.87 percent and an equity interest of 3.63 percent that are held in trust by a credit institution shall also be attributed to Volkswagen.

2 Via Scania Resultatbonusstiftelse, the company's performance-based bonus foundation, employees own Scania shares that amounted to the equivalent of 0.74 percent of share capital on 30 December 2011. The foundation may own a maximum of 10 percent of the share capital of Scania.

Significant changes in ownership

On 9 November 2011, Volkswagen AG completed its acquisition of the majority shareholding in MAN SE. Volkswagen's ownership thus amounted to the equivalent of 55.9 percent of the voting rights and 53.7 percent of the share capital in MAN. As a result of the acquisition, MAN's holding in Scania shall be included in Volkswagen's ownership of Scania. Volkswagen's ownership of Scania thus amounted to the equivalent of 89.2 percent of the voting rights (formerly 71.8 percent) and 62.6 percent of the share capital (formerly 49.3 percent). The acquisition removed impediments against deeper cooperation between Scania and MAN. A number of working groups are currently reviewing the potential for synergies. These synergies can only be realised provided that they benefit all Scania shareholders, while maintaining the brand values of each company.

About Scania shares

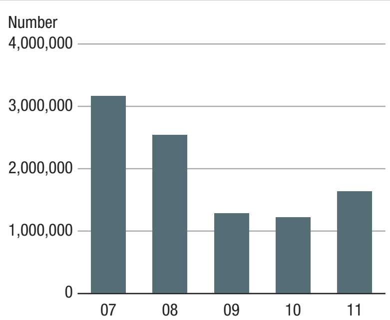
Scania has been quoted on the NASDAQ OMX Stockholm since 1 April 1996. Its share capital is divided into 400 million Series A shares and 400 million Series B shares, where each A share represents one vote and each B share one tenth of a vote. Otherwise there are no differences between these types of shares. The nominal value per share is SEK 2.50. Further information about Scania shares is available on www.scania.com, Investor Relations. Questions may be e-mailed to ir@scania.com.

Per share data

SEK (unless otherwise stated)	**2011**	2010	2009	2008	2007
Year-end market price, B share	**102.00**	154.70	92.30	77.75	145.01
Highest market price, B share	**164.80**	160.00	103.00	162.43	188.80
Lowest market price, B share	**89.35**	88.40	57.75	50.25	98.44
Change in market price, %, B share	**–34.1**	67.6	18.7	–46.4	35.1
Total return, %, B share	**–32.0**	69.1	22.0	–40.8	45.5
Market capitalisation, SEK m.	**80,180**	122,440	73,640	61,900	128,800
Earnings	**11.78**	11.38	1.41	11.11	10.69
Price/earnings ratio, B share	**9**	14	65	7	14
Dividend*	**5.00**	5.00	1,00	2.50	5.00
Redemption	**–**	–	–	–	7.50
Dividend yield, %**	**4.9**	3.2	1.1	3.2	3.4
Dividend payout ratio, %	**42.4**	43.9	70.9	22.5	46.8
Equity	**43.1**	37.5	29.1	27.4	31.0
Cash flow, Vehicles and Services	**8.71**	14.85	6.89	2.22	10.62
Number of shareholders***	**116,243**	121,038	119,973	130,020	124,413

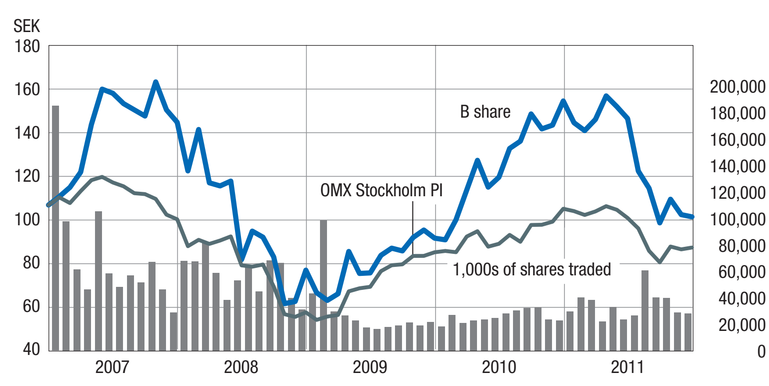
* For 2011: Proposed by the Board of Directors.
** Dividend divided by the market price of a B share at year-end.
*** On 30 December 2011.

Average daily trading, B shares



The chart refers to shares traded on the NASDAQ OMX Nordic. Scania shares are also traded in alternative marketplaces such as Chi-x, Bats Europe, Burgundy and Turquoise. In 2011, trading averaged about 826,000 B shares per day in the largest such marketplaces.

Share price performance



Annual General Meeting

The Annual General Meeting of Shareholders (AGM) will be held at 14.00 CET (2 p.m.) on Friday, 4 May 2012 in Scaniarinken, AXA Sports Center, Södertälje, Sweden.

Participation

Shareholders who wish to participate in the AGM must be recorded in the shareholder list maintained by Euroclear Sweden AB no later than Friday, 27 April 2012. They must also register with the company by post at Scania AB, AGM, Box 7832, SE-103 98 Stockholm, Sweden or by telephone at +46 8 402 90 55, or via Scania's website www.scania.com no later than 16.00 CET (4 p.m.) on Friday, 27 April 2012.

Nominee shares

To be entitled to participate in the AGM, shareholders whose shares have been registered in the name of a nominee through the trust department of a bank or brokerage house must temporarily reregister their shares in their own name with Euroclear Sweden AB. Shareholders who wish to reregister their shares in this way must inform their nominees accordingly in sufficient time before Friday, 27 April 2012.

Dividend

The Board of Directors proposes Wednesday, 9 May 2012 as the record date for the annual dividend. The last day for trading shares that include the dividend is Friday, 4 May 2012. Provided that the AGM approves this proposal, the dividend can be expected to be sent on Monday, 14 May 2012.

Calendar

Interim Report, January–March, on 24 April 2012
Interim Report, January–June, on 20 July 2012
Interim Report, January–September, on 22 October 2012

Annual Report and financial information

Scania shareholders are the main target group for the Annual Report, which is sent to those who have ordered it.

All new shareholders receive a letter welcoming them to Scania's shareholder services, where they may order the information they want, in the format and quantity they wish. They may subscribe to the Interim Reports, the Annual Reports, the shareholder magazine Scania Value, invitations to the Annual General Meeting and press releases via e-mail, order printed Annual Reports, Interim Reports and Scania Value.

In addition, other stakeholders have the opportunity to subscribe to financial information via Scania's website, where it is also possible to order printed information in single copies and have them sent.

Financial information is available in Swedish and English and may be ordered from Scania AB, Investor Relations, SE-151 87 Södertälje, Sweden, telephone +46 8 553 810 00, or at
www.scania.com/shareholder
www.scania.com/subscribe
www.scania.com/printedmaterial

Website

On Scania's website, www.scania.com, it is easy to follow events at the company during the year, monitor Scania's share price and compare its performance with that of competitors, as well as see the latest transactions, share price history, dividend history and other share data. Shareholders can also calculate the return on their own holdings. The website also provides historical financial data, truck registration statistics, key financial ratios and much more.

Risks and risk management at Scania

Risks are a natural element of business operations and entrepreneurship. Part of the day-to-day work of Scania is to manage risks, to prevent risks from harming the company and to limit the damage that may arise.

Scania is one of the leading companies in the heavy vehicle industry. This leads to high expectations from all stakeholders, especially customers, about Scania as a company and its products and services. It is important to monitor and minimise events and behaviour that might adversely affect the company's brand and reputation.

Scania's strong corporate culture is based on established values, principles and methods and is the foundation of the company's risk management work. Scania's Board of Directors is responsible to the shareholders for the company's risk management. The company continuously reports on risk-related matters to the Board and the Audit Committee of the Board.

STRATEGIC RISKS

Corporate governance- and policy-related risks

The Executive Board carries the main responsibility for managing corporate governance- and policy-related risks. All units of the company work according to a management system that meets Scania's requirements, guidelines and policies and is well documented. Rapid dissemination of appropriate information is safeguarded via the company's management structures and processes. Management systems are continuously being improved, among other things by means of regular reviews, performed both internally and by third parties. For a more detailed description of Scania's management structure, see the section entitled "The management of the company" in the Corporate Governance Report on page 67.

Business development risks

Risks associated with business development and long-term planning are managed primarily through Scania's cross-functional (interdepartmental) meeting structure for decision making of a strategic and tactical nature, as well as Scania's established yearly process for strategic planning. Such planning is discussed and questioned throughout the company, based on external and internal deliberations. All units and levels of the company are involved in the strategic process.

Both the cross-functional meeting structure and the strategic process are long-established and are evolving continuously. Risks of overlooking threats and opportunities, of sub-optimising operations in the company and of making the wrong decisions are thereby minimised, while the risk of uncertainty and lack of clarity concerning the company's strategy and business development is managed in a systematic way.

Research and development projects are revised continuously on the basis of each project's technological and commercial relevance.

OPERATIONAL RISKS

Market risks

The demand for heavy trucks, buses and engines is affected by economic cycles and is thus subject to fluctuations. With regard to truck sales, in historical terms it is also possible to discern a cyclical pattern. In addition, truck sales undergo more temporary variations around their long-term growth trend.

Countries and regions may suffer economic or political problems that adversely affect the demand for heavy vehicles. Fluctuations in world financial markets have a large or small impact on real economic cycles and thus on the demand for Scania's products. Markets may temporarily stall, and local currencies may depreciate.

A well-diversified market structure limits the effect of a downturn in any given market. In individual markets, substantial changes may occur in the business environment, such as the introduction or raising of customs duties and taxes, introduction or cessation of stimulus measures as well as changed requirements for vehicle specifications. Impositions of sanctions against certain countries may reduce the potential for marketing Scania's products. In addition, shortcomings in national legal systems may substantially impair Scania's ability to carry out operations and sales.

Scania monitors all its markets continuously in order to spot warning signals early and be able to take action and implement changes in its marketing strategy.

Risks in the sales and services network

Repair and maintenance contracts comprise one important element of sales and services business and help to generate good capacity utilisation at workshops and greater customer loyalty. These contracts are often connected to predetermined prices. Thus both price and handling risks arise.

One advanced form of business obligation is an uptime guarantee for a vehicle, in which the customer pays for the distance or time it is used. Scania works actively to improve the expertise and ability of its sales and services network in understanding customers' businesses as well as assessing the risks of these obligations.

As a result of repurchase guarantees and trade-ins, the sales and services organisation handles a large volume of used trucks and buses. Prices and sales figures may vary over economic cycles. Due to Scania's high degree of integration into its sales and services network, the company has extensive knowledge in handling these variations.

Sales and services units assume a credit risk in relation to their customers, mainly for workshop services performed and parts sold. However, the customer base is widely dispersed and each invoice is limited. Each individual credit is thus of limited size.

Independent dealers may suffer problems that may have an adverse effect on Scania's operations. This may include shortcomings in management and investment capacity or problems related to generational shifts in family businesses. If the problems are not merely transitory, Scania may replace dealers or take over the business.

Scania continuously maintains close contact with its dealers in order to spot warning signs at an early stage and be able to take action. In major markets, dealerships are generally owned by Scania.

Production risks

Scania has an integrated component manufacturing network with two geographic bases, Sweden and Brazil/ Argentina. This concentration entails some risk, which is nevertheless offset by the fact that the company's uniform global production system enables it to source components from either area. According to the Scania Continuity Planning Principles, Scania must continuously maintain its preparedness at such a level that the company's ability to maintain delivery assurance to its customers is not adversely affected.

Scania has a shared risk management model, the Business Interruption Study, with corporate-level responsibility for coordination and support to line management. This model is continuously being refined and also takes into account the effects of suppliers on Scania's delivery precision. The Business Interruption Study identifies, quantifies and manages potential interruption risks. This also includes evaluating alternatives, methods and lead times for resuming normal operations.

Based on the results of this work, Scania regularly develops continuity plans adapted to each operating unit, which are part of every manager's responsibilities. Training and drills occur with all employees and service providers at Scania's production units.

Follow-up occurs by means of monitoring systems, reporting and response procedures. Yearly reports are submitted to Production and Logistics management.

Scania's Blue Rating Fire Safety system is a standardised method for carrying out risk inspections, with a focus on physical risks and for being able to present Scania's risks in the reinsurance market. Yearly risk inspections are conducted at all production units and numerous Scania-owned distributors/workshops.

Scania's Blue Rating Health and Work Environment system is a method Scania uses to evaluate and develop health and working environment, so that Scania can gradually improve the working environment in its operations. Correspondingly, Scania's Blue Rating Environment system is a method for evaluating and developing environmental work as well as improving the company's ability to avoid environmental risks. Recurrent inspections are conducted at all major production units. See also the Sustainability Report, page 54.

Supplier risks

Before signing new contracts, Scania verifies the ability of suppliers to meet Scania's quality, financial, logistic, environmental and ethical requirements. In order to minimise the impact of production interruptions or financial problems among suppliers, Scania normally works with more than one supplier for each item.

Scania continuously safeguards the quality and delivery precision of purchased items. It carries out day-to-day monitoring, then prioritises and classifies deviations. In case of repeated deviations, an escalation model is used in order to create greater focus and quickly restore a normal situation. Through Scania's Business Interruption Study risk management model, supplier-dependent risks that may adversely affect the continuity of Scania's production are identified and managed. Yearly reports are submitted to Purchasing management.

Fluctuations in the world's financial markets also risk affecting Scania's suppliers to a greater or lesser degree. The financial status of suppliers is monitored continuously. The Scania Blue Rating Fire Safety system has also been used in order to conduct risk inspections of selected suppliers.

Natural disaster risk

It is hard to predict the occurrence of natural disasters as well as their frequency and scale. For Scania's own operations or suppliers located in geographical regions that are repeatedly affected, or where the risk is deemed higher for other reasons, it is particularly important that natural disaster risk is included both in risk assessment and in the continuity planning process.

Human resource and talent recruitment

For its future success, Scania is dependent on its ability to attract and retain motivated employees with the right expertise for their assignments, in order to ensure that its operations can deliver the required product and service quality. Some of the important risks from a human resource and talent recruitment perspective that may affect deliveries are:

- Insufficient supply of the right expertise
- Inadequate expertise
- Recruitment errors

Scania has structured, well-established working methods for close cooperation with a number of universities and institutes of technology in order to create and recruit cutting-edge expertise. As one element of securing good basic technical expertise for the future, Scania has had its own upper secondary school since 1941. The school is now being further developed and broadened, together with new partners, with the ambition of offering high-quality technical upper secondary school education aimed at vocational or university preparation.

Uniform structures, common and coordinated recruitment methods and tools as well as clearly described job requirements help minimise the risk of recruitment errors.

Human resource and talent development occurs with the help of a coordinated methodology. In this way, Scania achieves quality assurance and continuous improvement in its human resource activities.

Trends are continuously monitored, for example by using key figures for healthy attendance, employee turn-over, age structure and professional job satisfaction as well as by using development dialogues. Targeted actions are implemented as needed.

Information risks

For Scania, it is crucial to handle information in a way that enables operations to share and process information in an efficient and reliable way, both within the company and in collaboration with customers, suppliers and other business partners. The main risks which may affect information management are that:

- Interruptions occur in critical information systems, regardless of cause
- Strategic or other sensitive information is revealed to unauthorised persons
- Strategic or other sensitive information is intentionally or unintentionally changed or corrupted

Scania has a corporate unit for global IS/IT management and coordination, which is responsible for introduction and follow-up of Scania's information security policy. As part of their normal responsibilities, managers monitor the risks and security level in their respective area of responsibility and ensure that all employees are aware of their responsibilities. Follow-up occurs by means of both internal monitoring and monitoring performed by third parties.

Sustainability risks

The term "sustainability risks" refers to risks of undesirable consequences related to the environment, health and safety, human rights and business ethics in Scania's business operations. Risk identification and continuity planning are part of every manager's responsibilities and include planning adapted to each operating unit.

Training and drills occur with all employees and service providers at Scania's production units. Follow-up occurs by means of monitoring systems, reporting and response procedures.

At its production units around the world, Scania has carried out orientation studies and risk assessments of buildings as well as soil and groundwater contamination. As needed, supplementary investigations and required actions have been undertaken. This work takes place in close cooperation with local or regional authorities.

During 2011, no accidents occurred that caused significant environmental impact or led to major clean-up expenses. All production units have permits that comply with national legislation. In addition to legal requirements and the conditions included in these permits, operations may also be subject to local requirements and rules. In connection with increased production, Scania applies for new permits covering the affected operations. For certain Scania operations, however, recurrent permit assessments are required.

Research and development risks

Research and product development occur in close contact with the production network and the sales and services organisation to effectively safeguard high quality.

New legislation

The ability to meet coming emission standards in various markets is of great importance for Scania's future. In particular, this relates to the Euro 6 standards which enter into force within the EU at the end of 2013.

Other very important future regulations are legal requirements for reduced passing noise, security-related systems such as the Automatic Emergency Braking System and the Lane Departure Warning System (AEBS/LDWS) and carbon dioxide legislation for heavy vehicles.

To meet new regulations, Scania is utilising its global, modularised product range and is adapting technologies in its future product portfolio.

Product launch risks

Political decisions aimed at influencing the vehicle market in a given direction – for example, for environmental reasons – by such means as tax cuts and levies as well as regional environmental zoning rules – may lead to rapid changes in demand. This may require acceleration of product introductions and increases in research and development resources at an earlier stage. Scania manages this by integrating its business intelligence work into all its development and introduction projects.

Throughout the development period, work occurs on a cross-functional basis to ensure that the results of business intelligence gathered by all units are taken into account and that Scania establishes the right priorities in its development portfolio. The product launch process includes carrying out risk analyses on a number of occasions in order to manage this type of risk.

Product liability

It is Scania's objective to develop products that are reliable and safe to the user, the general public and the environment. However, if a product should show signs of technical shortcomings that might be harmful to people or property, that is dealt with by the Scania Product Liability Council. This body decides what technical solutions should be used in order to solve the problem and what marketing measures are needed. The Product Liability Council also conducts a review of the processes in question to ensure that the problem does not recur.

Insurable risks

Scania works continuously with the identification, analysis and administration of insurable risks, both at Group and local level.

A corporate unit is responsible for the Group's global insurance portfolio. Customary Group insurance policies to protect the Group's goods shipments, assets and obligations are arranged in accordance with Scania's Corporate Governance Manual and Finance Policy. Local insurance policies are obtained in accordance with the laws and standards of the country in question. When needed, Scania receives assistance from outside insurance consultancy companies in identifying and managing risks.

Insurance is obtained only from well-reputed insurance companies, whose financial strength is continuously monitored. Risk inspections, mainly focusing on physical risks, are performed yearly in most cases at all production units and at numerous Scania-owned sales and services units/workshops according to the standardised Scania Blue Rating Fire Safety system. This work maintains a high claim prevention level and a low incidence of claims.

LEGAL RISKS

Contracts and rights

Scania's operations include a wide variety of intangible licensing agreements, patents and other intellectual property rights. Scania also concludes numerous commercial and financial contracts, which is normal for a company of Scania's scale and type. Scania's operations are not dependent on any single commercial or financial contract, patent, licensing agreement or similar right.

Legal actions

Scania is affected by numerous legal proceedings as a consequence of the company's operating activities. This includes alleged breaches of contract, non-delivery of goods or services, producer liability, patent infringement or infringements related to other intellectual property or alleged violations of laws and regulations in force. Even if disputes of this kind should be decided in a favourable way without adverse economic consequences, they may adversely affect Scania's reputation. For further information, see Note 2, page 94.

Administration of contracts, essential rights, legal risks and risk reporting

Administration of contracts, essential rights and legal risks occurs in the normal course of operations in accordance with the instructions described in Scania's Corporate Governance Report (see pages 63–68). Scania has also introduced a Legal Risk Reporting system, according to which risks are defined and reported. At least once a year, a report on such risks is submitted to the Audit Committee of the Board.

TAX RISKS

Scania and its subsidiaries are the object of a large number of tax cases, as a consequence of the company's operating activities. These cases mainly relate to the areas of transfer pricing and indirect taxes. For further information see Note 2, page 94. None of these cases is deemed capable of resulting in a claim that would substantially affect Scania's financial position. Tax risks above a certain level are reported regularly to management. Once a year, a report is submitted to the Audit Committee of the Board.

FINANCIAL RISKS

Beyond business risks, Scania is exposed to various financial risks. Those that are of the greatest importance are currency, interest rate, refinancing and credit risks. Financial risks are managed in accordance with the Financial Policy adopted by Scania's Board of Directors. See also the "Financial review", page 78 and Note 30 on page 126.

Corporate governance at Scania

Scania's ambition is that its corporate governance shall maintain a high international standard through the clarity and simplicity of its management systems and governing documents.

Corporate governance at Scania is based on Swedish legislation, especially the Swedish Companies Act, the Annual Accounts Act, the rule book for issuers at the NASDAQ OMX Stockholm ("Stockholm Stock Exchange") and the Swedish Code of Corporate Governance ("the Code").

Governing documents at Scania

The most important governing documents at Scania are:

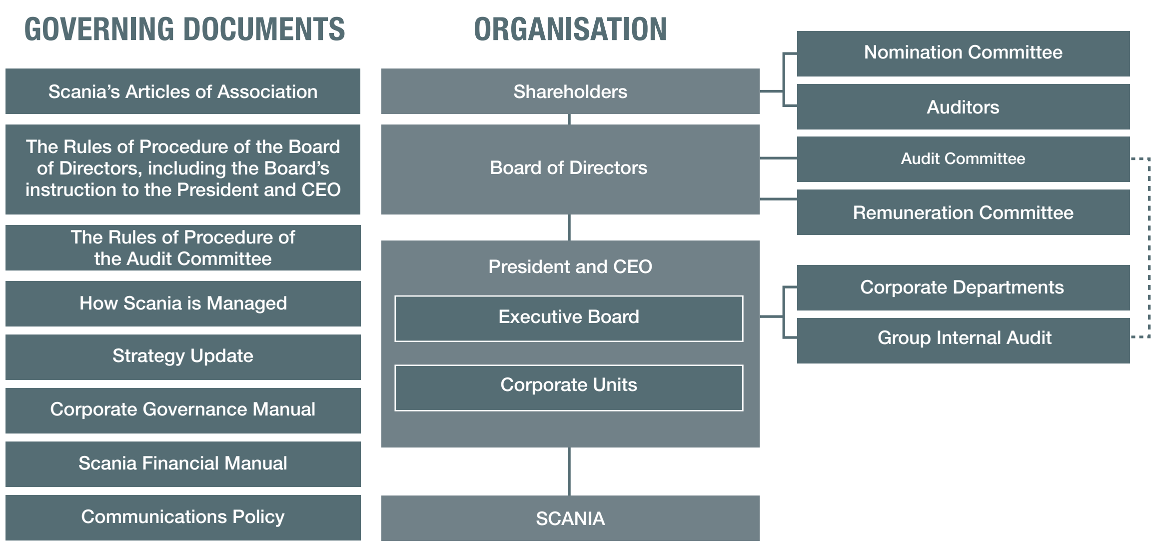
- Scania's Articles of Association (reproduced on page 69)
- The Rules of Procedure of the Board of Directors, including the Board's instruction to the President and CEO and guidelines for essential reporting processes at Scania
- The rules of Procedure of the Audit Committee
- How Scania is Managed
- Strategy Update
- Corporate Governance Manual
- Scania Financial Manual
- Communications Policy

Application and deviations

This Corporate Governance Report has been prepared in compliance with the Swedish Code of Corporate Governance. Companies applying the Code can deviate from individual rules but shall then provide an explanation reporting the reason for each deviation. Scania followed the Code without any exceptions in 2011.

THE SHAREHOLDERS

At the end of 2011, Scania had about 116,000 shareholders. Volkswagen AG was the largest shareholder, with a directly registered holding of 70.94 percent of voting power and 45.66 percent of shares. In addition, Scania shares equivalent to 0.87 percent of voting power and 3.63 percent of share capital, which are managed by credit institutions, must be counted as part of Volkswagen's holding. Since November 9, 2011, MAN SE – which owned 17.4 percent of voting power and 13.4 percent of share capital in Scania – has been a subsidiary of Volkswagen AG, with Volkswagen AG controlling 55.9 percent of voting power in MAN. As a result of this, MAN's holding in Scania shall be included in Volkswagen's ownership in Scania. Volkswagen's



ownership in Scania thus totalled the equivalent of 89.2 percent of voting power and 62.6 percent of share capital.

After that, the eight largest shareholders were Clearstream Banking, Swedbank Robur funds, Alecta Pensionsförsäkring, Skandia Liv, AMF Insurance and Funds, Scania Resultatbonusstiftelse, Afa Insurance and JPM Chase.

The Annual General Meeting

The right of shareholders to make decisions on Scania's affairs is exercised at the Annual General Meeting (AGM). All shareholders in Scania are entitled to have an item dealt with at the AGM. At the AGM, each Series A share represents one vote and each Series B share one tenth of a vote. Scania's share capital is divided into 400 million A shares and 400 million B shares.

According to the Swedish Companies Act, within six months of the expiry of each financial year, Swedish limited liability companies shall hold a general meeting of shareholders, where the Board of Directors shall present the Annual Report and the Auditors' Report. This shareholder meeting is called the Annual General Meeting. At Scania, the AGM is normally held during April or May.

Notice convening the AGM shall be issued no earlier than six and no later than four weeks before the Meeting. Notice convening an Extraordinary General Meeting (EGM) shall be issued no earlier than six and no later than three weeks before the Meeting. Notice convening an AGM and an EGM shall occur by publication in the Swedish official gazette Post- och Inrikes Tidningar (www.bolagsverket.se) and on Scania's website. It shall be announced in the Swedish national newspapers Dagens Nyheter and Svenska Dagbladet that notice has been issued.

In order to have an item dealt with at the AGM, a shareholder must submit it in writing to the Board early enough so that the item can be included in the notice convening the Meeting. In addition, at the AGM, shareholders have the opportunity to ask questions about the company and its results for the year in question.

Normally all members of the Board, the corporate management and the auditors are present in order to answer such questions.

In order to participate in decisions, a shareholder is required to attend the AGM, in person or represented by proxy. The shareholder is also required to be recorded in the shareholder list by a certain date before the AGM and to notify the company according to certain procedures.

In accordance with the Swedish Companies Act and Scania's Articles of Association, the composition of the Board is decided by election. Decisions at the AGM are usually made by simple majority. In some cases such as

Scania Board members elected by the Annual General Meeting

Board member	First elected	Audit Committee	Remuneration Committee	Independent in relation to the company and its management*	Independent in relation to the company's major shareholders*	Attendance out of 9 meetings** in all
Martin Winterkorn, Chairman	2007		Chairman	YES	NO	9
Jochem Heizmann, Vice Chairman	2010			YES	NO	9
Helmut Aurenz	2008			YES	YES	8
Börje Ekholm	2007	Chairman		YES	YES	9
Francisco J. Garcia Sanz	2007		Member	YES	NO	8
Gunnar Larsson	2008	Member	Member	YES	YES	9
Hans Dieter Pötsch	2007	Member		YES	NO	9
Åsa Thunman	2010			YES	YES	9
Peter Wallenberg Jr	2005			YES	YES	9
Leif Östling	1994			NO	YES	9

* The Nomination Committee's assessment of elected Board members' independence according to the Swedish Code of Corporate Governance and the rules of the NASDAQ OMX Stockholm that applied during 2011.

** During 2011, the Board held nine meetings: four Board meetings before the 2011 AGM and five meetings after the 2011 AGM.

an amendment to the Articles of Association, however, the Swedish Companies Act or the Articles of Association stipulates either a certain level of attendance in order to reach a quorum or a qualified majority of votes.

A shareholder may utilise all votes that correspond to the shareholder's shareholding and that are duly represented at the AGM.

The minutes of the AGM are published on Scania's website. The Articles of Association are amended through decisions by the AGM in compliance with the rules in the Swedish Companies Act.

Information about rules and practices at the annual general meetings of companies listed on the NASDAQ OMX Stockholm (Stockholm Stock Exchange) and other aspects of Swedish corporate governance is available on the Scania website at www.scania.com/scania-group/corporate-governance and is labelled "Special Features of Swedish Corporate Governance".

The Nomination Committee

The main task of the Nomination Committee is to propose candidates to the AGM for election to the Board of Directors and as Chairman of the Board and, as required – in consultation with the Board's Audit Committee – to propose candidates for election as auditors.

Beyond this, the Nomination Committee works out proposals concerning the chairman at the AGM, remuneration to the Board and its committees and remuneration to the auditors. It also assesses the independence of Board members in relation to the company and its major shareholders.

The Nomination Committee pursues continuous discussions during the year with major shareholders outside Sweden and with Swedish institutions.

In 2011 the AGM decided that Scania shall have a Nomination Committee consisting of the Vice Chairman of the Board and three to four additional members. In preparation for the AGM in 2012, the following individuals have served on the company's Nomination Committee:

Jochem Heizmann, Vice Chairman of the Board
Gudrun Letzel, representing Volkswagen AG, Chairman of the Nomination Committee
Thomas Kremer, representing MAN SE
Caroline af Ugglas, representing Skandia Liv

The members of the Nomination Committee receive no compensation from the company.

THE BOARD OF DIRECTORS

Scania's Board of Directors is elected every year by the shareholders at the AGM. The Board is the link between the shareholders and the company's management. It is of great importance in the task of developing Scania's strategy and business operations.

According to the Articles of Association, in addition to those Board members who are appointed according to Swedish law by a party other than the AGM the Board shall comprise a minimum of three and a maximum of ten members plus a maximum of two deputy members. The members are elected each year at the AGM for the period up to the end of the next AGM.

On 5 May 2011, Scania's AGM elected ten Board members and no deputy members. They are:

Martin Winterkorn
Jochem Heizmann
Helmut Aurenz
Börje Ekholm
Francisco J. Garcia Sanz
Gunnar Larsson
Hans Dieter Pötsch
Åsa Thunman
Peter Wallenberg Jr
Leif Östling

The AGM elected Martin Winterkorn as Chairman and Jochem Heizmann as Vice Chairman. In addition, the trade unions at Scania have appointed two Board members and two deputy members for them. They are:

Johan Järvklo
Håkan Thurfjell
Mikael Johansson, deputy member
Stefan U. Klingberg, deputy member

A presentation of the Board members can be found on pages 70–71.

The work of the Board

The statutory Board meeting, which is held directly in conjunction with the AGM, approves Rules of Procedure and a standing agenda for the Board meetings and, as required, rules of procedure for its committees.

According to its Rules of Procedure, the Board shall hold at least six regular meetings each year. Beyond this, the Board meets when there are special needs.

The meetings held in January/February, April/May, July/August and October/November are devoted, among other things, to financial reporting from the company. The meeting held in July/August normally deals with long-term plans and the financial forecast for the following year. At all its regular meetings, the Board deals with matters of a current nature and capital expenditure issues.

During 2011, the Board held 9 meetings. The number of meetings has increased since Volkswagen consolidated Scania in its financial statements. This requires Scania to issue its financial reports before Volkswagen, in order to reduce insider problems.

The committees report their work to the Board on a continuous basis. The Board also regularly discusses various aspects of the company's operations, for example management recruitment, financing, product development and market issues. This occurs at in-depth briefings where affected managers from the company participate.

Board members' attendance at Board meetings can be seen in the table on page 64.

According to the Swedish Companies Act, the President may be elected as a member of the Board, which is currently the case. The company's President and CEO, Leif Östling, is the only member of the Board who also belongs to Scania's operational management.

Instruction to the President and CEO

In the instruction of the Board to Scania's President and CEO, the Board specifies his duties and powers. This instruction includes guidelines on capital expenditures, financing, financial reporting and external communications.

Remuneration to the Board

Compensation to the members of the Board is determined by the AGM and is paid to those members who are not employees of Scania or Volkswagen AG. The remuneration decided by the AGM is reported in Note 28 of the Annual Report, "Compensation to executive officers".

Evaluation of the work of the Board

A written evaluation is normally performed annually, in which all Board members are given the opportunity to present their opinions about the Board, including the Chairman, and its work. The President and CEO is evaluated on a continuous basis by the Board. Once a year, the Board also carries out an evaluation of the President and CEO in which he does not participate.

The committees of the Board

The Board currently has two committees: the Audit Committee and the Remuneration Committee. The Board appoints the members of the committees from among its own members.

The Audit Committee

On 5 May 2011, the Audit Committee was re-elected and has since then consisted of Börje Ekholm (Chairman), Hans Dieter Pötsch and Gunnar Larsson. During 2011 the Audit Committee met a total of eight times. All members participated in all the meetings.

The Audit Committee discusses and monitors issues related to administrative processes, refinancing, treasury operations, risk control and the controller organisation. Its brief also includes discussing and evaluating the company's application of important accounting issues and principles and the company's financial reporting, as well as evaluating the auditors and approving the use of external auditors for non-auditing-related services.

When auditors are to be elected, the Audit Committee presents a proposal. The results of the evaluation of auditors and, in case of the election of auditors, the proposal of the Audit Committee are presented to the Board as a whole. As appropriate, the Board in turn informs the Nomination Committee. The Nomination Committee proposes candidates to the AGM for election as auditors and proposes the compensation to be paid to the auditors.

The Audit Committee shall also receive and discuss complaints concerning accounting, internal controls or auditing in the company.

The Remuneration Committee

On 5 May 2011, the Remuneration Committee was re-elected and has since then consisted of Martin Winterkorn (Chairman), Gunnar Larsson and Francisco J. Garcia Sanz. During 2011, the Remuneration Committee met two times. All members participated in both meetings.

The Remuneration Committee discusses issues concerning compensation principles and incentive programmes, as well as preparing proposals for such issues that must be approved by the AGM. In compliance with the principles that the AGM has approved for the Board, the Remuneration Committee also prepares decisions concerning conditions of employment for the company's President and CEO and, as appropriate, its Executive Vice Presidents.

Auditors

At Scania, the independent auditors are elected by the shareholders at the AGM, for a period of four years. The auditors report to the shareholders at the company's AGM.

To ensure that the requirements concerning information and controls that are incumbent on the Board are being met, the auditors report on a continuous basis to the Audit Committee on all substantive accounting issues as well as any errors and suspected irregularities. The auditors are also invited, as needed, to participate in and report to the meetings of the Board.

Once a year, the auditors report to the Audit Committee without the President and CEO or any other member of the company's operative management being present at the meeting. The auditors have no assignments for the company that affect their independence as auditors for Scania.

Scania paid its auditors the fees (including compensation for costs) that are stated in the Annual Report, Note 29, “Fees and other remuneration to auditors”, for both audit-related and non-audit-related assignments.

THE MANAGEMENT OF THE COMPANY

The decision-making structure and management of Scania are described in the internal governing document “How Scania is Managed”. It also describes Scania’s policies concerning quality, employment and employees and the environment and sustainability issues, competitive methods and ethics.

The principles and rules presented in the governing document “Scania Financial Manual” also apply to the Scania Group. Financial, commercial, legal and tax risks are reported regularly to the Audit Committee.

The companies in the Scania Group also work in compliance with the principles established in Scania’s “Corporate Governance Manual”. The main responsibility for the operations of subsidiaries, ensuring that the established profitability targets are achieved and that all of Scania’s internal rules and principles are followed, rests with the Board of Directors of each respective subsidiary.

All managers in the company are responsible for working and communicating in compliance with the company’s strategy. The strategic direction of the Scania Group is described in the annually updated “Strategy Update”. This internal governing document serves as the foundation for business and operating plans.

The President and CEO

Under the Board of Directors, the President and CEO has overall responsibility for the Scania Group.

The Executive Board

At the side of the President and CEO is the Executive Board. The Executive Board makes joint decisions – in compliance with guidelines approved by the Board and the instruction on the division of labour between the Board of Directors and the President and CEO – on issues in its area of competency that are of a long-term, strategic nature, such as the development of the company, research and development, environmental work, marketing, pricing policy, capital expenditures and financing. The Executive Board also prepares such issues that shall be decided by the Board of Directors.

The strategy meetings of the Executive Board take place six times per year. These strategies are summarised from a global perspective and updated, taking into account market developments.

The corporate units

The heads of corporate units are responsible to the Executive Board for ensuring that the appropriate actions are taken in their respective fields of responsibility based on the strategies that have been decided. Each corporate unit reports to one of the members of the Executive Board. The heads of corporate units also have a general responsibility for issues that affect the entire company, and they assist the President and CEO and the Executive Board in their work.

The Executive Board, the heads of corporate units and other managers within the corporate units meet for an Executive Strategy Briefing four to six times per year to provide updates and information on current activities and projects, as well as to discuss the implementation of strategic decisions. These meetings also deal with issues that may be presented for decisions at the meetings of the Executive Board.

The members of the Executive Board and most of the heads of corporate units who are not prevented by other obligations also gather at a brief meeting once each normal work week.

Management compensation

Compensation issues for the President and CEO and, as appropriate, Executive Vice Presidents, are decided by the Board after preparation by its Remuneration Committee.

The principles for compensation to executive officers are decided by the AGM, based on a proposal by the Board. The proposal is prepared by the Remuneration Committee. Share-related incentive programmes are decided by the AGM.

Compensation to executive officers, including the President and CEO and the Executive Board, is stated in the Annual Report, Note 28, “Compensation to executive officers”. Note 28 of the Annual Report for 2011 also states the compensation to the heads of corporate units.

Internal control of financial reporting

The description below has been prepared in compliance with the Swedish Code of Corporate Governance and the Annual Accounts Act.

The cornerstones of Scania’s internal control system consist of the control environment, risk assessment, control activities, information and communication as well as monitoring.

Control environment

Internal control at Scania is based on the decisions on organisational structure, powers and guidelines made by the Board of Directors. The Board's decisions have been transformed into functioning management and control systems by the Executive Board. Organisational structure, decision-making procedures, powers and responsibilities are documented and communicated in governing documents, such as internal policies, manuals and codes. Also included in the basis for internal control are Group-wide accounting and reporting instructions, instructions regarding powers and authorisation rights as well as manuals. The Group reporting system for integrated financial and operational information is another central element of the control environment and internal control. Integrated reporting of financial and operational information ensures that external financial reporting is firmly based on business operations. In addition to information on final outcome figures, the reporting system also includes quarterly moving forecast information. Corporate Control is responsible for continuous updating of accounting and reporting instructions, with due regard for external and internal requirements.

Risk assessment and control activities

Risk management and risk assessment are an integral element of the business management and decision-making processes. Risk areas identified in financial reporting are handled and scrutinised via Scania's controller organisation.

The controller organisation, like financial responsibility, follows the company's organisational and responsibility structure. Controllers who closely scrutinise business operations are found at all levels of the organisation. Clear reporting to higher levels takes place regularly, ensuring a solid understanding of how a unit's business operations are reflected in the figures. In its task of compiling, verifying and analysing financial information, the corporate-level controller organisation has access to the figures and business-related comments of all operational units.

Information and communication

In order to inform, instruct and coordinate financial reporting, Scania has formal information and communications channels to the affected employees regarding policies, guidelines and reporting manuals. These formal information and communications channels are supplemented by frequent dialogue between Finance and Business Control and the individuals in charge of financial reporting at operational units. The Group holds internal seminars and conferences regularly, with a focus on quality assurance in financial reporting and governance models.

Monitoring

Scania monitors compliance with the above described governing documents and the effectiveness of the control structure. Monitoring and evaluation are performed by the company's corporate controller departments in industrial operations, all sales and services companies and finance companies. During the 2011 financial year, in its control and investigative activities the company prioritised areas and processes with large flows and values as well as selected operational risks. Monitoring compliance with the Scania Corporate Governance Manual and Scania Financial Manual remained high priority areas, along with units undergoing changes.

In preparation for every meeting, the Audit Committee of the Board of Directors receives an internal control report for review. This report is prepared by Group Internal Audit, whose main task is to monitor and review internal control of the company's financial reporting. The independence of the unit is ensured by its reporting to the Audit Committee. Functionally, the unit reports to the Chief Financial Officer of Scania.

The Board receives monthly financial reports, except for January and July. This financial information increases in terms of content in the run-up to each interim report, which is always preceded by a Board meeting where the Board approves the report.

Through the organisational structure and the work methods described above, the company deems the internal control system concerning financial reporting well suited to the company's operations.

Scania's Corporate Governance Report is also available at www.scania.com/corporategovernance.

Articles of Association

Adopted at the Annual General Meeting on 5 May 2011.

§ 1 The registered name of the company is Scania Aktiebolag. The company is a public company (publ).

§ 2 The aim of the company's operations is to carry on, directly or through subsidiaries or associated companies, development, manufacturing and trading in motor vehicles and industrial and marine engines; to own and manage real and movable property; to carry on financing business (although not activities that require a permit according to the Banking and Financing Business Act); as well as other operations compatible with the above.

§ 3 The company's registered office shall be in the Municipality of Södertälje.

§ 4 The company's share capital shall be a minimum of one billion six hundred million kronor (SEK 1,600,000,000) kronor and a maximum of six billion four hundred million kronor (SEK 6,400,000,000).

§ 5 The total number of shares in the company shall be a minimum of six hundred and forty million (640,000,000) and a maximum of two billion five hundred and sixty million (2,560,000,000).

The shares may be issued in two series, Series A and Series B. A maximum of 2,560,000,000 Series A shares and a maximum of 2,560,000,000 Series B shares may be issued, subject to the limitation that the total number of Series A and Series B shares may not exceed 2,560,000,000 shares. In a vote at a General Meeting of shareholders, each Series A share carries one vote and each Series B share carries one tenth of a vote.

If the company decides to issue new shares of both Series A and Series B and the shares are not to be paid by consideration in kind, existing holders of Series A shares and Series B shares shall have the preferential right to subscribe for new shares of the same type in proportion to the number of existing shares of each type held by such existing shareholder ("primary preferential right"). Shares not subscribed for by shareholders with a primary preferential right shall be offered to all shareholders for subscription ("subsidiary preferential right"). If the total number of shares to be offered is not sufficient to cover the subscriptions made through the exercise of subsidiary preferential rights, such shares shall be distributed among the subscribers in relation to the number of existing shares they already hold and, where this is not possible, through the drawing of lots.

If the company decides to issue new shares of only Series A or Series B, for which consideration in kind is not paid, all shareholders, regardless of whether such shareholders currently hold shares of Series A or Series B, shall have the preferential right to subscribe for new shares in proportion to the number of shares held by them prior to such issuance.

The above shall not in any way limit the ability of the company to make decisions regarding cash issues or issues where consideration is paid by offsetting against a debt, which diverge from the shareholders' preferential rights.

In the case of an increase in equity through a bonus issue, new shares of each type shall be issued in proportion to the number of shares of the same type already existing. Existing shares of a particular type will thereby carry the right to new shares of the same type. The aforesaid shall not in any way limit the ability of the company to, through a bonus issue, following the necessary changes in the Articles of Association, issue shares of a new type.

What has been stipulated above regarding shareholders' preferential rights to new shares shall apply correspondingly to the new issue of warrants and convertible debentures.

§ 6 In addition to those Board members who are appointed according to law by a party other than the Annual General Meeting, the Board of Directors shall comprise a minimum of three and a maximum of ten members with a maximum of two deputies. These members and deputies shall be elected at each Annual General Meeting for the period up to the end of the next Annual General Meeting.

§ 7 The company signatory (or signatories) are the person(s) appointed for this purpose by the Board of Directors.

§ 8 Two Auditors and two Deputy Auditors or a registered auditing company shall be appointed at the Annual General Meeting, for the period up to the end of the Annual General Meeting held during the fourth financial year after the election of Auditors, to carry out the company's audit. If the same Auditor or auditing company is to be reappointed after the term has come to an end, the General Meeting may decide that the appointment shall be valid up to the close of the Annual General Meeting held during the third financial year after the election of the Auditor.

The Board of Directors is authorized to appoint one or several special auditors, or a registered auditing firm, to review such statements or plans which have been prepared by the Board of Directors in accordance with the Swedish Companies Act in connection with such new issue of shares, warrants or convertibles which contain provisions on payment in kind or that subscription shall be made with a right of setoff or with other conditions, a sale of own shares against non-cash consideration, a reduction of the share capital or the statutory reserve, a merger or a demerger of a limited liability company.

§ 9 The company's financial year shall be the calendar year.

§ 10 The Annual General Meeting shall be held in the Municipality of Södertälje or the Municipality of Stockholm. The meeting shall be opened by the Chairman of the Board or the person appointed to do so by the Board.

§ 11 The Annual General Meeting shall be held once a year, by June at the latest. The following matters shall be dealt with at the Annual General Meeting:

1. Election of a chairman for the meeting.
2. Approval of the voting list.
3. Approval of the agenda.
4. Election of two persons to verify the minutes.
5. Consideration of whether the meeting has been duly convened.
6. Presentation of the annual accounts and Auditors' Report, and the consolidated annual accounts and Auditors' Report.
7. Resolutions concerning
   a. adoption of the income statement and balance sheet and the consolidated income statement and balance sheet,
   b. distribution of the profit or loss according to the adopted balance sheet,
   c. discharge of the members of the Board and the President from liability for the financial year.
8. Determination of the number of Board members and deputy Board members.
9. Determination of remuneration for the Board and Auditors.
10. Election of Board members and deputy Board members.
11. Election of Auditors and Deputy Auditors when applicable.
12. Other matters to be dealt with at the Annual General Meeting pursuant to the Swedish Companies Act or the Articles of Association.

§ 12 At a General Meeting, each shareholder entitled to vote may vote for the full number of votes held or represented by him.

§ 13 Notice convening the Annual General Meeting, or an Extraordinary General Meeting where a change in the Articles of Association is on the agenda, shall be issued no earlier than six weeks and no later than four weeks prior to the Meeting. Notice convening other Extraordinary General Meetings shall be issued no earlier than six weeks and no later than three weeks prior to the Meeting.

Notice convening a General Meeting shall be in the form of an announcement in the Swedish official gazette Post- och Inrikes Tidningar and as an announcement on the company's webpage. An advertisement that notice has been given shall be published in the Swedish national circulation newspapers Dagens Nyheter and Svenska Dagbladet. Shareholders who wish to attend a General Meeting must be included in a print-out of the shareholder list reflecting conditions five weekdays prior to the General Meeting, and must also register with the company no later than 16.00 CET on the date stated in the notice convening the Meeting. Such a day may not be a Sunday, another public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not be earlier than five weekdays prior to the meeting.

Shareholders may bring one or two assistants to a General Meeting, although only if the shareholder has given prior notice thereof to the company as stipulated in the preceding section.

§ 14 The company's shares shall be registered in a central securities depository register according to the Financial Instruments Accounting Act (1998:1479).

Board of Directors

MARTIN WINTERKORN

Born 1947.
Prof. Dr. rer. nat.
Chairman since 2007.
Chairman, Remuneration Committee.

Other directorships:
Chairman of the Board of Management, Volkswagen AG. Chairman or Board member of several companies in the Volkswagen Group and Board member of a number of subsidiaries of the Volkswagen Group. Chairman of the Board of Management, Porsche Automobil Holding SE. Member of the following Supervisory Boards: Dr. Ing. h.c. F. Porsche AG, FC Bayern München AG and Salzgitter AG.

Relevant work experience:
Chairman and member of the Board of Management, Volkswagen AG, responsible for Group Research and Development. Chairman of the Board of Management, Volkswagen Brand.

Shares in Scania: 0.

JOCHEM HEIZMANN

Born 1952.
Prof. Dr.
Vice Chairman and member of the Board since 2010.
Member, Nomination Committee.

Other directorships:
Member of the Board of Management, Volkswagen AG. Member of the Supervisory Board, Lufthansa Technik AG.

Relevant work experience:
Member of the Board of Management, Volkswagen AG, responsible for Group Commercial Vehicles. Chairman or Board member of a number of subsidiaries in the Volkswagen Group. Various management positions at Karlsruhe University, Audi NSU AUTO UNION AG and Volkswagen AG.

Shares in Scania: 0.

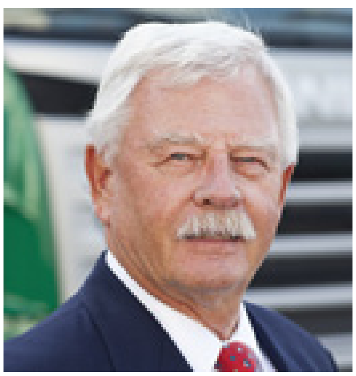
LEIF ÖSTLING

Born 1945.
MBA and MSc.
Member since 1994.
President and CEO of Scania.

Other directorships:
Chairman of AB SKF, Vice Chairman of ISS A/S, Chairman of the Association of Swedish Engineering Industries and Board member of the Confederation of Swedish Enterprise.

Relevant work experience:
Various management positions at Scania since 1972, President and CEO of Scania since 1994.

Shares in Scania: 140,000 A shares, 400,000 B shares plus 160,000 B shares via related companies.



HELMUT AURENZ

Born 1937.
Apprenticeship in horticulture, entrepreneur.
Member since 2008.

Other directorships:
Member of various boards and advisory bodies, among them the advisory assemblies for Baden-Württembergische Bank, Landeskreditbank Baden-Württemberg and Landesbank Baden-Württemberg. Member of the World Economic Forum in Geneva. Independent Board member of Audi AG and Automobili Lamborghini Holding Spa.

Relevant work experience:
Started in 1958 a now-sizeable garden and fertiliser products business in the ASB Group in Ludwigsburg, Germany.

Shares in Scania: 0.

BÖRJE EKHOLM

Born 1963.
MSc and MBA.
Member since 2007.
Chairman, Audit Committee.

Other directorships:
Chairman of the Royal Institute of Technology. Board member of Chalmersinvest AB, EQT Partners AB, Husqvarna AB, NASDAQ OMX Group Inc. and Telefonaktiebolaget LM Ericsson.

Relevant work experience:
McKinsey & Company; President of Novare Kapital, 1995-1997; various positions at Investor AB, 1992–1995, returned to Investor AB in 1997, President and CEO since 2005.

Shares in Scania: 2,000 B shares.

FRANCISCO J. GARCIA SANZ

Born 1957.
Dr. rer. pol. h. c.
Member since 2007.
Member, Remuneration Committee.

Other directorships:
Member of the Board of Management, Volkswagen AG. Board member of several companies in the Volkswagen Group.

Relevant work experience:
Member of the Board of Management, Volkswagen AG, with global responsibility for Procurement. Various positions at Adam Opel AG, various management positions at GM and Volkswagen AG.

Shares in Scania: 0.

GUNNAR LARSSON

Born 1942.
MSc.
Member since 2008.
Member, Audit Committee and Remuneration Committee.

Other directorships:
Member of the Royal Swedish Academy of Engineering Sciences (IVA) since 1997.

Relevant work experience:
Held executive management positions for product development from 1981 to 1996 at Saab-Scania AB, Volvo Car Corporation, Audi AG and Volkswagen AG. Running an international consultancy for clients in the vehicle industry since 1996.

Shares in Scania: 0.

HANS DIETER PÖTSCH

Born 1951.
MSc.
Member since 2007.
Member, Audit Committee.

Other directorships:
Member of the Board of Management, Volkswagen AG. Member of the Board of Management, Porsche Automobil Holding SE. Chairman or member of several Supervisory Boards in the Volkswagen Group. Member of the following Supervisory Boards: Dr. Ing. h.c. F. Porsche AG and Bertelsmann AG.

Relevant work experience:
Member of the Board of Management, Volkswagen AG, responsible for Finance and Controlling. Member of the Board of Management, Porsche Automobil Holding SE (Chief Financial Officer). Chairman of the Board of Management, Dürr AG. General Manager for Finance and Administration at Trumpf GmbH & Co. Various positions at BMW.

Shares in Scania: 0.

ÅSA THUNMAN

Born 1969.
Law degree (LL.M.).
Member since 2010.

Relevant work experience:
Senior Vice President General Counsel, Securitas AB since 2011. General Counsel of Elekta AB and secretary of the Board of Directors, secretary of the Nomination Committee and the Audit Committee at Elekta AB. President of Elekta Instrument AB and Vice President at the corporate office of Elekta AB.

Shares in Scania: 0.

PETER WALLENBERG JR

Born 1959.
MBA.
Member since 2005.

Other directorships:
Chairman of Foundation Asset Management Sweden AB, the Grand Group AB, the Royal Swedish Automobile Club and Kungsträdgården Park & Evenemang AB. Vice Chairman of the Knut and Alice Wallenberg Foundation. Board member of Investor AB, SEB Kort AB, Stockholm International Fairs and Aleris Holding AB.

Relevant work experience:
Various positions at Grand Hôtel.

Shares in Scania: 6,000 B shares.

HÅKAN THURFJELL

Born 1951.
Representative of the Federation of Salaried Employees in Industry and Services (PTK) at Scania.
Member since 2008.

Relevant work experience:
Various managerial positions at Scania.

Shares in Scania: 0.

STEFAN U. KLINGBERG

Born 1969.
Representative of the Federation of Salaried Employees in Industry and Services (PTK) at Scania.
Deputy member since 2006.

Relevant work experience:
Various positions at Scania since 1995, current position Director Strategic Planning, Services, Sales & Services Management.

Shares in Scania: 0.

JOHAN JÄRVKLO

Born 1973.
Representative of the Swedish Metal Workers' Union at Scania.
Member since 2008. Previously deputy member since 2006.

Relevant work experience:
Various positions at Scania.

Shares in Scania: 0.

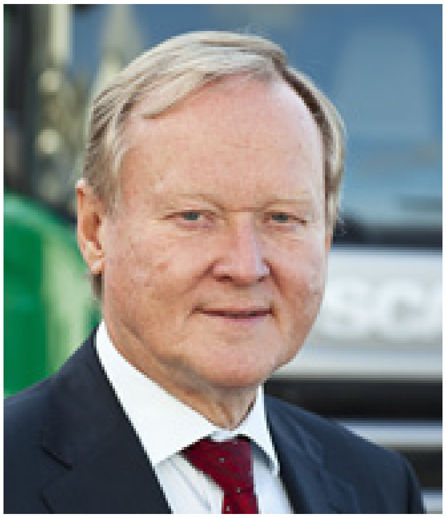
MIKAEL JOHANSSON

Born 1963.
Representative of the Swedish Metal Workers' Union at Scania.
Deputy member since 2008.

Relevant work experience:
Various positions at Scania.

Shares in Scania: 0.

Executive Board



LEIF ÖSTLING

President and CEO.
Born 1945, MBA and MSc.
Joined Scania in 1972.
Shares in Scania:
140,000 Series A shares, 400,000 B shares plus 160,000 B shares via related companies.

PER HALLBERG

Executive Vice President,
Head of Research and Development, Purchasing.
Born 1952, MSc.
Joined Scania in 1977.
Shares in Scania: 13,767 B shares.

CHRISTIAN LEVIN

Executive Vice President,
Head of Sales and Services Management.
Born 1967, MBA and MSc.
Joined Scania in 1994.
Shares in Scania: 232 B shares.

MARTIN LUNDSTEDT

Executive Vice President,
Head of Franchise and Factory Sales.
Born 1967, MSc.
Joined Scania in 1992.
Shares in Scania: 7,298 B shares.

ANDERS NIELSEN

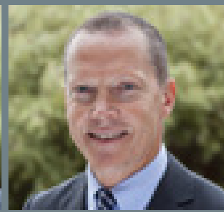
Executive Vice President,
Head of Production and Logistics.
Born 1962, MSc.
Joined Scania in 1987.
Shares in Scania: 7,210 B shares.

JAN YTTERBERG

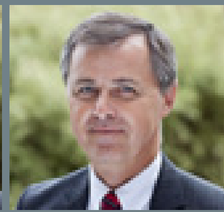
Executive Vice President,
Chief Financial Officer (CFO).
Born 1961, BSc.
Joined Scania in 1987.
Shares in Scania: 10,512 B shares.

Corporate Units

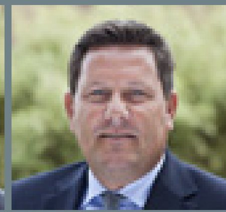
KENT CONRADSON
Senior Vice President, Human Resources Support.
Born 1958.
Joined Scania in 1979.
Shares in Scania:
2,360 B shares.



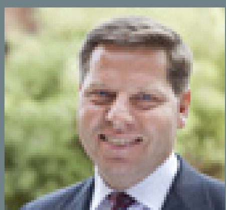
KLAS DAHLBERG
Senior Vice President, Buses and Coaches.
Born 1964.
Joined Scania in 1986.
Shares in Scania:
3,478 B shares.



SVEN-ÅKE EDSTRÖM
Senior Vice President, Truck, Cab and Bus Chassis Development.
Born 1957.
Joined Scania in 1981.
Shares in Scania:
7,978 B shares.



ANDERS GRUNDSTRÖMER
Executive Regional Director, Western and Southern Europe (WSE).
Born 1958.
Joined Scania in 1995.
Shares in Scania:
100 B shares.

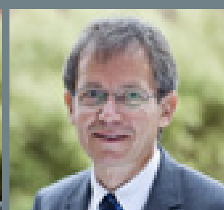


ANDERS GUSTAFSSON
Senior Vice President, Service Operations.
Born 1961.
Joined Scania in 1991, employed until 2001.
Rejoined Scania in 2006.
Shares in Scania:
4,737 B shares.

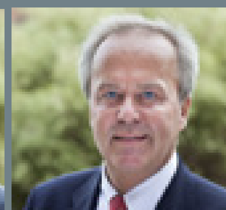
JOHAN HAEGGMAN
Senior Vice President, Corporate Control.
Born 1960.
Joined Scania in 1989, employed until 1999.
Rejoined Scania in 2003.
Shares in Scania:
32 A shares via related parties.

HENRIK HENRIKSSON
Senior Vice President, Trucks.
Born 1970.
Joined Scania in 1997.
Shares in Scania:
1,710 B shares.

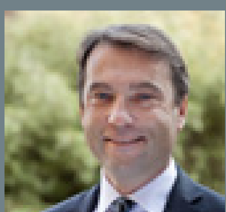
JONAS HOFSTEDT
Senior Vice President, Powertrain Development.
Born 1959.
Joined Scania in 1984.
Shares in Scania:
664 A shares, 6,788 B shares plus 48 A shares via related parties.



PETER HÄRNWALL
Senior Vice President, Business Support.
Born 1955.
Joined Scania in 1983.
Shares in Scania:
6,896 B shares.



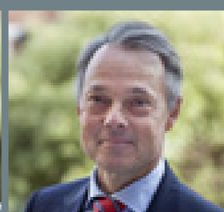
CLAES JACOBSSON
Senior Vice President, Financial Services.
Born 1958.
Joined Scania in 1999.
Shares in Scania:
6,001 B shares.



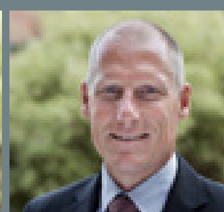
MIKAEL JANSSON
Senior Vice President, Parts.
Born 1959.
Joined Scania in 1984.
Shares in Scania:
3,393 B shares plus 64 A shares via related parties.

THOMAS KARLSSON
Senior Vice President, Chassis and Cab Production.
Born 1953.
Joined Scania in 1988.
Shares in Scania:
6,839 B shares.

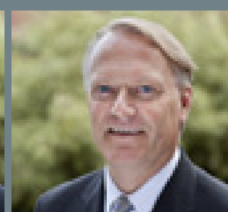
ERIK LJUNGBERG
Senior Vice President, Corporate Relations.
Born 1971.
Joined Scania in 1997, employed until 2006.
Rejoined Scania in 2008.
Shares in Scania:
1,477 B shares.



HANS NARFSTRÖM
Senior Vice President, Corporate IT and SRS Office.
Born 1951.
Joined Scania in 1977.
Shares in Scania:
40 B shares via related parties.

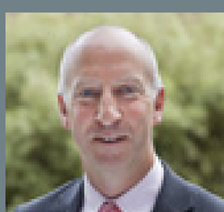


STEFAN PALMGREN
Senior Vice President, Powertrain Production.
Born 1963.
Joined Scania in 1983.
Shares in Scania:
1,400 B shares.

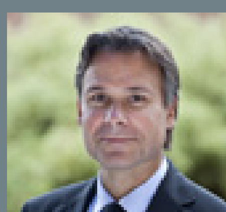


JOHAN P SCHLYTER
Executive Regional Director, Region Asia, Southern Africa and Oceania (AAO).
Born 1961.
Joined Scania in 1986.
Shares in Scania:
944 B shares.

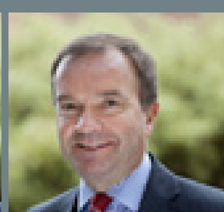
ROBERT SOBOCKI
Senior Vice President, Scania Engines.
Born 1952.
Joined Scania in 1978, employed until 1997.
Rejoined Scania in 2002.
Shares in Scania:
620 A shares plus 8,886 B shares.



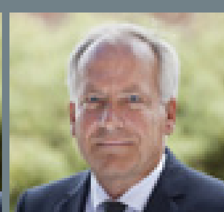
LARS STENQVIST
Senior Vice President, Vehicle Definition.
Born 1967.
Joined Scania in 1992.
Shares in Scania:
4,954 B shares.



MARTIN STÅHLBERG
Executive Regional Director, Region Latin America (LAR) and President of Scania Latin America.
Born 1964.
Joined Scania in 1991.
Shares in Scania:
300 B shares.



MIKAEL SUNDSTRÖM
Senior Vice President, Corporate Legal Affairs and Risk Management.
Born 1957.
Joined Scania in 2004.
Shares in Scania:
1,000 B shares.



PER-OLOV SVEDLUND
Senior Vice President, Global Purchasing.
Born 1955.
Joined Scania in 1976.
Shares in Scania:
8,770 B shares.

BENGT THORSSON
Executive Regional Director, Central, Northern and Eastern Europe (CNE)
Born 1964.
Joined Scania in 1989.
Shares in Scania:
1,000 B shares via related parties.

FINANCIAL REPORTS

Amounts in tables are reported in millions of Swedish kronor (SEK m.) unless otherwise stated.

FINANCIAL REPORTS

AUDITOR: Ernst & Young AB, Lars Träff

Group financial review

NET SALES

The net sales of the Scania Group, in the Vehicles and Services segment, increased by 12 percent to SEK 87,686 m. (78,168). Currency rate effects excluding currency hedges had a negative impact on sales of 5 percent.

New vehicle sales revenue increased by 19 percent. Sales were influenced by the increased number of vehicles delivered. Service revenue rose by 4 percent to SEK 17,048 m. (16,455). Demand was strong in all regions. Volume increased, as regards parts as well as workshop hours.

Interest and lease income in the Financial Services segment increased by 4 percent, mainly due to the generally higher financing volume and higher interest margins.

Net sales by product, SEK m.	**2011**	2010
Trucks	**57,632**	47,580
Buses	**8,206**	7,713
Engines	**1,179**	1,148
Service	**17,048**	16,455
Used vehicles	**4,313**	4,623
Miscellaneous [1]	**1,907**	2,590
Delivery sales value	**90,285**	80,109
Adjustment for lease income [2]	**–2,599**	–1,941
Total Vehicles and Services	**87,686**	78,168
Financial Services	**4,372**	4,197
Elimination [3]	**–1,749**	–1,797
Scania Group total	**90,309**	80,568

1 During 2011, no future currency flows were hedged. In 2010, currency hedging income of SEK 745 m. was included.

2 Refers to the difference between sales value based on delivery value and sales recognised in revenue. This difference arises when a lease or delivery – combined with a residual value guarantee or a repurchase obligation, which means that significant risks remain – is recognised as an operating lease.

3 Elimination refers to lease income on operating leases.

NUMBER OF VEHICLES

During 2011 Scania delivered 72,120 (56,837) trucks, an increase of 27 percent. Bus chassis deliveries increased by 16 percent to 7,988 (6,875) units.

Vehicles delivered	**2011**	2010
Vehicles and Services		
Trucks	**72,120**	56,837
Buses	**7,988**	6,875
Total new vehicles	**80,108**	63,712
Used vehicles	**13,472**	14,127

Financial Services		
Number financed (new during the year)		
Trucks	**20,333**	12,502
Buses	**786**	531
Total new vehicles	**21,119**	13,033
Used vehicles	**5,534**	5,573
New financing, SEK m.	**25,745**	17,675
Portfolio, SEK m.	**42,235**	36,137

EARNINGS

Scania's operating income amounted to SEK 12,398 m. (12,746) during 2011. Operating margin amounted to 14.1 (16.3) percent.

Operating income in Vehicles and Services totalled SEK 11,881 m. (12,575) during 2011. Higher vehicle deliveries and service volume were offset by a significantly stronger Swedish krona and a higher cost level. A less favourable market mix and increased raw material costs had an adverse impact on margins while higher prices had some positive effect.

Scania's research and development expenditures amounted to SEK 4,658 m. (3,688). After adjusting for SEK 387 m. (351) in capitalised expenditures and SEK 169 m. (168) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 4,440 m. (3,505).

Compared to 2010, currency spot rate effects amounted to SEK –2,190 m. During 2010, currency hedging income was SEK 745 m. The overall currency rate effect was thus SEK –2,935 m. compared to 2010. During 2011, no future currency flows were hedged.

Operating income in Financial Services amounted to SEK 517 m. (171). This was equivalent to 1.32 (0.45) percent of the average portfolio during the year. Bad debt expenses decreased during the period.

At year-end 2011, the size of the customer finance portfolio amounted to SEK 42.2 billion, which represented an increase of SEK 6.1 billion since the end of 2010. In local currencies, the portfolio increased by 20 percent, equivalent to SEK 7.3 billion.

Operating income per segment, SEK m.	**2011**	2010
Vehicles and Services		
Operating income	**11,881**	12,575
Operating margin, %	***13.5***	*16.1*
Financial Services		
Operating income	**517**	171
Operating margin, % [1]	***1.32***	*0.45*
Operating income, Scania Group	**12,398**	12,746
Operating margin, %	***14.1***	*16.3*
Income before tax	**12,612**	12,533
Taxes	**–3,190**	–3,430
Net income	**9,422**	9,103
Earnings per share, SEK	**11.78**	11.38
Return on equity, %	**29.5**	34.7

1 The operating margin of Financial Services is calculated by taking operating income as a percentage of the average portfolio.

Scania's net financial items amounted to SEK 214 m. (–213). Net interest items amounted to SEK 261 m. (–193). Net interest items were favourably affected by a significantly higher average net cash position within Vehicles and Services, compared to the preceding year. Other financial income and expenses amounted to SEK –47 m. (–20).

Income before taxes amounted to SEK 12,612 m. (12,533). The Scania Group's tax expense for 2011 was equivalent to 25.3 (27.4) percent of income before taxes.

Net income for the year totalled SEK 9,422 m. (9,103), corresponding to a net margin of 10.7 (11.6) percent. Earnings per share amounted to SEK 11.78 (11.38).

CASH FLOW

Cash flow in Vehicles and Services amounted to SEK 6,970 m. (11,880). Tied-up working capital increased by SEK 957 m. The higher volume resulted in a higher inventory of parts and components in the production network. The inventory level of new Euro 3 vehicles was high in Brazil. Ahead of the changeover to Euro 5 vehicles on 1 January 2012, the situation was that production of Euro 3 vehicles took place until year-end while sales are also allowed during the first quarter of 2012.

Net investments amounted to SEK 3,732 m. (2,809), including SEK 387 m. (351) in capitalisation of development expenses. At the end of 2011, the net cash position in Vehicles and Services amounted to SEK 10,615 m., compared to a net cash position of SEK 7,700 m. at the end of 2010.

Cash flow in Financial Services decreased by SEK 6,802 m. (1,143) mainly related to the increase in the finance portfolio.

NET DEBT

Net debt, SEK m.	**2011**	2010
Cash and cash equivalents and current investments	**–11,796**	–9,868
Current borrowings	**19,782**	12,433
Non-current borrowings	**19,011**	21,973
Net market value of derivatives for hedging of borrowings	**–565**	–1,057
Total [1]	**26,432**	23,481
of which, attributable to Vehicles and Services [1]	**–10,615**	–7,700
of which, attributable to Financial Services [1]	**37,047**	31,181

1 Net cash (–)/Net debt (+)

Cash flow for the year in Vehicles and Services of SEK 6,970 m., after subtracting the dividend and taking into account currency rate effects, meant that the net cash position increased by SEK 2,915 m. to SEK 10,615 m.

FINANCIAL POSITION

Financial ratios related to the balance sheet, SEK m.	**2011**	2010
Equity/assets (E/A) ratio, %	**31.6**	30.5
E/A ratio, Vehicles and Services, %	**44.4**	41.1
E/A ratio, Financial Services, %	**10.3**	11.1
Equity per share, SEK	**43.1**	37.5
Return on capital employed, Vehicles and Services, % [1]	**38.1**	39.5
Net debt/equity ratio, Vehicles and Services	**–0.35**	–0.30

1 Calculation is based on average capital employed for the five most recent quarters.

During 2011, the equity of the Scania Group increased by SEK 4,476 m. and totalled SEK 34,512 m. (30,036) at year-end. Net income added SEK 9,422 m. (9,103), while the dividend to shareholders decreased equity by SEK 4,000 m. (800). Equity decreased by SEK 719 m. (1,145) because of exchange rate differences that arose when translating net assets outside Sweden. In addition, equity decreased by SEK 306 m. (461) because of cash flow hedgings and actuarial losses on pension liabilities. Taxes attributable to items reported under "Other comprehensive income" totalled SEK 79 m. (36).

The regular dividend for the 2011 financial year proposed by the Board of Directors is SEK 5.00 (5.00) per share.

NUMBER OF EMPLOYEES

The number of employees in the **Scania Group** at year-end 2011 was 37,496, compared to 35,514 at the end of 2010.

In **Vehicles and Services**, the number of employees at the end of December was 36,854 (34,923).

In **Financial Services**, the number of employees at year-end 2010 was 642 (591).

FINANCIAL RISKS

Borrowing and refinancing risk

Scania's borrowings primarily consist of bonds issued under capital market programmes, and to some extent of other borrowing mainly via the banking system. In addition, Scania secures a certain portion of its borrowing needs via four committed credit facilities: two in the international borrowing market and two in the Swedish market.

At year-end 2011, borrowings amounted to SEK 38.8 (34.4) billion. In addition to utilised borrowing, Scania had unutilised committed credit facilities equivalent to SEK 27.9 (27.0) billion.

Interest rate risk

Scania's policy concerning interest rate risks in Vehicles and Services is that the interest rate refixing period on its net debt should normally be 6 months, but divergences may be allowed within the 0–24 month range. In Financial Services the interest rate refixing period on borrowings shall be matched with the interest rate refixing period on assets. To manage interest rate risks in the Scania Group, derivative instruments are used.

Currency risk

Currency transaction exposure in operating income during 2011 totalled about SEK 31 (26) billion. The largest currency flows were in euros, US dollars and Russian roubles. Based on 2011 revenue and expenses in foreign currencies, a one percentage point change in the Swedish krona against other currencies would affect operating income by about SEK 313 m. (258) on an annual basis.

According to Scania's policy, future cash flows may be hedged during a period that is allowed to vary between 0 and 12 months. The Board of Directors approves maturities of more than 12 months. During 2011, no future currency flows were hedged.

At the end of 2011, Scania's net assets in foreign currencies amounted to SEK 16,400 m. (13,150). The net foreign assets of subsidiaries are normally not hedged. However, to the extent a foreign subsidiary has significant net monetary assets in local currency, they may be hedged. At the end of 2011, no foreign net assets were hedged.

Credit risk

The management of credit risks in Vehicles and Services is regulated by a credit policy. In Vehicles and Services, credit exposure consists mainly of receivables from independent dealers as well as end customers.

Provisions for credit losses amounted to SEK 516 m. (581), equivalent to 7.2 (8.0) percent of total receivables. The year's bad debt expenses amounted to SEK 92 m. (55).

To maintain a controlled level of credit risk in Financial Services, the process of issuing credit is supported by a credit policy as well as credit instructions. In Financial Services, the year's expenses for actual and potential credit losses totalled SEK 298 m. (493), equivalent to 0.76 (1.29) percent of the average portfolio. The year's actual credit losses amounted to SEK 355 m. (500).

At year-end, the total reserve for bad debt expenses in Financial Services amounted to SEK 745 m. (817), equivalent to 1.7 (2.2) percent of the portfolio at the close of 2011.

The year-end credit portfolio amounted to SEK 42,235 m. (36,137), allocated among about 24,000 customers, of which 98.4 percent were customers with lower credit exposure per customer than SEK 15 m.

The management of the credit risks that arise in Scania's treasury operations, among other things in investment of cash and cash equivalents and derivatives trading, is regulated in Scania's Financial Policy document. Transactions occur only within established limits and with selected, creditworthy counterparties.

OTHER CONTRACTUAL RISKS

Residual value exposure

Scania delivers some of its vehicles with guaranteed residual value or with repurchase obligations, where Scania thus has residual value exposure. There is also residual value exposure for short-term rental vehicles with an estimated residual value. The amount for residual value exposure at year-end was SEK 7,762 m. (6,522). Exposure rose by SEK 1,240 m., mainly due to an increased number of newly contracted obligations in Europe. The strong Swedish krona decreased the exposure marginally. During 2011, the volume of new contracts was about 7,800 (6,600).

Service contracts

A large proportion of Scania's sales of parts and workshop hours occurs through repair and service contracts. Selling a service contract involves a commitment by Scania to provide servicing to customers during the contractual period in exchange for a predetermined fee. The cost of the contract is allocated over the contractual period according to estimated consumption of service, and actual divergences from this are recognised in the accounts during the period. From a portfolio perspective, Scania continually estimates possible future divergences from the expected cost curve. Negative divergences from this result in a provision, which affects earnings for the period.

The number of contracts rose during 2011 by 13,600 and totalled 98,600 at year-end. Most of these are in the European market.

THE PARENT COMPANY

The Parent Company, Scania AB, is a public company whose assets consist of the shares in Scania CV AB. Otherwise the Parent Company runs no operations. Income before taxes of Scania AB during 2011 totalled SEK 4,001 m. (5,000).

Scania CV AB is a public company and parent company of the Scania CV Group, which includes all production, sales and services and finance companies in the Scania Group.

Consolidated income statements

January – December, SEK m.	Note	2011	2010	2009
Vehicles and Services				
Net sales	4	**87,686**	78,168	62,074
Cost of goods sold	5	**–63,163**	–54,504	–48,890
Gross income		**24,523**	23,664	13,184
Research and development expenses [1]	5	**–4,440**	–3,505	–3,216
Selling expenses	5	**–7,014**	–6,400	–6,407
Administrative expenses	5	**–1,204**	–1,200	–918
Share of income in associated companies and joint ventures	13	**16**	16	5
Operating income, Vehicles and Services		**11,881**	12,575	2,648
Financial Services	6			
Interest and lease income		**4,372**	4,197	4,666
Interest and depreciation expenses		**–3,023**	–3,026	–3,514
Interest surplus		**1,349**	1,171	1,152
Other income		**129**	306	306
Other expenses		**–48**	–240	–262
Gross income		**1,430**	1,237	1,196
Selling and administrative expenses	5	**–615**	–573	–538
Bad debt expenses		**–298**	–493	–833
Operating income, Financial Services		**517**	171	–175
Operating income		**12,398**	12,746	2,473
Interest income		**820**	464	407
Interest expenses		**–559**	–657	–1,129
Other financial income		**116**	70	227
Other financial expenses		**–163**	–90	–376
Total financial items	7	**214**	–213	–871
Income before taxes		**12,612**	12,533	1,602
Taxes	8	**–3,190**	–3,430	–473
Net income		**9,422**	9,103	1,129

1 Total research and development expenditures during the year amounted to SEK 4,658 m. (3,688 and 3,234, respectively).

Consolidated income statements, continued

January – December, SEK m.	Note	**2011**	2010	2009
Other comprehensive income	16			
Exchange rate differences		**–719**	–1,146	188
Hedge of net investments in foreign operations		**–**	–	–1
Cash flow hedges				
change in value for the year		**62**	634	719
reclassification to operating income		**–12**	–747	2,155
Actuarial gains/losses on pensions	17	**–356**	–348	–84
Income tax relating to components of other comprehensive income		**79**	37	–741
Total other comprehensive income		**–946**	–1,570	2,236
Total comprehensive income for the year		**8,476**	7,533	3,365
Net income attributable to:				
Scania shareholders		***9,422***	*9,103*	*1,129*
Non-controlling interest		***0***	*0*	*0*
Total comprehensive income attributable to:				
Scania shareholders		***8,476***	*7,533*	*3,365*
Non-controlling interest		***0***	*0*	*0*
Operating income includes depreciation of [2]	10	***–2,630***	*–2,565*	*–2,772*
Earnings per share, SEK [3]	9	**11.78**	11.38	1.41

2 Value decrease in operational leases is not included.
3 There are no potential dilution effects.

Consolidated balance sheets

31 December, SEK m.	Note	2011	2010	2009
ASSETS				
Non-current assets				
Intangible assets	11	**2,544**	2,343	2,317
Tangible assets	12	**20,319**	20,437	22,049
Lease assets	12	**12,155**	11,173	11,117
Holdings in associated companies and joint ventures etc.	13	**496**	482	488
Long-term interest-bearing receivables	31	**21,040**	16,514	19,265
Other long-term receivables [1]	15, 31	**1,529**	1,454	1,496
Deferred tax assets	8	**1,251**	1,442	819
Tax receivables		**15**	77	63
Total non-current assets		**59,349**	53,922	57,614
Current assets				
Inventories	14	**14,522**	12,961	11,762
Current receivables				
Tax receivables		**760**	347	503
Interest-bearing receivables	31	**13,197**	11,389	12,557
Non-interest-bearing trade receivables	31	**6,219**	6,115	6,062
Other current receivables [1]	15, 31	**3,466**	3,827	2,806
Total current receivables		**23,642**	21,678	21,928
Current investments	31	**148**	61	47
Cash and cash equivalents	31			
Current investments comprising cash and cash equivalents		**10,153**	8,091	6,064
Cash and bank balances		**1,495**	1,716	1,036
Total cash and cash equivalents		**11,648**	9,807	7,100
Total current assets		**49,960**	44,507	40,837
Total assets		**109,309**	98,429	98,451

1 Including fair value of derivatives for hedging of borrowings:

	2011	2010	2009
Other non-current receivables, derivatives with positive value	**814**	667	848
Other current receivables, derivatives with positive value	**621**	1,181	175
Other non-current liabilities, derivatives with negative value	**563**	430	686
Other current liabilities, derivatives with negative value	**307**	361	819
Net amount	**565**	1,057	–482

31 December, SEK m.	Note	**2011**	2010	2009
EQUITY AND LIABILITIES				
Equity				
Share capital		**2,000**	2,000	2,000
Contributed capital		**1,120**	1,120	1,120
Reserves		**–310**	377	1,694
Retained earnings		**31,701**	26,538	18,488
Equity attributable to Scania shareholders		**34,511**	30,035	23,302
Non-controlling interest		**1**	1	1
Total equity	16	**34,512**	30,036	23,303
Non-current liabilities				
Non-current interest-bearing liabilities	31	**19,011**	21,973	26,504
Provisions for pensions	17	**5,539**	5,158	4,983
Other non-current provisions	18	**3,227**	3,032	2,109
Accrued expenses and deferred income	19	**4,012**	3,115	2,530
Deferred tax liabilities	8	**868**	1,085	1,173
Other non-current liabilities [1]	31	**617**	439	713
Total non-current liabilities		**33,274**	34,802	38,012
Current liabilities				
Current interest-bearing liabilities	31	**19,782**	12,433	19,928
Current provisions	18	**1,597**	1,394	1,100
Accrued expenses and deferred income	19	**6,925**	6,751	7,209
Advance payments from customers		**832**	865	525
Trade payables	31	**8,308**	8,194	5,358
Tax liabilities		**1,280**	1,800	482
Other current liabilities [1]	31	**2,799**	2,154	2,534
Total current liabilities		**41,523**	33,591	37,136
Total equity and liabilities		**109,309**	98,429	98,451
Net debt, excluding provisions for pensions, SEK m. [1]		**26,432**	23,481	39,767
Net debt/equity ratio		**0.77**	0.78	1.71
Equity/assets ratio, %		**31.6**	30.5	23.7
Equity per share, SEK		**43.1**	37.5	29.1
Capital employed, SEK m.		**78,279**	68,453	75,200

Consolidated statement of changes in equity

Note 16 shows a complete reconciliation of all changes in equity.

2011	**Share capital**	**Contributed capital**	**Hedge reserve**	**Currency translation reserve**	**Retained earnings**	**Total, Scania shareholders**	**Non-controlling interest**	**Total equity**
Equity, 1 January	2,000	1,120	–40	417	26,538	30,035	1	30,036
Net income					9,422	9,422	0	9,422
Other comprehensive income			36	–723	–259	–946		–946
Total comprehensive income	–	–	36	–723	9,163	8,476	0	8,476
Change in non-controlling interest							0	0
Dividend to Scania AB shareholders					–4,000	–4,000		–4,000
Equity, 31 December	**2,000**	**1,120**	**–4**	**–306**	**31,701**	**34,511**	**1**	**34,512**

2010	Share capital	Contributed capital	Hedge reserve	Currency translation reserve	Retained earnings	Total, Scania shareholders	Non-controlling interest	Total equity
Equity, 1 January	2,000	1,120	43	1,651	18,488	23,302	1	23,303
Net income					9,103	9,103	0	9,103
Other comprehensive income			–83	–1,234	–253	–1,570		–1,570
Total comprehensive income	–	–	–83	–1,234	8,850	7,533	0	7,533
Change in non-controlling interest							0	0
Dividend to Scania AB shareholders					–800	–800		–800
Equity, 31 December	**2,000**	**1,120**	**–40**	**417**	**26,538**	**30,035**	**1**	**30,036**

2009	Share capital	Contributed capital	Hedge reserve	Currency translation reserve	Retained earnings	Total, Scania shareholders	Non-controlling interest	Total equity
Equity, 1 January	2,000	1,120	–2,075	1,471	19,421	21,937	1	21,938
Net income					1,129	1,129	0	1,129
Other comprehensive income			2,118	180	–62	2,236		2,236
Total comprehensive income	–	–	2,118	180	1,067	3,365	0	3,365
Change in non-controlling interest							0	0
Dividend to Scania AB shareholders					–2,000	–2,000		–2,000
Equity, 31 December	**2,000**	**1,120**	**43**	**1,651**	**18,488**	**23,302**	**1**	**23,303**

Consolidated cash flow statements

January – December, SEK m.	Note	2011	2010	2009
Operating activities				
Income before tax	24 a	**12,612**	12,533	1,602
Items not affecting cash flow	24 b	**3,270**	3,615	3,626
Taxes paid		**–3,548**	–2,555	–1,136
Cash flow from operating activities before change in working capital		**12,334**	13,593	4,092
Change in working capital				
Inventories		**–1,919**	–1,711	3,930
Receivables		**–691**	–930	3,338
Provisions for pensions		**130**	–109	212
Trade payables		**234**	2,909	–1,489
Other liabilities and provisions		**1,289**	1,549	–911
Total change in working capital		**–957**	1,708	5,080
Cash flow from operating activities		**11,377**	15,301	9,172
Investing activities				
Net investments through acquisitions/divestments of businesses	24 c	**44**	–56	–118
Net investments in non-current assets, Vehicles and Services	24 d	**–3,776**	–2,753	–3,031
Net investments in credit portfolio etc., Financial Services	24 d	**–7,477**	531	4,504
Cash flow from investing activities		**–11,209**	–2,278	1,355
Cash flow before financing activities		**168**	13,023	10,527
Financing activities				
Change in debt from financing activities	24 e	**6,024**	–9,389	–6,549
Dividend		**–4,000**	–800	–2,000
Cash flow from financing activities		**2,024**	–10,189	–8,549
Cash flow for the year		**2,192**	2,834	1,978
Cash and cash equivalents, 1 January		**9,807**	7,100	4,581
Exchange rate differences in cash and cash equivalents		**–351**	–127	541
Cash and cash equivalents, 31 December	24 f	**11,648**	9,807	7,100

Cash flow statement, Vehicles and Services	2011	2010	2009
Cash flow from operating activities before change in working capital	**11,659**	12,981	3,581
Change in working capital etc.	**–957**	1,708	5,080
Cash flow from operating activities	**10,702**	14,689	8,661
Cash flow from investing activities	**–3,732**	–2,809	–3,149
Cash flow before financing activities	**6,970**	11,880	5,512
Cash flow per share, Vehicles and Services excluding acquisitions/divestments	**8.66**	14.92	7.04

See also Note 3, "Operating segment reporting" for further information on cash flow by segment.

NOTE 1 Accounting principles

The Scania Group encompasses the Parent Company, Scania Aktiebolag (publ), Swedish corporate identity number 556184-8564 and its subsidiaries and associated companies. The Parent Company has its registered office in Södertälje, Sweden.

The consolidated accounts of the Scania Group have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union. In addition, Recommendation RFR 1, "Supplementary Accounting Rules for Groups" from the Swedish Financial Reporting Board has been applied. The Parent Company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company accounting principles". The functional currency of the Parent Company is Swedish kronor (SEK), and the financial reports are presented in Swedish kronor. Assets and liabilities are recognised at historical costs, aside from certain financial assets and liabilities which are carried at fair value. Financial assets and liabilities that are carried at fair value are mainly derivative instruments. Preparing the financial reports in compliance with IFRS requires that Management make judgements and estimates as well as make assumptions that affect the application of accounting principles and amounts recognised in the financial reports. The actual outcome may diverge from these estimates and judgements. Judgements made by Management that have a substantial impact on the financial reports, and estimates which have been made that may lead to significant adjustments, are described in more detail in Note 2, "Key judgements and estimates". Estimates and assumptions are reviewed regularly. The principles stated below have been applied consistently for all periods, unless otherwise indicated below.

CHANGES IN ACCOUNTING PRINCIPLES

Accounting principles and calculation methods are unchanged from those applied in the Annual Report for 2010. A number of amendments to standards and new interpretations entered into force on 1 January 2011. These have not had any material impact on Scania's accounting.

APPLICATION OF ACCOUNTING PRINCIPLES

Consolidated financial statements

The consolidated financial statements encompass Scania AB and all subsidiaries. "Subsidiaries" refers to companies in which Scania directly or indirectly owns more than 50 percent of the voting rights of the shares or otherwise has a controlling influence. Subsidiaries are reported according to the purchase method of accounting. This means that identifiable assets and liabilities in the acquired company are accounted for at fair values. The acquisition analysis establishes the cost of the shares or business, as well as the fair value on the acquisition date of the company's identifiable assets, debts assumed and contingent liabilities. The cost of shares in subsidiaries or of the business, respectively, consists of the fair values on the transfer date of assets given, liabilities that have arisen or are assumed and equity instruments issued as payment in exchange for the acquired net assets. Transaction costs directly attributable to the acquisition are recognised directly in the income statement as they arise.

In business combinations where the cost of acquisition exceeds the net value of acquired identifiable assets, liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement. Only earnings arising after the date of acquisition are included in the equity of the Group. Divested companies are included in the consolidated financial statements until and including the date when controlling influence ceases. Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses that arise from intra-Group transactions between Group companies are eliminated in their entirety during the preparation of the consolidated financial statements. Unrealised gains that arise from transactions with associated companies and joint ventures are eliminated to the extent that corresponds to the Group's percentage of ownership in the company. Non-controlling interests, that is, equity in a subsidiary not attributable to the Parent Company, are reported as an item under equity that is separate from share capital owned by the Parent Company's shareholders. A separate disclosure of the portion of the year's earnings that belongs to non-controlling interests is provided.

Associated companies and joint ventures

The term "associated companies" refers to companies in which Scania, directly or indirectly, has a significant influence. "Joint ventures" refers to companies in which Scania, through contractual cooperation with one or more parties, has a joint controlling influence on operational and financial management. Holdings in associated companies and joint ventures are recognised using the equity method. This means that in the consolidated financial statements, holdings in associated companies are carried at the Group's share of the equity of the associated company after adjusting for the Group's share of surplus and deficit values, respectively. The Group's share of net earnings after taxes is recognised in the income statement as "Share of income in associated companies and joint ventures".

Foreign currencies – translation

Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Functional currency is the currency in the primary economic environment where the company carries out its operations. Monetary receivables and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date, and exchange rate differences that arise are recognised in the income statement. Non-monetary items are recognised at historic cost using the exchange rate on the transaction date. When preparing the consolidated financial statements, the income statements and balance sheets of foreign subsidiaries are translated to the Group's reporting currency, Swedish kronor. All items in the income statements of foreign subsidiaries are translated using the average exchange rates during the year. All balance sheet items are translated using the exchange rates on the balance sheet date (closing day rate). The translation differences that arise when translating the financial statements of subsidiaries outside Sweden are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity. Subsidiaries use the local currency as their functional currency, aside from a few subsidiaries for which the euro is the functional currency.

Monetary long-term items in a business outside Sweden for which settlement is not planned or will probably not occur within the foreseeable future are, in practice, part of the company's net investment in operations outside Sweden. Exchange rate differences on such monetary items, which comprise part of the company's net investment (extended investment) are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity.

Hyperinflationary economies – adjustment of financial reports

Inflation adjustment of financial reports occurs for operations with a functional currency that is the currency of a hyperinflationary country. At present, none of the Group's subsidiaries has a functional currency that is regarded as a hyperinflationary currency.

Operating segment reporting

An operating segment is a component of the company that generates revenue and incurs expenses and whose operating results are reviewed by the Board of Directors and the Executive Board.

The operations of the Scania Group are managed and reported on the basis of two operating segments, Vehicles and Services plus Financial Services. These two segments have distinct products and differentiated risk situations. The tied-up capital and accompanying financing structure in Financial Services differ substantially from their equivalents at Vehicles and Services. Internal reporting at Scania is designed in accordance with this division into operating segments. Financial expenses and taxes are reported at the segment level in order to better reflect the operating segments. The Vehicles and Services operating segment encompasses trucks, buses and engines, including the services associated with these products. All products are built using common basic components, with coordinated development and production. In addition, the Vehicles and Services operating segment is organised under common areas of responsibility.

The Financial Services operating segment encompasses financial solutions for Scania customers, such as loan financing, lease contracts and insurance solutions. The assets of this operating segment encompass the assets that are directly used in its operations. Correspondingly, the operating segment's liabilities and provisions refer to those that are directly attributable to its operations.

BALANCE SHEET – CLASSIFICATIONS

Scania's operating cycle, that is, the time that elapses from the purchase of materials until payment for goods delivered is received, is less than twelve months. This means that operations-related items are classified as current assets and current liabilities, respectively, if these are expected to be realised/settled within twelve months, counting from the balance sheet date. Cash and cash equivalents are classified as current assets unless they are restricted. Other assets and liabilities are classified as non-current. For classification of financial instruments, see the section on financial assets and liabilities under "Recognition of financial assets and liabilities", page 88.

Classification of financial and operating leases (Scania as lessor)

Lease contracts with customers are carried as financial leases in cases where substantially all risks and rewards associated with ownership of the asset have been transferred to the lessee. At the beginning of the leasing period, sales revenue and a financial receivable equivalent to the present value of future minimum lease payments are recognised. As a result, the difference between the sales revenue and the cost of the leased asset is recognised as income. Lease payments received are recognised as payment of the financial receivable and as financial revenue.

Other lease contracts are classified as operating leases and are carried as lease assets among tangible non-current assets. Revenue from operating leases is recognised on a straight-line basis over the leasing period. Depreciation of the asset occurs on a straight-line basis to the estimated residual value of the asset at the end of the leasing period.

Transactions that include repurchase obligations or residual value guarantees, which mean that important risks remain with Scania, are carried as operating leases; see above.

Lease obligations (Scania as lessee)

In case of a financial lease, when the risks and rewards associated with ownership have been transferred to Scania, the leased asset is carried as a tangible non-current asset and the future commitment as a liability. The asset is initially carried at the present value of minimum lease payments at the beginning of the leasing period. The leased asset is depreciated according to a schedule and the lease payments are recognised as interest and principal payments on the liability. Operating leases are not carried as assets, since the risks and rewards associated with ownership of the asset have not been transferred to Scania. Lease payments are expensed continuously on a straight-line basis over the lease term.

NOTE 1 Accounting principles, continued

BALANCE SHEET – VALUATION PRINCIPLES

Tangible non-current assets including lease assets

Tangible fixed assets are carried at cost minus accumulated depreciation and any impairment losses. A non-current asset is divided up into components, each with a different useful life (depreciation period), and these are reported as separate assets.

Machinery and equipment as well as lease assets have useful lives of 3–12 years. The average useful life of buildings is 40 years, based on 50–100 years for frames, 20–40 years for frame supplements and inner walls, 20–40 years for installations, 20–30 years for exterior surface layers and 10–15 years for interior surface layers. Land is not depreciated. Depreciation occurs mainly on a straight-line basis over the estimated useful life of an asset, and in those cases where a residual value exists, the asset is depreciated down to this value. Useful life and depreciation methods are examined regularly and adjusted in case of changed circumstances.

Borrowing costs are included in the cost of assets that take a substantial period of time to get ready.

Intangible non-current assets

Scania's intangible assets consist of goodwill, capitalised expenditures for development of new products and software. Intangible non-current assets are accounted for at cost less any accumulated amortisation and impairment losses. Borrowing costs are included in the cost of assets that take a substantial period of time to get ready.

Goodwill

Goodwill arises when the cost of shares in a subsidiary exceeds the fair value of that company's acquired identifiable assets and liabilities according to the acquisition analysis. Recognised goodwill has arisen from acquisitions of distribution and dealer networks, which have resulted in increased profitability upon their integration into the Scania Group. Goodwill has an indefinite useful life and impairment testing is done at least yearly.

Capitalised product development expenditures

Scania's research and development activities are divided into a concept phase and a product development phase. Expenditures during the concept phase are charged to earnings as they arise. Expenditures during the product development phase are capitalised, beginning on the date when the expenditures are likely to lead to future economic benefits. This implies that it is technically possible to complete the intangible asset, the company has the intention and the potential to complete it and use or sell it, there are adequate resources to carry out development and sale, and remaining expenditures can be reliably estimated. Impairment testing occurs annually for product development projects that have not yet gone into service, according to the principles stated below. The amortisation of capitalised development expenditures begins when the asset is placed in service and occurs on a straight-line basis during its estimated useful life. For capitalised product development expenditures, useful life is estimated at between three and ten years.

Capitalised software development expenditures

Capitalised software development expenditures include expenditures directly attributable to completion of the software. They are amortised on a straight-line basis during the useful life of the software, which is estimated at between three and five years.

Impairment testing of non-current assets

The carrying amounts of Scania's intangible and tangible assets as well as its shareholdings are tested on every closing day to assess whether there is indication of impairment. This includes intangible assets with an indeterminable useful life, which refer in their entirety to goodwill. The carrying amounts for goodwill and intangible assets that have not yet gone into service are tested at the end of every year regardless of whether there is an indication of impairment loss or not.

If there is any indication that a non-current asset has an impairment loss, the recoverable amount of the asset is estimated. The recoverable amount of the asset is its fair value minus costs to sell or value in use, whichever is higher. Value in use is an estimate of future cash flows that is discounted by an interest rate that takes into account risk for that specific asset. If it is not possible to attribute essentially independent cash flows to an individual asset, during impairment testing assets shall be grouped at the lowest level where it is possible to identify essentially independent cash flows, a "cash-generating unit". In impairment testing, the carrying amount in the balance sheet is compared to the estimated recoverable amount.

In cases where the estimated recoverable amount of an asset or cash-generating unit is less than the carrying value, it is written down to the recoverable amount. An impairment loss is recognised in the income statement.

Inventories

Inventories are carried at the lower of cost and net realisable value according to the first in, first out (FIFO) principle. An allocable portion of indirect expenses is included in the value of the inventories, estimated on the basis of normal capacity utilisation.

Financial assets and liabilities

Financial instruments are any form of contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. This encompasses cash and cash equivalents, interest-bearing receivables, trade receivables, trade payables, borrowings and derivative instruments. Cash and cash equivalents consist of cash and bank balances as well as current (short-term) liquid investments with a maturity amounting to a maximum of 90 days, which are subject to an insignificant risk of fluctuations in value. "Current investments" consist of investments with a longer maturity than 90 days.

Recognition of financial assets and liabilities

Financial assets and liabilities are recognised in the balance sheet when the company becomes a party to their contractual terms and conditions. Receivables are recognised in the balance sheet when Scania has a contractual right to receive payment. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay. A financial asset or a portion of a financial asset is derecognised from the balance sheet when the rights in the contract have been realised, expire or the company loses control over them. A financial liability or a portion of a financial liability is derecognised from the balance sheet when the obligation in the contract has been fulfilled or annulled or has expired. Scania applies settlement date accounting for everything except assets held for trading, where recognition occurs on the transaction date. Derivatives with positive values (unrealised gains) are recognised as "Other current receivables" or "Other non-current receivables", while derivatives with negative values (unrealised losses) are recognised as "Other current liabilities" or "Other non-current liabilities".

Classification of financial instruments

All financial assets and liabilities are classified in the following categories:

a) Financial assets and financial liabilities carried at fair value via the income statement consist of two sub-categories:
   - i) Financial assets and financial liabilities held for trading, which includes all of Scania's derivatives aside from those derivatives that are used as hedging instruments when hedge accounting is applied. The main purpose of Scania's derivative trading is to hedge the Group's currency and interest rate risks.
   - ii) Financial assets and financial liabilities that were determined from the beginning to belong to this category. Scania has no financial instruments classified in this sub-category.

b) Held-to-maturity investments
   This category includes financial assets with predetermined or determinable payments and predetermined maturity that Scania has the intention and ability to hold until maturity. Scania has no financial instruments classified in this category.

c) Loan receivables and trade receivables
   These assets have predetermined or determinable payments. Scania's cash and cash equivalents, trade receivables and loan receivables belong to this category.

d) Financial assets which are available for sale
   This category consists of financial assets that have not been classified in any other category, such as shares and participations in both listed and unlisted companies. Scania has no financial instruments classified in this category.

e) Other financial liabilities
   Includes financial liabilities not held for trading. Scania's trade payables as well as borrowings belong to this category.

Recognition and carrying amounts

Financial assets and liabilities are initially recognised at their cost, which is equivalent to their fair value at that time. Financial assets and liabilities in foreign currencies are translated to Swedish kronor, taking into account the closing day exchange rate.

Below are the main accounting principles that Scania applies to financial assets and financial liabilities.

Exceptions from these principles apply to financial instruments included in hedging relationships. A more thorough description is provided for exceptions to the principles in the "Hedge accounting" section.

a) Financial assets and liabilities carried at fair value via the income statement are continuously carried at fair value. Changes in the value of derivatives that hedge forecasted future payment flows (sales) are recognised in the income statement. Changes in the value of derivatives that are used to convert borrowings to a desired currency or to a desired interest rate refixing structure are recognised in net financial items.

b) Held-to-maturity investments are carried in the balance sheet at accrued cost. Interest income is recognised in net financial items. Scania has no financial instruments classified in this category.

c) Loan receivables and trade receivables are carried in the balance sheet at accrued cost minus potential bad debt losses. Provisions for probable bad debt losses/doubtful receivables are made following an individual assessment of each customer, based on the customer's payment capacity, expected future risk and the value of collateral received. In addition to the individual assessment, provisions are made for potential bad debt losses based on a collective assessment of the assets.

d) Financial assets available for sale are carried continuously at fair value, with changes in value recognised under "Other comprehensive income" and accumulated in the fair value reserve in equity. On the date that the assets are derecognised from the balance sheet, any previously recognised accumulated gain or loss in equity is transferred to the income statement. Scania has no financial instruments classified in this category.

e) Other financial liabilities are initially recognised at market value, which is equivalent to the amount received on that date less any transaction costs, and later at accrued cost. Premiums or discounts upon issuance of securities are accrued over the life of the loan by using the effective interest method and are recognised in net financial items.

Any gains that arise in conjunction with the divestment of financial instruments or redemption of loan liabilities are recognised in the income statement.

NOTE 1 Accounting principles, continued

Hedge accounting

Scania is exposed to various financial risks in its operations. In order to hedge currency rate risks and interest rate risks, derivatives are mainly used. For accounting purposes, cash flow hedging is used for hedging of currency rate risks. Scania's external financing occurs mainly via different borrowing programmes. To convert this borrowing to the desired interest rate refixing structure, interest rate derivatives are used. To the extent that hedging of borrowings with variable interest rates is used, derivatives are recognised according to cash flow hedging rules. In those cases where hedging of borrowings with fixed interest rates is used, derivatives are recognised according to fair value hedging rules.

Due to the very strict requirements in order to apply hedge accounting, Scania has chosen not to apply hedge accounting to all hedging transactions. In cases where hedge accounting is not applied, because of the separate treatment of derivatives, which are carried at market value, and liabilities, which are carried at accrued cost, accounting volatility arises in net financial items. Financially speaking, Scania considers itself hedged and its risk management adheres to the Financial Policy approved by the Board of Directors.

Cash flow hedging

Hedging instruments, primarily currency futures that were acquired for the purpose of hedging expected future commercial payment flows in foreign currencies (hedged items) against currency rate risks are recognised according to cash flow hedging rules. This implies that all derivatives are accounted for in the balance sheet at fair value, and changes in the value of futures contracts are recognised under "Other comprehensive income" and accumulate in a hedge reserve in equity. Amounts that have been recognised in the hedge reserve in equity are recognised in the income statement at the same time as the payment flows reach the income statement.

Hedging instruments, primarily interest rate swaps that were acquired for the purpose of hedging future interest flows, are recognised according to cash flow hedging rules. This means that borrowings with variable interest rate are converted to a fixed interest rate. The derivative is recognised in the balance sheet at fair value, and changes in value are recognised under "Other comprehensive income" and accumulated in the hedge reserve in equity. The interest portions of the derivative are recognised continuously in the income statement and thus affect net financial items in the same period as interest payments on the borrowings. Any gain or loss attributable to an inefficient portion is immediately recognised in the income statement.

Fair value hedging

Hedging instruments, primarily interest rate derivatives that eliminate the risk that changes in the market interest rate will affect the value of the liabilities (hedged item), are recognised according to fair value hedging rules. In these hedging relationships, the hedging instrument i.e. the derivative, is carried at fair value and the hedged item, i.e. the borrowing, is carried at fair value with regard to the risk that has been hedged. This means that the change in value of the derivative instrument and that of the hedged item match in net financial items.

Hedging of net investments outside Sweden

Currency rate risk related to net investments in subsidiaries outside Sweden that have a functional currency different from that of the Parent Company is hedged to the extent that the subsidiary is overcapitalised or has sizeable monetary assets that will not be utilised in its operations. Hedging occurs by using derivatives as hedging instruments. Translation differences on financial instruments used as hedging instruments are recognised including tax effects under "Other comprehensive income" and accumulate in the currency translation reserve in equity, provided that the hedge is efficient. This effect thus matches the translation differences that arise in equity when translating the accounts of the subsidiary outside Sweden into the functional currency of the Parent Company.

Provisions

Provisions are reported if an obligation, legal or informal, exists as a consequence of events that occur. It must also be deemed likely that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions for warranties for vehicles sold during the year are based on warranty conditions and the estimated quality situation. Provisions on service contracts are related to expected future expenses that exceed contractual future revenue. Provisions for residual value obligations arise as a consequence either of an operating lease (Scania as lessor) or a delivery with a repurchase obligation. The provision must cover the current assessment that expected future market value will be below the price agreed in the lease contract or repurchase contract. In this case, a provision for the difference between these amounts is to be reported, to the extent that this difference is not less than an as yet unrecognised deferred gain. Assessment of future residual value risk occurs continuously over the contract period. For provisions related to pensions, see the description under "Employee benefits" below and in Note 17, "Provisions for pensions and similar commitments". For provisions related to deferred tax liabilities, see below under "Taxes".

Taxes

The Group's total tax consists of current tax and deferred tax. Deferred tax is recognised in case of a difference between the carrying amount of assets and liabilities and their fiscal value ("temporary difference"). Deferred tax assets minus deferred tax liabilities are recognised only to the extent that it is likely that they can be utilised. The tax effect attributable to items recognised under "Other comprehensive income", such as changes in actuarial gains/losses, is recognised together with the underlying item under "Other comprehensive income".

Employee benefits

Within the Scania Group, there are a number of both defined contribution and defined benefit pension and similar plans, some of which have assets that are managed by special foundations, funds or the equivalent.

The plans include retirement pensions, survivor pensions, health care and severance pay. These are financed mainly by provisions to accounts and partially via premium payments. Plans in which Scania only pays fixed contributions and has no obligation to pay additional contributions if the assets of the plan are insufficient to pay all compensation to the employee are classified as defined contribution plans.

The Group's expenditures for defined contribution plans are recognised as an expense during the period when the employees render the services in question. Defined benefit plans are all plans that are not classified as defined contribution. These are calculated according to the "Projected Unit Credit Method", for the purpose of fixing the present value of the obligations for each plan. Calculations are performed every year and are based on actuarial assumptions that are set on the closing day. The obligations are carried at the present value of expected disbursements, taking into account inflation, expected future pay increases and using a discount rate equivalent to the interest rate on top-rated corporate or government bonds with a remaining maturity corresponding to the obligations in question.

The interest rate on top-quality corporate bonds is used in those countries where there is a functioning market for such bonds. In other countries, the interest rate on government bonds is used instead. For plans that are funded, the fair value of the plan assets is subtracted from the estimated present value of the obligation. Changes in pension obligations and managed assets, respectively, due to changes in actuarial assumptions or adjustments in actuarial parameters based on outcomes are recognised under "Other comprehensive income" ("actuarial gains and losses") and do not affect net income.

In the case of some of the Group's defined-benefit multi-employer plans, sufficient information cannot be obtained to calculate Scania's share in these plans. They have thus been accounted for as defined-contribution. For Scania, this applies to the Dutch Pensioenfonds Metaal en Techniek, which is administered via MN Services, and Bedrijfstakpensioenfonds Metalelektro, which is administered via PVF Achmea, as well as the portion of the Swedish ITP occupational pension plan that is administered via the retirement insurance company Alecta.

Most of the Swedish plan for salaried employees (the collectively agreed ITP plan), however, is accounted for by provisions in the balance sheet, safeguarded by credit insurance from the mutual insurance company Forsakringsbolaget PRI Pensionsgaranti, which also administers the plan. See also Note 17, "Provisions for pensions and similar commitments". Scania follows the rules in IAS 19 concerning limits in the valuation of net assets, since these are never valued at more than the present value of available economic benefits in the form of repayments from the plan or in the form of reductions in future fees to the plan. This value is determined as present value taking into account the discount rate in effect.

INCOME STATEMENT – CLASSIFICATIONS

Research and development expenses

This item consists of the research and development expenses that arise during the research phase and the portion of the development phase that does not fulfil the requirements for capitalisation, plus amortisation and any impairment loss during the period of previously capitalised development expenditures. See Note 11, "Intangible non-current assets".

Selling expenses

Selling expenses are defined as operating expenses in sales and service companies plus costs of corporate-level commercial resources. In the Financial Services segment, selling and administrative expenses are reported as a combined item, since a division lacks relevance.

Administrative expenses

Administrative expenses are defined as costs of corporate management as well as staff units and corporate service departments.

Financial income and expenses

"Interest income" refers to income from financial investments and pension assets. "Other financial income" includes gains that arise from the valuation of non-hedge-accounted derivatives (see the section on financial instruments) and exchange rate gains attributable to financial items. "Interest expenses" refers to expenses attributable to loans, pension liability and changes in the value of loan hedging derivatives. "Other financial expenses" include current bank fees, losses arising from valuation of non-hedge-accounted derivatives and exchange rate losses attributable to financial items.

INCOME STATEMENT – VALUATION PRINCIPLES

Revenue recognition

Revenue from the sale of goods is recognised when substantially all risks and rewards are transferred to the buyer. Where appropriate, discounts provided are subtracted from sales revenue.

Net sales – Vehicles and Services

Sales

In case of delivery of new trucks, buses and engines as well as used vehicles in which Scania has no residual value obligation, the entire revenue is recognised at the time of delivery to the customer.

NOTE 1 Accounting principles, continued

Leases

- Operating lease – in case of delivery of vehicles that Scania finances with an operating lease, revenue is allocated on a straight-line basis over the lease period. The assets are recognised as lease assets in the balance sheet.
- Residual value obligation – in case of delivery of vehicles for which substantial risks remain with Scania and on which Scania has a repurchase obligation at a guaranteed residual value, revenue is allocated on a straight-line basis until the repurchase date, as with an operating lease.
- Short-term rental – in case of short-term rental of vehicles, revenue is allocated on a straight-line basis over the contract period. Leasing and rentals mainly involve new trucks and buses. In such cases, the asset is recognised in the balance sheet as a lease asset.

Service-related products

Income for service and repairs is recognised as income when the service is performed. For service and repair contracts, income is allocated over the life of the contracts, as expenses for the fulfilment of the contract arise.

Financial Services

In case of financial and operating leases, with Scania as the lessor, the recognition of interest income and lease income, respectively, is allocated over the lease period. Other income is recognised on a continuous basis.

MISCELLANEOUS

Related party transactions

Related party transactions occur on market terms. “Related parties” refer to the companies in which Scania can exercise a controlling or significant influence in terms of the operating and financial decisions that are made. The circle of related parties also includes those companies and physical persons that are able to exercise a controlling or significant influence over the financial and operating decisions of the Scania Group.

Related party transactions also include defined benefit and defined contribution pension plans.

Government grants including EU grants

Government grants received that are attributable to operating expenses reduce these expenses. Government grants related to investments reduce the gross cost of non-current assets.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. A contingent liability can also be a present obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or because the amount of the obligation cannot be measured with sufficient reliability.

Earnings per share

Earnings per share are calculated as net income for the period attributable to Parent Company shareholders, divided by the weighted average number of shares outstanding per report period.

Incentive programmes and share-based payment

The outcome of the incentive programme for executive officers is recognised as a salary expense in the year the payment is related to. Part of the programme is payable in such a way that the employee him/herself acquires shares in Scania AB at market price (see Note 28, “Compensation to executive officers”). As a result, the rules according to IFRS 2, “Share-based payments”, are not applicable.

CHANGES IN ACCOUNTING PRINCIPLES DURING THE NEXT YEAR

New standards, amended standards and interpretations that enter into force on 1 January 2012 and subsequently have not been applied in advance. The following new and amended standards have not yet begun to be applied. None of the following standards have been approved by the EU at present, which is a requirement for the adoption of the standard.

IFRS 9, “Financial Instruments” – This standard replaces the provisions of IAS 39, “Financial Instruments: Recognition and Measurement” that relate to classification and measurement. The standard is mandatory starting with the financial year 2015, but earlier adoption is permitted, provided that the EU has approved the standard. This has not yet occurred.

IFRS 10, “Consolidated Financial Statements” – The standard replaces IAS 27 and SIC-12, “Consolidation – Special Purpose Entities” and contains a model for assessing whether or not control exists. An entity or investment should be included in the consolidated statements if control exists based on a control concept. The standard enters into force on 1 January 2013 and shall be applied on this date. The standard is not expected to have any material impact on Scania’s financial statements.

IFRS 11, “Joint Arrangements” – The standard replaces IAS 31, “Interests in Joint Ventures”. According to the standard, jointly controlled investments shall be divided into two categories, joint venture or joint operation. Different accounting rules shall be applied to the two categories. The standard enters into force on 1 January 2013 and shall be applied on this date. The standard is not expected to have any material impact on Scania’s financial statements.

IFRS 12, “Disclosure of Interests in Other Entities” contains new disclosure requirements for all types of interests in other entities irrespective of whether the interest is consolidated or not. The standard enters into force on 1 January 2013 and shall be applied on this date.

IFRS 13, “Fair Value Measurement” – The standard is being introduced to create a uniform definition of fair value and uniform valuation methods for measurement of fair value. New disclosure requirements are also being introduced. The standard enters into force on 1 January 2013 and shall be applied for annual periods starting in 2013. The standard is not expected to have any material impact on Scania’s financial statements.

Amendment to IAS 1, “Presentation of Financial Statements” implies new disclosure requirements of components accounted for in other comprehensive income in respect of items that possibly will be reclassified to net income and those which will never be reclassified to net income. The standard enters into force on 1 July 2012 and shall be applied for annual periods from 2013.

Amendment to IAS 19, “Employee Benefits” – Scania already applies the method for measurement of pension liabilities contained in the new proposal, except that the returns on pension assets shall be measured based on the same discount rate as pension liabilities rather than on the estimated return. At present, it is not clear how Swedish payroll tax and tax on investment returns shall be accounted for under the new rules. The standard enters into force on 1 January 2013 and shall be applied on this date. The standard is not expected to have any material impact on Scania’s financial statements.

Other changes in standards and interpretations that enter into force on 1 January 2012 or subsequently are not expected to have any impact on Scania’s accounting.

PARENT COMPANY

Parent Company accounting principles

The Parent Company has prepared its Annual Report in compliance with Sweden’s Annual Accounts Act and Recommendation RFR 2, “Accounting for Legal Entities” of the Swedish Financial Reporting Board. RFR 2 implies that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, and taking into account the connection between reporting and taxation. The recommendation states what exceptions from IFRS and additions shall be made. The Parent Company does not apply IAS 39, “Financial instruments”, but instead applies a cost-based method in accordance with the Annual Accounts Act.

The scope of financial instruments in the accounts of the Parent Company is extremely limited. The reader is thus referred to the Group’s disclosures related to IFRS 7, “Financial instruments – Disclosures”.

Subsidiaries

Holdings in subsidiaries are recognised in the Parent Company financial statements according to the cost method of accounting. Testing of the value of subsidiaries occurs when there is an indication of a decline in value. Dividends received from subsidiaries are recognised as income.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised in cases where the Parent Company has the exclusive right to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before having published its financial reports.

Taxes

The Parent Company financial statements recognise untaxed reserves including deferred tax liability. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity.

Group contributions

The Parent Company recognises Group contributions received as financial revenue in the income statement and recognises Group contributions provided as financial expenses in the income statement. This is a new accounting principle according to the Swedish Financial Reporting Board’s recommendation RFR 2, and comparative years have been restated accordingly.

NOTE 2 Key judgements and estimates

The key judgements and estimates for accounting purposes that are discussed in this section are those that Group Management and the Board of Directors deem the most important for an understanding of Scania's financial reports, taking into account the degree of significant influence and uncertainty. These judgements are based on historical experience and the various assumptions that Management and the Board deem reasonable under the prevailing circumstances. The conclusions drawn in this way provide the basis for decisions regarding recognised values of assets and liabilities, in those cases where these cannot easily be established through information from other sources. Actual outcomes may diverge from these judgements if other assumptions are made or other conditions emerge. Note 1 presents the accounting principles the company has chosen to apply. Important estimates and judgements for accounting purposes are attributable to the following areas.

Obligations

Scania delivers about 10 percent of its vehicles with residual value obligations or repurchase obligations. These are recognised as operating lease contracts, with the consequence that recognition of revenue and earnings is allocated over the life of the obligation.

If there are major downturns in the market value of used vehicles, this increases the risk of future losses when divesting the returned vehicles. When a residual value guarantee is deemed likely to result in a future loss, a provision is recognised in those cases where the expected loss exceeds the profit on the vehicle not yet recognised as revenue.

Changes in market value may also cause an impairment loss in used vehicle inventories, since these are recognised at the lower of cost and estimated net realisable value.

At the end of 2011, obligations related to residual value or repurchase amounted to SEK 7,762 m. (6,522).

Credit risks

In its Financial Services operations, Scania has an exposure in the form of contractual payments. At the end of 2011, these amounted to SEK 42,235 m. (36,137). In all essential respects, Scania has collateral in the form of the right to repossess the underlying vehicle. In case the market value of the collateral does not cover the exposure to the customer, and the customer has a problem completing its contractual payments, Scania has a risk of loss. On 31 December 2011, the reserve for doubtful receivables in Financial Services operations amounted to SEK 745 m. (817). See also "credit risk exposure" under Note 30, "Financial instruments and financial risk management".

Intangible assets

Intangible assets at Scania are essentially attributable to capitalised product development expenditures and "acquisition goodwill". All goodwill items at Scania stem from acquisitions of previously independent importers/dealerships. All goodwill items are subject to an annual impairment test, which is mainly based on recoverable amounts, including important assumptions on the sales trend, margin and discount rate before tax; see also below. In the long term, the increase in sales of Scania's products is deemed to be closely correlated with economic growth (GDP) in each respective market, which has been estimated at between 2 and 5 percent. The revenue/cost ratio, or margin, for both vehicles and service is kept constant over time compared to the latest known level. When discounting to present value, Scania uses its average cost of equity (currently 11 percent before taxes).

These assumptions do not diverge from information from external information sources or from earlier experience. To the extent the above parameters change negatively, an impairment loss may arise. On 31 December 2011, Scania's goodwill amounted to SEK 1,144 m. (1,167). The impairment tests that were carried out showed that there are ample margins before impairment losses will arise.

Scania's development costs are capitalised in the phase of product development where decisions are made on future production and market introduction. At that time there is future predicted revenue and a corresponding production cost. In case future volume or the price and cost trend diverges negatively from the preliminary calculation, an impairment loss may arise. Scania's capitalised development costs amounted to SEK 1,292 m. (1,074) on 31 December 2011.

Pension obligations

In the actuarial methods that are used to establish Scania's pension liabilities, a number of assumptions are highly important. The most critical ones are related to the discount rate on the obligations and expected return on managed assets. Other vital assumptions are the estimated pace of wage and salary increases and estimated life expectancy. A higher discount rate decreases the recognised pension liability. In calculating the Swedish pension liability, as in 2010 and 2009, the discount rate used was 4.0 percent. Changes in the above-mentioned actuarial parameters are recognised in "Other comprehensive income", net after taxes.

Product obligations

Scania's product obligations are mainly related to vehicle warranties in the form of a one-year "factory warranty" plus extended warranties and, in some cases, special quality campaigns. For each vehicle sold, Scania makes a warranty provision. For extended warranties and campaigns, a provision is made at the time of the decision. Provisions are dependent on the estimated quality situation and the degree of utilisation in the case of campaigns. An essential change in the quality situation may require an adjustment in earlier provisions. Scania's product obligations can be seen in Note 18, "Other provisions" and amounted to SEK 1,462 m. (1,193) on 31 December 2011.

Legal and tax risks

On 31 December 2011, provisions for legal and tax risks amounted to SEK 1,650 m. (1,841). See Note 18, "Other provisions".

Legal risks

Demands and claims aimed at the Group, including demands and claims that lead to legal proceedings, may be related to infringements of intellectual property rights, faults and deficiencies in products that have been delivered, including product liability, or other legal liability for the companies in the Group.

The Group is party to legal proceedings and related claims that are normal in its operations. In addition, there are demands and claims normal to the Group's operations that do not lead to legal proceedings. In the best judgement of Scania's management, such demands and claims will not have any material impact on the financial position of the Group, beyond the reserves that have been set aside.

During 2010 Scania became a subject of an investigation being carried out by a British public authority, the Office of Fair Trading (OFT), and during 2011 of an investigation being carried out by the European Commission, concerning alleged inappropriate cooperation. This type of investigation normally lasts for several years. It is still too early to judge whether there is any risk of claims against Scania based on these investigations.

Tax risks

The Group is party to tax proceedings. Scania's management has made the assessment, based on individual examination, that the final outcome of these proceedings will not have any material impact on the financial position of the Group, beyond the recognised reserves.

Significant judgements are made in order to determine both current and deferred tax liabilities/assets. As for deferred tax assets, Scania must assess the likelihood that deferred tax assets will be utilised to offset future taxable profits. The actual result may diverge from these judgements, among other things due to future changes in business climate, altered tax rules or the outcome of still uncompleted examinations of filed tax returns by authorities or tax courts. The judgements that have been made may affect income both negatively and positively.

NOTE 3 Operating segment reporting

Scania's operations are divided into two different operating segments, which are based on how the Board of Directors and the Executive Board monitor operations. The results and financial position of each respective segment are monitored by the Board of Directors and the Executive Board, serving as the basis for decision making and allocation of resources.

The Vehicles and Services operating segment encompasses the following products: trucks, buses and engines, including the services associated with these products. All products are based on shared basic components, and monitoring of results thus occurs on an aggregated basis. Vehicles and Services are, moreover, organised into shared areas of responsibility.

The Financial Services operating segment provides financial solutions to Scania customers, such as loan financing, lease contracts and insurance solutions. Scania's internal pricing is determined according to market principles, at "arm's length distance". The revenue and expenses, as well as the assets and liabilities, of each operating segment are – in all essential respects – items directly attributable to that respective segment. Scania has a large number of customers all over the world, which means that its dependence on a single customer in each respective operating segment is very limited.

OPERATING SEGMENT

Income statement	Vehicles and Services [4]			Financial Services [5]			Eliminations			Scania Group		
January – December	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Revenue from external customers [1]	**87,686**	78,168	62,074	**4,372**	4,197	4,666	**–1,749**	–1,797	–1,842	**90,309**	80,568	64,898
Expenses	**–75,821**	–65,609	–59,431	**–3,855**	–4,026	–4,841	**1,749**	1,797	1,842	**–77,927**	–67,838	–62,430
Income from holdings in associated companies	**16**	16	5	**–**	–	–	**–**	–	–	**16**	16	5
Operating income	**11,881**	12,575	2,648	**517**	171	–175	**–**	–	–	**12,398**	12,746	2,473
Interest income	**820**	464	407	**–**	–	–	**–**	–	–	**820**	464	407
Interest expenses	**–559**	–657	–1,129	**–**	–	–	**–**	–	–	**–559**	–657	–1,129
Other financial income and expenses [2]	**–47**	–20	–149	**–**	–	–	**–**	–	–	**–47**	–20	–149
Income before tax	**12,095**	12,362	1,777	**517**	171	–175	**–**	–	–	**12,612**	12,533	1,602
Taxes [2]	**–3,063**	–3,389	–461	**–127**	–41	–12	**–**	–	–	**–3,190**	–3,430	–473
Net income for the year	**9,032**	8,973	1,316	**390**	130	–187	**–**	–	–	**9,422**	9,103	1,129
Depreciation/ amortisation included in operating income [3]	**–2,609**	–2,544	–2,748	**–21**	–21	–24	**–**	–	–	**–2,630**	–2,565	–2,772

1 Elimination refers to lease income on operating leases.

2 Financial income and expenses as well as taxes are reported at segment level to better reflect the Financial Services operating segment, whose operations are based on net financing expense after taxes. For reasons of comparability, the corresponding information is also shown for the Vehicles and Services operating segment.

3 Value decrease in operating leases is not included.

4 Scania's revenue in the Vehicles and Services segment by product can be seen in Note 4.

5 Scania's revenue in the Financial Services segment by type can be seen in Note 6.

	Vehicles and Services			Financial Services			Scania Group		
Cash flow statement by segment	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Cash flow from operating activities	**11,659**	12,981	3,581	**675**	612	511	**12,334**	13,593	4,092
Change in working capital etc.	**–957**	1,708	5,080	**–**	–	–	**–957**	1,708	5,080
Cash flow from operating activities	**10,702**	14,689	8,661	**675**	612	511	**11,377**	15,301	9,172
Cash flow from investing activities	**–3,732**	–2,809	–3,149	**–7,477**	531	4,504	**–11,209**	–2,278	1,355
Cash flow before financing activities	**6,970**	11,880	5,512	**–6,802**	1,143	5,015	**168**	13,023	10,527

Balance sheet	Vehicles and Services			Financial Services			Eliminations			Scania Group		
31 December	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Assets												
Intangible non-current assets	**2,529**	2,323	2,292	**15**	20	25	**–**	–	–	**2,544**	2,343	2,317
Tangible non-current assets	**20,286**	20,401	22,016	**33**	36	33	**–**	–	–	**20,319**	20,437	22,049
Lease assets [8]	**5,406**	4,148	3,774	**8,301**	8,497	8,898	**–1,552**	–1,472	–1,555	**12,155**	11,173	11,117
Shares and participations in associated companies	**496**	482	488	**–**	–	–	**–**	–	–	**496**	482	488
Interest-bearing receivables, non-current [7]	**109**	120	168	**20,931**	16,394	19,097	**–**	–	–	**21,040**	16,514	19,265
Other receivables, non-current	**2,611**	2,840	2,243	**184**	133	135	**–**	–	–	**2,795**	2,973	2,378
Inventories	**14,522**	12,961	11,762	**–**	–	–	**–**	–	–	**14,522**	12,961	11,762
Interest-bearing receivables, current [7]	**194**	143	148	**13,003**	11,246	12,409	**–**	–	–	**13,197**	11,389	12,557
Other receivables, current [6]	**9,906**	9,918	8,779	**1,057**	988	1,212	**–518**	–617	–620	**10,445**	10,289	9,371
Current investments, cash and cash equivalents	**11,468**	9,552	6,648	**328**	316	499	**–**	–	–	**11,796**	9,868	7,147
Total assets	**67,527**	62,888	58,318	**43,852**	37,630	42,308	**–2,070**	–2,089	–2,175	**109,309**	98,429	98,451
Equity and liabilities												
Equity	**30,005**	25,850	18,885	**4,507**	4,186	4,418	**–**	–	–	**34,512**	30,036	23,303
Interest-bearing liabilities [9]	**1,418**	2,909	10,204	**37,375**	31,497	36,228	**–**	–	–	**38,793**	34,406	46,432
Provisions for pensions	**5,514**	5,134	4,963	**25**	24	20	**–**	–	–	**5,539**	5,158	4,983
Other non-current provisions	**3,223**	3,030	2,106	**4**	2	3	**–**	–	–	**3,227**	3,032	2,109
Other liabilities, non-current	**4,897**	4,029	3,716	**600**	610	700	**–**	–	–	**5,497**	4,639	4,416
Current provisions	**1,593**	1,376	1,097	**4**	18	3	**–**	–	–	**1,597**	1,394	1,100
Other liabilities, current [6, 8]	**20,877**	20,560	17,347	**1,337**	1,293	936	**–2,070**	–2,089	–2,175	**20,144**	19,764	16,108
Total equity and liabilities	**67,527**	62,888	58,318	**43,852**	37,630	42,308	**–2,070**	–2,089	–2,175	**109,309**	98,429	98,451
Gross investment for the period in												
– Intangible non-current assets	**437**	373	310	**4**	5	5	**–**	–	–	**441**	378	315
– Tangible non-current assets	**2,597**	1,663	3,126	**15**	22	18	**–**	–	–	**2,612**	1,685	3,144
– Lease assets [8]	**2,650**	2,400	1,362	**3,486**	3,913	3,789	**–558**	–378	–	**5,578**	5,935	5,151

6 Elimination refers to intra-Group receivables and liabilities between the two segments.

7 Interest-bearing receivables in the Financial Services segment mainly consist of hire purchase receivables and financial lease receivables.

8 Elimination refers to deferred gain on lease assets.

9 Refers to interest-bearing liabilities that are not allocated between non-current and current by segment.

NOTE 3 Operating segment reporting, continued

GEOGRAPHIC AREAS

	Europe			Eurasia			Asia		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Vehicles and Services									
Net sales, January–December [1]	**45,167**	39,611	37,517	**6,062**	2,413	1,449	**10,174**	9,035	6,096
Assets, 31 December [2]	**50,225**	46,110	42,848	**1,667**	1,609	1,372	**2,142**	1,766	1,559
Gross investments [2]	**2,437**	1,743	2,995	**46**	49	125	**55**	33	24
Non-current assets	**26,277**	25,071	26,050	**549**	569	623	**334**	309	316
Financial Services									
Revenue, January–December [1]	**3,453**	3,404	3,750	**251**	227	256	**163**	186	218
Assets, 31 December [2]	**33,150**	30,020	33,396	**2,276**	1,920	2,573	**2,013**	1,840	2,325
New financing to customers	**17,933**	13,152	12,150	**1,424**	631	371	**1,294**	778	1,018
Non-current assets	**22,996**	20,800	23,346	**1,283**	990	1,432	**1,164**	1,000	1,231

1 Revenue from external customers is allocated by location of customers.

2 Assets and gross investments, respectively (excluding lease assets), by geographic location.

3 Refers mainly to Latin America.

GEOGRAPHIC AREAS

The business of the operating segments is monitored based on a geographic division of countries in which Sweden is part of the European market. The geographic division of Scania is based on where the customers are located. The “Definitions” section shows what countries are included in each of these areas. Sales of Scania’s products occur in all five geographic areas. Financial Services is found mainly in the European markets and to a lesser extent in the others. Most of Scania’s research and development work occurs in Sweden. Manufacturing of trucks, buses and industrial and marine engines occurs in Sweden, Argentina, Brazil, France, the Netherlands, Poland and Russia.

NOTE 4 Revenue from external customers

Vehicles and Services	2011	2010	2009
Trucks	**57,632**	47,580	32,832
Buses	**8,206**	7,713	8,837
Engines	**1,179**	1,148	821
Service	**17,048**	16,455	15,904
Used vehicles	**4,313**	4,623	4,403
Other products [1]	**1,907**	2,590	–208
Total delivery value	**90,285**	80,109	62,589
Adjustment for lease income [2]	**–2,599**	–1,941	–515
Net sales, Vehicles and Services	**87,686**	78,168	62,074
Financial Services	**4,372**	4,197	4,666
Eliminations [3]	**–1,749**	–1,797	–1,842
Revenue from external customers	**90,309**	80,568	64,898

1 During 2011, no future currency flows were hedged. In 2010 and 2009, currency hedging income of SEK 745 and –2,140 m., respectively was included.

2 Refers to the difference between sales value based on delivery and revenue recognised as income. This difference arises when a lease or delivery, combined with a residual value guarantee or a repurchase obligation, which means that significant risks remain, is recognised as an operating lease. Refers mainly to new trucks, SEK –2,193 m. (–1,598 and 104, respectively) and new buses, SEK –333 m. (–234 and –512, respectively). The adjustment from delivery value to net sales in operating leases occurs in two steps. First the entire delivery value of vehicles delivered during the period is subtracted from sales. Then the portion of delivery value attributable to the period in question for vehicles delivered during this and earlier periods is added to sales.

3 Elimination refers to lease income on operating leases.

America[3]			Africa and Oceania			Total		
2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
20,912	21,725	11,812	**5,371**	5,384	5,200	**87,686**	78,168	62,074
11,619	11,188	10,730	**1,874**	2,215	1,809	**67,527**	62,888	58,318
458	189	255	**38**	22	37	**3,034**	2,036	3,436
3,819	3,938	3,855	**458**	427	371	**31,437**	30,314	31,215
231	67	25	**274**	313	417	**4,372**	4,197	4,666
4,226	1,335	585	**2,187**	2,515	3,429	**43,852**	37,630	42,308
3,527	1,105	139	**1,567**	2,009	1,315	**25,745**	17,675	14,993
2,710	675	231	**1,311**	1,615	1,948	**29,464**	25,080	28,188

NOTE 5 Operating expenses

Vehicles and Services	2011	2010	2009
Cost of goods sold			
Cost of goods	**40,085**	34,635	31,230
Staff	**11,426**	10,115	9,124
Depreciation/amortisation	**1,960**	1,874	1,991
Other	**9,692**	7,880	6,545
Total	**63,163**	54,504	48,890
Research and development expenses			
Staff	**1,809**	1,560	1,418
Depreciation/amortisation	**420**	420	494
Other	**2,211**	1,525	1,304
Total	**4,440**	3,505	3,216
Selling expenses			
Staff	**3,663**	3,363	3,142
Depreciation/amortisation	**223**	244	255
Other	**3,128**	2,793	3,010
Total	**7,014**	6,400	6,407
Administrative expenses			
Staff	**497**	566	459
Depreciation/amortisation	**6**	6	8
Other	**701**	628	451
Total	**1,204**	1,200	918

Financial Services	2011	2010	2009
Selling and administrative expenses			
Staff	**410**	367	332
Depreciation/amortisation	**21**	21	24
Other	**184**	185	182
Total	**615**	573	538

Cost of goods includes new trucks, buses, engines, parts, used vehicles, bodywork and cars. The cost of goods may vary, depending on the degree of integration in different markets. Capitalised product development expenditures have reduced the expense categories "Staff" and "Other".

NOTE 6 Financial Services

Financial Services offers various forms of financing solutions in which it provides loans, ordinarily with maturities of between 3–5 years, with the vehicle as underlying collateral. Market conditions as well as civil law and tax rules in each country often determine what financing solution is offered. Financing consists mainly of financial leases, in which the right of ownership of the vehicle remains with Scania until the receivable is paid in its entirety. If hire purchase contracts are offered, the right of ownership is transferred to the customer on the date of sale, but Financial Services receives collateral in the form of a lien on the vehicle. If Financial Services offers a lease when delivering vehicles for which substantial risks remain with Scania, primarily attributable to guaranteed residual values, the contract is recognised as an operating lease.

	2011	2010	2009
Interest income	**2,157**	1,916	2,303
Lease income	**2,215**	2,281	2,363
Depreciation	**–1,749**	–1,797	–1,842
Interest expenses	**–1,274**	–1,229	–1,672
Net interest income	**1,349**	1,171	1,152
Other income and expenses	**81**	66	44
Gross income	**1,430**	1,237	1,196
Selling and administrative expenses	**–615**	–573	–538
Bad debt expenses [1]	**–298**	–493	–833
Operating income	**517**	171	–175

1 These expenses were equivalent to 0.76 (1.29 and 1.90, respectively) percent of the average credit portfolio.

Lease assets (operating leases)	**2011**	2010	2009
1 January	**8,497**	8,898	9,033
New contracts	**3,486**	3,913	3,789
Depreciation	**–1,749**	–1,797	–1,842
Terminated contracts	**–1,815**	–1,604	–1,873
Change in value adjustments	**–15**	–17	57
Exchange rate differences	**–103**	–896	–266
Carrying amount, 31 December [2]	**8,301**	8,497	8,898

2 The consolidated balance sheet also includes elimination of deferred gain. See Note 3.

Financial receivables (hire purchase contracts and financial leases)	**2011**	2010	2009
1 January	**27,640**	31,506	38,187
New receivables	**22,259**	13,762	11,204
Loan principal payments/ terminated contracts	**–15,131**	–14,684	–16,336
Change in value adjustments	**72**	25	–360
Exchange rate differences	**–906**	–2,969	–1,189
Carrying amount, 31 December	**33,934**	27,640	31,506
Total receivables and lease assets [3]	**42,235**	36,137	40,404

3 The number of contracts in the portfolio on 31 December totalled about 95,000 (86,000 and 88,000, respectively).

Net investments in financial leases	**2011**	2010	2009
Receivables related to future minimum lease payments	**23,364**	22,039	27,988
Less:			
Reserve for bad debts	**–546**	–756	–891
Imputed interest	**–2,447**	–2,039	–2,589
Net investment [4]	**20,371**	19,244	24,508

4 Included in the consolidated financial statements under "current" and "non-current interest-bearing receivables".

Future minimum lease payments [5]	**Operating leases**	**Financial leases**
2012	**1,722**	**9,225**
2013	**1,282**	**6,216**
2014	**872**	**4,168**
2015	**448**	**2,231**
2016	**187**	**905**
2017 and thereafter	**60**	**619**
Total	**4,571**	**23,364**

5 "Minimum lease payments" refers to the future flows of incoming payments to the contract portfolio, including interest. For operating leases, the residual value is not included since this is not a minimum lease payment for these contracts.

NOTE 7 Financial income and expenses

	2011	2010	2009
Interest income			
Bank balances and financial investments	**572**	333	320
Derivatives [1]	**168**	53	19
Expected return on pension assets	**80**	78	68
Total interest income	**820**	464	407
Interest expenses			
Borrowings	**–1,043**	–855	–1,514
Derivatives [1]	**–63**	–368	–570
Total borrowings and derivatives	**–1,106**	–1,223	–2,084
Less interest expenses recognised in Financial Services [2]	**843**	883	1,241
Pension liability	**–296**	–317	–286
Total interest expenses	**–559**	–657	–1,129
Total interest net	**261**	–193	–722
Other financial income [3]	**116**	70	227
Other financial expenses [3]	**–163**	–90	–376
Total other financial income and expenses	**–47**	–20	–149
Net financial items	**214**	–213	–871

1 Refers to interest on derivatives that are used to match interest on borrowings and lending as well as the interest component in derivatives that are used to convert borrowing currencies to lending currencies.

2 Recognised in the operating income of Financial Services.

3 Refers to SEK 42 m. (19 and –15, respectively) in market valuation of financial instruments for which hedge accounting is not applied, as well as exchange rate differences and bank-related costs.

NOTE 8 Taxes

Tax expense/income for the year	2011	2010	2009
Current tax [1]	**–3,164**	–3,831	–1,178
Deferred tax	**–26**	401	705
Total	**–3,190**	–3,430	–473
1 Of which, taxes paid:	**–3,548**	–2,555	–1,136

Deferred tax is attributable to the following:	2011	2010	2009
Deferred tax related to temporary differences	**138**	239	–435
Deferred tax due to changes in tax rates and tax rules [2]	**–2**	7	–14
Deferred tax income due to tax value of loss carry-forwards recognised during the year	**47**	454	132
Deferred tax expense due to utilisation of previously recognised tax value of tax loss carry-forwards	**–215**	–118	–38
Deferred tax related to change in provision to tax allocation reserve	**–12**	–178	1,105
Other deferred tax liabilities/assets	**18**	–3	–45
Total	**–26**	401	705

2 The effect of changes in tax rates mainly refers to Great Britain and Chile (during 2011), Chile (during 2010) and Russia (during 2009).

NOTE 8 Taxes, continued

	2011		2010		2009	
Reconciliation of effective tax	**Amount**	**%**	Amount	%	Amount	%
Income before tax	**12,612**		12,533		1,602	
Tax calculated using Swedish tax rate	**–3,317**	**26.3**	–3,296	26.3	–421	26.3
Tax effect and percentage influence:						
Difference between Swedish and foreign tax rates	**–528**	**4**	–649	5	–296	18
Tax-exempt income	**111**	**–1**	291	–2	354	–22
Non-deductible expenses	**–118**	**1**	–148	1	–161	10
Utilisation of tax value of loss carry-forwards not previously recognised [3]	**571**	**–5**	29	0	27	–2
Valuation of tax value of loss carry-forwards not previously recognised	**42**	**0**	383	–3	5	0
Adjustment for taxes pertaining to previous years	**16**	**0**	–38	0	23	–1
Changed tax rates	**1**	**0**	6	0	–9	1
Other	**32**	**0**	–8	0	5	0
Tax recognised	**–3,190**	**25**	–3,430	27	–473	30

3 During the year, loss carry-forwards have arisen in the Group that have been utilised in full.

Deferred tax assets and liabilities are attributable to the following:	**2011**	2010	2009
Deferred tax assets			
Provisions	**710**	668	551
Provisions for pensions	**962**	871	694
Non-current assets	**656**	543	597
Inventories	**570**	556	510
Unutilised tax loss carry-forwards [4]	**597**	769	286
Derivatives	**148**	278	30
Other	**1,265**	865	802
Offset within tax jurisdictions	**–3,657**	–3,108	–2,651
Total deferred tax assets [5]	**1,251**	1,442	819
Deferred tax liabilities			
Property, plant and equipment	**3,868**	3,526	3,225
Tax allocation reserve [6]	**605**	593	415
Other	**52**	74	184
Offset within tax jurisdictions	**–3,657**	–3,108	–2,651
Total deferred tax liabilities	**868**	1,085	1,173
Net deferred tax assets (–) / tax liabilities (+), net amount	**–383**	–357	354

4 Of the deferred tax assets attributable to unutilised tax loss carry-forwards, SEK 467 m. may be utilised without time constraints.

5 Deferred tax assets related to tax loss carry-forwards are recognised to the extent that it is likely that the loss carry-forwards can be utilised to offset profits in future tax returns. Deferred tax assets related to unutilised tax loss carry-forwards of SEK 13,389 m. (13,601 and 108, respectively) were not assigned a value. Most of these were not assigned a value because these tax loss carry-forwards may only be utilised in relation to a limited portion of operations. Tax loss carry-forwards with time limits totalled SEK 22 m., of which SEK 9 m. expire in 2015, SEK 13 m. expire in 2016.

6 In Sweden, tax laws permit provisions to an untaxed reserve called a tax allocation reserve. Deductions for provisions to this reserve are allowed up to a maximum of 25 percent of taxable profits. Each provision to this reserve may be freely withdrawn and face taxation, and must be withdrawn no later than the sixth year after the provision was made.

NOTE 8 Taxes, continued

Reconciliation of net deferred tax liabilities	2011	2010	2009
Carrying value on 1 January	**–357**	354	401
Deferred taxes recognised in the year's income	**26**	–401	–705
Exchange rate differences	**39**	–17	–83
Tax assets in acquired businesses	**–12**	–168	–
Recognised in "Other comprehensive income", changes attributable to:			
actuarial gains and losses on pensions	**–97**	–95	–22
currency translation reserve	**4**	–	7
hedge reserve	**14**	–30	756
Net deferred tax assets (–) / tax liabilities (+), 31 December	**–383**	–357	354

NOTE 9 Earnings per share

Earnings per share	2011	2010	2009
Net income for the year attributable to Scania shareholders, SEK m.	**9,422**	9,103	1,129
Weighted average, millions of shares outstanding during the year	**800**	800	800
Earnings per share before/ after dilution, SEK	**11.78**	11.38	1.41

There are no financial instruments that can lead to dilution.

NOTE 10 Depreciation/amortisation

Vehicles and Services	2011	2010	2009
Intangible non-current assets			
Development expenses	**171**	170	268
Selling expenses	**36**	37	39
Total	**207**	207	307
Tangible non-current assets			
Costs of goods sold [1]	**1,960**	1,874	1,991
Research and development expenses	**249**	250	226
Selling expenses	**187**	207	216
Administrative expenses	**6**	6	8
Total	**2,402**	2,337	2,441
Total depreciation/amortisation, Vehicles and Services	**2,609**	2,544	2,748

1 Of which, a value decrease of SEK 230 m. (181 and 302, respectively) related to short-term leasing in Vehicles and Services. In addition, there was a value decrease of SEK 624 m. (620 and 568, respectively) in operating leases.

Financial Services	2011	2010	2009
Operating leases (payments of principal)	**1,749**	1,797	1,842
Other non-current assets	**21**	21	24
Total depreciation/amortisation, Financial Services	**1,770**	1,818	1,866

In the Group accounts, depreciation/amortisation was adjusted downward by SEK 477 m. (461). to its consolidated value. In Note 12, depreciation/amortisation related to short-term rentals, capitalised repurchasing obligations and operating leases under the heading "Lease assets" thus amounted to SEK 2,126 m. (2,137).

NOTE 11 Intangible non-current assets

2011	Goodwill	Development	Other intangibles [1]	Total
Accumulated cost				
1 January	1,182	3,118	498	**4,798**
Acquisitions/Divestment of subsidiaries	3	–	–	**3**
Additions	–	387	54	**441**
Divestments and disposals	–	–	–17	**–17**
Exchange rate differences	–26	–	–12	**–38**
Total	**1,159**	**3,505**	**523**	**5,187**
Accumulated amortisation				
1 January	–	2,044	383	**2,427**
Amortisation for the year				
– Vehicles and Services	–	169	37	**206**
– Financial Services	–	–	8	**8**
Divestments and disposals	–	–	–17	**–17**
Exchange rate differences	–	–	–9	**–9**
Total	**–**	**2,213**	**402**	**2,615**
Accumulated impairment losses				
1 January	15	–	13	**28**
Impairment loss for the year	–	–	–	**–**
Total	15	–	13	**28**
Carrying amount, 31 December	**1,144**	**1,292**	**108**	**2,544**
– of which capitalised expenditures for projects that have been placed in service		802		
– of which capitalised expenditures for projects under development		489		

2010	Goodwill	Development	Other intangibles [1]	Total
Accumulated cost				
1 January	1,311	2,768	504	4,583
Acquisitions/Divestment of subsidiaries	9	–	–	9
Additions	–	354	24	378
Divestments and disposals	–	–4	–2	–6
Exchange rate differences	–138	–	–28	–166
Total	1,182	3,118	498	4,798
Accumulated amortisation				
1 January	–	1,877	361	2,238
Amortisation for the year				
– Vehicles and Services	–	169	38	207
– Financial Services	–	–	9	9
Divestments and disposals	–	–2	–3	–5
Exchange rate differences	–	–	–22	–22
Total	–	2,044	383	2,427
Accumulated impairment losses				
1 January	15	–	13	28
Impairment loss for the year	–	–	–	–
Total	15	–	13	28
Carrying amount, 31 December	**1,167**	**1,074**	**102**	**2,343**
– of which capitalised expenditures for projects that have been placed in service		807		
– of which capitalised expenditures for projects under development		267		

2009	Goodwill	Development	Other intangibles [1]	Total
Accumulated cost				
1 January	1,320	2,489	479	4,288
Additions	–	287	28	315
Divestments and disposals	–	–8	–13	–21
Exchange rate differences	–9	–	10	1
Total	1,311	2,768	504	4,583
Accumulated amortisation				
1 January	–	1,617	314	1,931
Amortisation for the year				
– Vehicles and Services	–	264	43	307
– Financial Services	–	–	9	9
Divestments and disposals	–	–4	–13	–17
Exchange rate differences	–	–	8	8
Total	–	1,877	361	2,238
Accumulated impairment losses				
1 January	13	–	13	26
Impairment loss for the year	2	–	–	2
Total	15	–	13	28
Carrying amount, 31 December	**1,296**	**891**	**130**	**2,317**
– of which capitalised expenditures for projects that have been placed in service		727		
– of which capitalised expenditures for projects under development		164		

1 Refers mainly to software, which is purchased externally in its entirety.

Scania tests the value of goodwill and other intangible assets at least yearly. Impairment testing is carried out for cash-generating units, which usually correspond to a reporting unit. Goodwill has been allocated among a number of cash-generating units, and the amount allocated to each unit is not significant compared to the Group's total carrying amount for goodwill. Goodwill that has been allocated to cash-generating units coincides with the total carrying value of goodwill. The assumptions used in estimating recoverable amounts are disclosed in Note 2, "Key judgements and estimates".

Intangible assets are essentially attributable to capitalised product development expenditures and "acquisition goodwill". All goodwill items are attributable to acquisitions of previously independent importers/dealers that comprise separate cash-generating units.

NOTE 12 Tangible non-current assets

2011	Buildings and land	Machinery and equipment	Construction in progress and advance payments	Lease assets[1]	Total
Accumulated cost					
1 January	16,941	28,349	1,305	14,317	**60,912**
Acquisitions/divestments of subsidiaries	–16	4	–	–	**–12**
Additions	346	705	1,561	5,578	**8,190**
Divestments and disposals	–98	–923	–2	–3,859	**–4,882**
Reclassifications	234	921	–1,283	–223	**–351**
Exchange rate differences	–225	–501	–7	–155	**–888**
Total	**17,182**	**28,555**	**1,574**	**15,658**	**62,969**
Accumulated depreciation					
1 January	6,544	19,615	–	3,089	**29,248**
Acquisitions/divestments of subsidiaries	–4	–1	–	–	**–5**
Depreciation for the year					
– Vehicles and Services	375	1,798	–	854	**3,027**
– Financial Services	–	13	–	1,749	**1,762**
– Elimination	–	–	–	–477	**–477**
Divestments and disposals	–43	–716	–	–1,699	**–2,458**
Reclassifications	–30	–76	–	–37	**–143**
Exchange rate differences	–86	–404	–	–40	**–530**
Total	**6,756**	**20,229**	**–**	**3,439**	**30,424**
Accumulated impairment losses[2]					
1 January	–1	–	–	55	**54**
Change in value for the year	7	1	–	9	**17**
Exchange rate differences	–	–	–	–	**–**
Total	**6**	**1**	**–**	**64**	**71**
Carrying amount, 31 December	**10,420**	**8,325**	**1,574**	**12,155**	**32,474**
– of which "Machinery"		6,234			
– of which "Equipment"		2,091			
– of which "Buildings"	7,878				
– of which "Land"	2,542				
– of which Financial Services		29		8,301	**8,330**

1 Including assets for short-term rentals, operating leases as well as assets capitalised due to repurchase obligations.

2 Impairment losses on lease assets refer to value adjustment for credit losses.

2010	Buildings and land	Machinery and equipment	Construction in progress and advance payments	Lease assets [1, 3]	Total
Accumulated cost					
1 January	17,270	28,704	1,715	15,257	62,946
Acquisitions/divestments of subsidiaries	49	12	–	7	68
Additions	223	261	1,201	5,935	7,620
Divestments and disposals	–114	–938	–6	–4,705	–5,763
Reclassifications	562	953	–1,574	–64	–123
Exchange rate differences	–1,049	–643	–31	–2,113	–3,836
Total	16,941	28,349	1,305	14,317	60,912
Accumulated depreciation					
1 January	6,556	19,085	–	4,103	29,744
Acquisitions/divestments of subsidiaries	–	–	–	–	–
Depreciation for the year					
– Vehicles and Services	382	1,774	–	801	2,957
– Financial Services	–	12	–	1,797	1,809
– Elimination	–	–	–	–461	–461
Divestments and disposals	–51	–780	–	–2,454	–3,285
Reclassifications	1	–18	–	–6	–23
Exchange rate differences	–344	–458	–	–691	–1,493
Total	6,544	19,615	–	3,089	29,248
Accumulated impairment losses [2]					
1 January	–1	–	–	37	36
Change in value for the year	–	–	–	16	16
Exchange rate differences	–	–	–	2	2
Total	–1	–	–	55	54
Carrying amount, 31 December	**10,398**	**8,734**	**1,305**	**11,173**	**31,610**
– of which “Machinery”		7,726			
– of which “Equipment”		1,008			
– of which “Buildings”	7,937				
– of which “Land”	2,461				
– of which Financial Services		32		8,497	8,529

1 Including assets for short-term rentals, operating leases as well as assets capitalised due to repurchase obligations.

2 Impairment losses on lease assets refer to value adjustment for credit losses.

3 Comparative figures for lease assets and other liabilities in Vehicles and Services have been adjusted to take into account a change in the method for elimination between segments.

NOTE 12 Tangible non-current assets, continued

2009	Buildings and land	Machinery and equipment	Construction in progress and advance payments	Lease assets[1]	Total
Accumulated cost					
1 January	16,084	26,056	3,192	16,052	61,384
Acquisitions/divestments of subsidiaries	23	78	–	–	101
Additions	212	768	2,164	5,151	8,295
Divestments and disposals	–68	–1,556	–23	–5,547	–7,194
Reclassifications	1,150	2,482	–3,617	32	47
Exchange rate differences	–131	876	–1	–431	313
Total	17,270	28,704	1,715	15,257	62,946
Accumulated depreciation					
1 January	6,186	17,975	–	4,299	28,460
Acquisitions/divestments of subsidiaries	7	5	–	–	12
Depreciation for the year					
– Vehicles and Services	370	1,769	–	870	3,009
– Financial Services	–	15	–	1,842	1,857
Divestments and disposals	–28	–1,374	–	–2,814	–4,216
Reclassifications	19	–19	–	2	2
Exchange rate differences	2	714	–	–96	620
Total	6,556	19,085	–	4,103	29,744
Accumulated impairment losses[2]					
1 January	–1	–	–	93	92
Change in value for the year	–	–	–	–57	–57
Exchange rate differences	–	–	–	1	1
Total	–1	–	–	37	36
Carrying amount, 31 December	**10,715**	**9,619**	**1,715**	**11,117**	**33,166**
– of which “Machinery”		8,239			
– of which “Equipment”		1,380			
– of which “Buildings”	8,170				
– of which “Land”	2,545				
– of which Financial Services		33		8,898	8,931

1 Including assets for short-term rentals, operating leases as well as assets capitalised due to repurchase obligations.

2 Impairment losses on lease assets refer to value adjustment for credit losses.

NOTE 13 Holdings in associated companies, joint ventures etc.

	2011	2010	2009
Carrying amount, 1 January	**465**	469	473
Acquisitions, capital contributions, divestments and impairment losses during the year[1]	**–**	13	24
Exchange rate differences	**7**	–31	–32
Share in income for the year	**16**	16	5
Dividends	**–11**	–2	–1
Carrying amount, 31 December	**477**	465	469
Contingent liabilities	**–**	–	–

1 The 2010 amount was related to the acquisition of Laxå Special Vehicles AB.
The 2009 amount was related to a capital contribution to Cummins-Scania XPI.

Share of assets, liabilities, revenue and income	2011	2010	2009
Non-current assets	**398**	388	372
Current assets	**220**	191	165
Non-current liabilities	**4**	5	8
Current liabilities	**137**	109	60
Scania's share of net assets	**477**	465	469
Sales revenue	**837**	544	490
Income before taxes	**23**	20	7
Taxes	**–7**	–4	–2
Net income for the year	**16**	16	5

Associated companies and joint ventures / Corporate ID number / country of registration	Ownership, %	Carrying amount in Parent Company financial statements	Value of Scania's share in consolidated financial statements		
			2011	2010	2009
Bits Data in Södertälje AB, 556121-2613, Sweden	33	2	**7**	8	4
Cummins-Scania HPI L.L.C; 043650113, USA	30	0	**7**	15	15
Laxå Special Vehicles AB, 556548-4705, Sweden	30	13	**16**	15	–
ScaValencia S.A., ES A46332995, Spain	26	14	**22**	21	24
ScaMadrid S.A., ES A80433519, Spain	49	20	**22**	23	26
Holdings in associated companies		49	**74**	82	69
Cummins-Scania XPI Manufacturing L.L.C; 20-3394999, USA	50	384	**395**	376	393
Oppland Tungbilservice AS, 982787602, Norway	50	1	**4**	3	3
Tynset Diesel AS, 982787508, Norway	50	1	**4**	4	4
Holdings in joint ventures		386	**403**	383	400
Holdings in associated companies and joint ventures			**477**	465	469
Other shares and participations			**19**	17	19
Total			**496**	482	488

NOTE 14 Inventories

	2011	2010	2009
Raw materials, components and supplies	**1,902**	2,009	1,285
Work in progress	**1,019**	1,099	1,223
Finished goods [1]	**11,601**	9,853	9,254
Total	**14,522**	12,961	11,762
1 Of which, used vehicles	**1,414**	1,168	1,884
Value adjustment reserve, 31 December	**–690**	–782	–997

NOTE 15 Other receivables

	2011	2010	2009
Prepaid expenses and accrued income	**63**	121	36
Derivatives with positive market value	**814**	667	848
Advance payments	**20**	22	26
Other receivables	**632**	644	586
Total other non-current receivables	**1,529**	1,454	1,496
Prepaid expenses and accrued income	**945**	874	863
Derivatives with positive market value [1]	**622**	1,232	468
Value-added tax	**864**	817	739
Advance payments	**165**	322	183
Other receivables	**870**	582	553
Total other current receivables	**3,466**	3,827	2,806
Total other receivables	**4,995**	5,281	4,302

1 Current derivatives included derivatives for hedging of balance sheet items of SEK 1 m. (51 and 293, respectively) attributable to the business.

NOTE 16 Equity

The equity of the Scania Group has changed as follows:

2011	**Share capital**	**Contri-buted capital**	**Hedge reserve**	**Currency translation reserve**	**Retained earnings**	**Total, Scania shareholders**	**Non-controlling interest**	**Total equity**
Equity, 1 January	2,000	1,120	–40	417	26,538	30,035	1	30,036
Exchange differences on translation				–719		–719	0	–719
Hedge reserve								
Change in value related to cash flow hedge recognised in other comprehensive income			62			62		62
Cash flow reserve transferred to operating income			–12			–12		–12
Actuarial gains/losses etc. related to pensions recognised in other comprehensive income					–356	–356		–356
Tax attributable to items recognised in other comprehensive income			–14	–4	97	79		79
Total other comprehensive income	**–**	**–**	**36**	**–723**	**–259**	**–946**	**0**	**–946**
Net income for the year					9,422	9,422		9,422
Non-controlling interest							0	0
Dividend to Scania AB shareholders					–4,000	–4,000		–4,000
Equity, 31 December	**2,000**	**1,120**	**–4**	**–306**	**31,701**	**34,511**	**1**	**34,512**

NOTE 16 Equity, continued

The equity of the Scania Group has changed as follows:

2010	Share capital	Contri-buted capital	Hedge reserve	Currency translation reserve	Retained earnings	Total, Scania shareholders	Non-controlling interest	Total equity
Equity, 1 January	2,000	1,120	43	1,651	18,488	23,302	1	23,303
Exchange differences on translation				–1,146		–1,146	0	–1,146
Hedge reserve								
Change in value related to cash flow hedge recognised in other comprehensive income			634			634		634
Cash flow reserve transferred to operating income			–747			–747		–747
Actuarial gains/losses etc. related to pensions recognised in other comprehensive income					–348	–348		–348
Tax attributable to items recognised in other comprehensive income			30	–88	95	37		37
Total other comprehensive income	–	–	–83	–1,234	–253	–1,570	0	–1,570
Net income for the year					9,103	9,103		9,103
Non-controlling interest							0	0
Dividend to Scania AB shareholders					–800	–800		–800
Equity, 31 December	**2,000**	**1,120**	**–40**	**417**	**26,538**	**30,035**	**1**	**30,036**

2009	Share capital	Contri-buted capital	Hedge reserve	Currency translation reserve	Retained earnings	Total, Scania shareholders	Non-controlling interest	Total equity
Equity, 1 January	2,000	1,120	–2,075	1,471	19,421	21,937	1	21,938
Exchange differences on translation				188		188	0	188
Hedging of net assets in operations outside Sweden				–1		–1		–1
Hedge reserve								
Change in value related to cash flow hedge recognised in other comprehensive income			719			719		719
Cash flow reserve transferred to operating income			2,155			2,155		2,155
Actuarial gains/losses etc. related to pensions recognised in other comprehensive income					–84	–84		–84
Tax attributable to items recognised in other comprehensive income			–756	–7	22	–741		–741
Total other comprehensive income	–	–	2,118	180	–62	2,236	0	2,236
Net income for the year					1,129	1,129		1,129
Non-controlling interest							0	0
Dividend to Scania AB shareholders					–2,000	–2,000		–2,000
Equity, 31 December	**2,000**	**1,120**	**43**	**1,651**	**18,488**	**23,302**	**1**	**23,303**

NOTE 16 Equity, continued

The share capital of Scania AB consists of 400,000,000 Series A shares outstanding with voting rights of one vote per share and 400,000,000 Series B shares outstanding with voting rights of 1/10 vote per share. A and B shares carry the same right to a portion of the company's assets and profit. The nominal value of both A and B shares is SEK 2.50 per share. All shares are fully paid and no shares are reserved for transfer of ownership. No shares are held by the company itself or its subsidiaries.

Contributed equity consists of a statutory reserve contributed by the owners of Scania AB when it became a limited company in 1995.

The hedge reserve consists of the change in market value of commercial cash flow hedging instruments in cases where hedge accounting is applied according to IAS 39, "Financial Instruments: Recognition and Measurement".

The currency translation reserve arises when translating net assets outside Sweden according to the current method of accounting. The currency translation reserve also includes currency rate differences related to monetary items for businesses outside Sweden deemed to be a part of the company's net investment. The negative exchange rate difference of SEK –719 m. arose as a result of the Swedish krona's appreciation against currencies important to Scania. The exchange rate differences were mainly due to the krona's appreciation against the Brazilian real.

Retained earnings consist not only of accrued profits but also of the change in pension liability attributable to changes in actuarial gains and losses etc. recognised in "Total other comprehensive income". Regarding changes in actuarial assumptions, see also Note 17, "Provisions for pensions and similar commitments". The Parent Company's dividend related to 2010 was SEK 4,000 m., equivalent to SEK 5.00 per share. The proposed dividend related to 2011 is SEK 4,000 m., equivalent to SEK 5.00 per share.

Non-controlling interest refers to the share of equity that belongs to external interests without a controlling influence in certain subsidiaries of the Scania Group.

The equity of the Scania Group consists of the sum of equity attributable to Scania's shareholders and equity attributable to non-controlling interests. At year-end 2011, the Group's equity totalled SEK 34,512 m. (30,036). According to the Group's Financial Policy, the Group's financial position shall meet the requirements of the business objectives it has established. At present, this is deemed to presuppose a financial position equivalent to the requirements for obtaining at least an A– credit rating from the most important rating institutions.

In order to maintain the necessary capital structure, the Group may adjust the amount of its dividend to shareholders, distribute capital to the shareholders or sell assets and thereby reduce debt.

Financial Services includes twelve companies that are subject to oversight by national financial inspection authorities. In some countries, Scania must comply with local capital adequacy requirements. During 2011, these units met their capital adequacy requirements.

The Group's Financial Policy contains targets for key ratios related to the Group's financial position. These coincide with the ratios used by credit rating institutions. Scania's credit rating according to Standard and Poor's at the end of 2011 was for:

- long-term borrowing: A–
- outlook: Stable
- short-term borrowing: A–2
- short-term borrowing, Sweden: K–1.

Reconciliation of change in number of shares outstanding	2011	2010	2009
Number of A shares outstanding, 1 January	**400,000,000**	400,000,000	400,000,000
Number of A shares outstanding, 31 December	**400,000,000**	400,000,000	400,000,000
Number of B shares outstanding, 1 January	**400,000,000**	400,000,000	400,000,000
Number of B shares outstanding, 31 December	**400,000,000**	400,000,000	400,000,000
Total number of shares, 31 December	**800,000,000**	800,000,000	800,000,000

NOTE 17 Provisions for pensions and similar commitments

The Group's employees, former employees and their survivors may be included in both defined-contribution and defined-benefit plans related to post-employment compensation. The plans include retirement pensions, survivor pensions, health care and severance pay.

The commitment that is recognised in the balance sheet stems from the defined-benefit plans. The largest plans are found in Sweden, Brazil and Germany, among other countries. The plans are safeguarded via reinsured provisions in the balance sheet, foundations and funds. Calculations are performed according to the "Projected Unit Credit Method", using the assumptions presented in the table below.

In the case of some of the Group's defined-benefit multi-employer plans, sufficient information cannot be obtained to calculate Scania's share in these plans. They have thus been accounted for as defined-contribution. In Scania's case, this applies to the Dutch fund Pensioenfonds Metaal en Techniek, which is administered via MN Services, and Bedrijfstakpensioenfonds Metalektro, which is administered via PVF Achmea, as well as the portion of the Swedish ITP occupational pension plan that is administered via the retirement insurance company Alecta. Most of the Swedish plan for salaried employees (the collectively agreed ITP plan), however, is accounted for by provisions in the balance sheet, safeguarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti, which also administers the plan.

Premiums to Alecta amounted to SEK 46 m. (267 and 56, respectively). A surplus or deficit at Alecta may mean a refund to the Group or lower or higher future premiums. At year-end 2011, Alecta's surplus, in the form of a collective consolidation level, amounted to 113 (146 and 141, respectively) percent. The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance obligations calculated according to Alecta's actuarial assumptions.

In the Dutch plans, both companies and employees contribute to the plan. The companies' premiums to MN Services amounted to SEK 30 m. (29 and 28, respectively) and to PVF Achmea SEK 33 m. (38 and 50, respectively). The consolidation level amounted to 89 percent (96 and 101, respectively) for MN Services. PVF Achmea had an A+ /Stable rating from Standard & Poors for 2011, (A+/Stable rating for 2010 and A+/Negative rating for 2009). PVF Achmea did not disclose its consolidation level for 2010 and 2009.

Scania's forecasted disbursement of pensions related to defined-benefit plans, both funded and unfunded, is SEK 225 m. for 2012 (242 for 2011 and 250 for 2010, respectively).

	Expenses related to pension obligations			Expenses related to health care benefits			Expenses related to other obligations		
Expenses for pensions and other defined-benefit obligations recognised in the income statement	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Current service expenses	**–165**	–214	–264	**–7**	–7	–6	**–3**	–2	–3
Interest expenses	**–250**	–271	–250	**–41**	–39	–31	**–6**	–7	–6
Expected return on plan assets	**71**	70	62	**1**	–	–	**8**	8	6
Past service expenses	**35**	6	–5	**–**	–	–	**–**	–	0
Net gains (+) and losses (–) due to curtailments and settlements	**2**	39	4	**–**	–	–	**–**	–	–
Curtailment in the valuation of net assets	**–**	0	6	**–**	–	–	**–**	–	–
Total expense for defined-benefit obligations recognised in the income statement	**–307**	–370	–447	**–47**	–46	–37	**–1**	–1	–3

For defined-contribution plans, Scania makes continuous payments to public authorities and independent organisations, which thus take over obligations towards employees. The Group's expenses for defined-contribution plans amounted to SEK 639 m. (713 and 565, respectively) during 2011.

Pension expenses and other defined-benefit payments are found in the income statement under the headings "Research and development expenses", SEK 54 m. (88 and 105, respectively), "Cost of goods sold", SEK 44 m. (58 and 69, respectively), "Selling expenses", SEK 35 m. (51 and 83, respectively) and "Administrative expenses", SEK 4 m. (7 and 8, respectively). The interest portion of pension expense is recognised as an interest expense, and return on plan assets is recognised as interest income.

NOTE 17 Provisions for pensions and similar commitments, continued

Expenses for pensions and other defined-benefit obligations recognised in Other comprehensive income	Expenses related to pension obligations			Expenses related to health care benefits			Expenses related to other obligations		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Experience-based adjustments in pension liability	**26**	–187	–119	**–68**	–30	–20	**–4**	–2	–2
Experience-based adjustments in plan assets	**–49**	38	58	**0**	0	1	**–5**	2	2
Effects of changes in actuarial assumptions	**–221**	–89	–21	**–**	–	–	**0**	–1	–1
Net actuarial gains (+) and losses (–) for the year	**–244**	–238	–82	**–68**	–30	–19	**–9**	–1	–1
Special payroll tax related to actuarial gains and losses	**–74**	–43	–8	**–**	–	–	**–**	–	–
Curtailment in valuation of net assets	**39**	–36	26	**–**	–	–	**–**	–	–
Total expense/revenue for defined-benefit obligations recognised in Other comprehensive income	**–279**	–317	–64	**–68**	–30	–19	**–9**	–1	–1

The accumulated amount of actuarial losses in "Other comprehensive income" was SEK 2,638 m. (2,282 and 1,934, respectively) before taxes.

Recognised as provision for pensions in the balance sheet	Pension obligations			Obligations related to health care			Other obligations		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Present value of defined-benefit obligations, wholly or partly funded	**1,350**	1,712	1,676	**463**	406	353	**49**	48	47
Present value of defined-benefit obligations, unfunded	**4,917**	4,464	4,338	**–**	–	–	**34**	31	34
Present value of defined-benefit obligations	**6,267**	6,176	6,014	**463**	406	353	**83**	79	81
Fair value of plan assets	**–1,300**	–1,532	–1,471	**–9**	–9	–2	**–63**	–71	–69
Net assets not fully valued due to curtailment rule	**23**	73	35	**–**	–	–	**–**	–	–
Recognised in the balance sheet	**4,990**	4,717	4,578	**454**	397	351	**20**	8	12
– of which, pension liability recognised under the heading "Provisions for pensions"	**5,065**	4,753	4,620	**454**	397	351	**20**	8	12
– of which, pension asset recognised under the heading "Other long-term receivables"	**–75**	–36	–42	**–**	–	–	**–**	–	–

Assumptions applied in actuarial calculation	Sweden (pension)			Brazil (health care)			Germany (pension)			Other countries (pension etc.)		
	2011 [1]	2010 [2]	2009 [2]	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Discount rate, %	**4.0**	4.0	4.0	**11.0**	10.8	11.3	**5.0**	5.3	5.7	**2.5–11.0**	3.0–10.8	3.0–11.3
Expected return on plan assets, %	**–**	–	–	**11.7**	11.7	11.7	**–**	–	–	**3.7–11.7**	3.7–11.7	3.7–11.7
Expected wage and salary increase, %	**3.0**	3.0	3.0	**–**	–	–	**2.5**	2.5	2.5	**1.5–5.0**	3.0–8.7	3.0–8.7
Change in health care costs, %	**–**	–	–	**8.2**	7.6	7.6	**–**	–	–	**–**	–	–
Employee turnover, %	**5.0**	5.0	5.0	**2.5**	2.3	2.1	**5.0**	5.0	5.0	**4.0–13.8**	4.0–11.0	2.0–18.0
Expected remaining years of service	**19.4**	19.8	20.2	**15.6**	14.0	14.5	**9.6**	7.4	11.0	**4.0–30.0**	1.3–30.0	2.3–29.0
Expected increase in pension (inflation), %	**2.0**	2.0	2.0	**–**	–	–	**1.5**	1.5	1.5	**0.0–3.1**	0.8–3.8	0.8–3.5

1 The discount rate is fixed on the basis of market yields on top-rated corporate bonds including mortgage bonds.

2 The discount rate is fixed on the basis of yields on government bonds.

Expected return in each country and category of plan assets is calculated taking into account historic return and management's estimate of future developments. These figures in the above tables have then been combined into a total expected return for each country, taking into account that no changes in investment strategies are planned. The categories of plan assets in question are "Shares and participations", "Other interest-bearing securities", "Properties" and "Bank deposits".

Present value of defined-benefit commitments changed during the year as follows:	Liabilities related to pension obligations			Liabilities related to health care benefits			Liabilities related to other obligations		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Present value of defined-benefit obligations, 1 January	**6,176**	6,014	5,610	**406**	353	248	**79**	81	70
Present value of reclassified obligations [3]	**–261**	0	–	**–**	–	–	**–**	–	–
Current service expenses	**165**	214	264	**7**	7	6	**3**	2	3
Interest expenses	**250**	271	250	**41**	39	31	**6**	7	6
Payments made by pension plan participants	**3**	3	1	**–**	–	–	**–**	–	–
Net actuarial gains and losses for the year	**180**	261	123	**68**	30	20	**4**	0	3
Exchange rate differences	**11**	–118	–16	**–40**	–8	74	**–4**	–6	7
Disbursements of pension payments	**–218**	–230	–219	**–19**	–15	–26	**–5**	–5	–8
Past service expenses	**–35**	–6	5	**–**	–	–	**–**	–	0
Settlements	**–**	–200	–	**–**	–	–	**–**	–	–
Gains and losses due to net settlements for the year	**–4**	–33	–4	**–**	–	–	**–**	–	–
Present value of defined-benefit obligations, 31 December	**6,267**	6,176	6,014	**463**	406	353	**83**	79	81

3 2011: Transition of a defined benefit plan to a defined contribution plan in Norway.

Fair value of plan assets changed as follows during the year:	Plan assets related to pension obligations			Plan assets related to health care benefits			Plan assets related to other obligations		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Fair value of plan assets, 1 January	**1,532**	1,471	1,363	**9**	2	–	**71**	69	49
Fair value of plan assets related to reclassified obligations [4]	**–280**	–	3	**–**	–	–	**–**	–	–
Expected return on plan assets	**71**	70	62	**1**	0	–	**8**	8	6
Net actuarial gains and losses for the year	**–64**	23	41	**0**	0	1	**–5**	–1	2
Exchange rate differences	**16**	–56	–17	**–1**	0	0	**–7**	–2	14
Payments to pension plan	**71**	65	68	**19**	22	27	**–**	–	–
Payments made by pension plan participants	**9**	9	10	**–**	–	–	**–**	–	–
Disbursements of pension payments	**–55**	–56	–59	**–19**	–15	–26	**–4**	–3	–2
Gains and losses due to net settlements for the year	**0**	6	–	**–**	–	–	**–**	–	–
Fair value of plan assets, 31 December	**1,300**	1,532	1,471	**9**	9	2	**63**	71	69

4 2011: Transition of a defined benefit plan to a defined contribution plan in Norway.

Plan assets consist mainly of shares and interest-bearing securities with the following fair value on closing day:	**2011 SEK m.**	2010 SEK m.	2009 SEK m.	**2011 %**	2010 %	2009 %
Shares and participations, not Scania	**425**	434	455	**31.0**	26.9	29.5
Miscellaneous interest-bearing securities, not Scania	**450**	577	618	**32.8**	35.8	40.1
Properties leased to Scania companies	**30**	29	32	**2.2**	1.8	2.1
Investment properties	**211**	201	141	**15.4**	12.5	9.1
Bank deposits	**256**	371	296	**18.6**	23.0	19.2
Total	**1,372**	1,612	1,542	**100.0**	100.0	100.0

NOTE 17 Provisions for pensions and similar commitments, continued

	Plan assets related to pension obligations			Plan assets related to health care benefits			Plan assets related to other obligations		
Actual return	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Actual return on plan assets	**22**	108	120	**1**	0	1	**3**	10	8

	1% decrease		1% increase	
Sensitivity analysis concerning 1% change in health care expenses on:	**2011**	2010	**2011**	2010
Sum of cost for employment in current year and interest expense	**–9**	–2	**14**	14
Sum of present value of the defined-benefit obligation	**–40**	–47	**121**	81

Multi-year summary recognised in balance sheet	**2011**	2010	2009	2008	2007
Present value of defined-benefit obligations	**6,813**	6,661	6,448	5,928	5,155
Fair value of plan assets	**–1,372**	–1,612	–1,542	–1,412	–1,331
Deficit	**5,441**	5,049	4,906	4,516	3,824
Net assets not valued in full due to curtailment rule	**23**	73	35	53	142
Recognised in balance sheet	**5,464**	5,122	4,941	4,569	3,966

Multi-year summary of expenses in other comprehensive income	**2011**	2010	2009	2008	2007
Experience-based adjustments in pension liability	**–46**	–219	–141	–234	–223
Experience-based adjustments in plan assets	**–54**	40	61	–149	–18
Effects of changes in actuarial assumptions	**–221**	–90	–22	–229	–31
Net actuarial gains (+) and losses (–) for the year	**–321**	–269	–102	–612	–272
Special payroll tax related to actuarial gains and losses	**–74**	–43	–8	–134	–58
Curtailment in value of net assets	**39**	–36	26	121	14
Total expense/income for defined-benefit payments recognised in other comprehensive income	**–356**	–348	–84	–625	–316

NOTE 18 Other provisions

During the year, the Scania Group's provisions changed as follows:

2011	Product obligations	Restructuring	Legal and tax risks [2]	Other provisions [1]	Total
1 January	1,193	2	1,841	1,390	**4,426**
Provisions during the year	1,583	6	152	751	**2,492**
Provisions used during the year	–1,278	–2	–59	–312	**–1,651**
Provisions reversed during the year	–9	–	–173	–114	**–296**
Exchange rate differences	–27	–	–111	–9	**–147**
31 December	**1,462**	**6**	**1,650**	**1,706**	4,824
– of which, current provisions	1,159	–	5	433	**1,597**
– of which, non-current provisions	303	6	1,645	1,273	**3,227**

2010	Product obligations	Restructuring	Legal and tax risks [2]	Other provisions [1]	Total
1 January	1,075	10	1,359	765	3,209
Provisions during the year	1,274	4	553	1,000	2,831
Provisions used during the year	–1,102	–8	–30	–250	–1,390
Provisions reversed during the year	–31	–4	–16	–77	–128
Exchange rate differences	–23	–	–25	–48	–96
31 December	**1,193**	**2**	**1,841**	**1,390**	**4,426**
– of which, current provisions	1,014	2	25	353	1,394
– of which, non-current provisions	179	–	1,816	1,037	3,032

2009	Product obligations	Restructuring	Legal and tax risks [2]	Other provisions [1]	Total
1 January	1,316	6	813	841	2,976
Provisions during the year	1,191	131	416	301	2,039
Provisions used during the year	–1,373	–127	–23	–187	–1,710
Provisions reversed during the year	–103	–1	–24	–186	–314
Exchange rate differences	44	1	177	–4	218
31 December	**1,075**	**10**	**1,359**	**765**	**3,209**
– of which, current provisions	858	10	29	203	1,100
– of which, non-current provisions	217	–	1,330	562	2,109

1 "Other provisions" include provisions for potential losses on service agreements.

2 Reclassification has occurred from non-current tax liabilities to provisions for legal and tax risks. Comparative figures have been adjusted accordingly.

Uncertainty about the expected outflow dates is greatest for legal and tax disputes. Otherwise outflow is expected to occur within one to two years. Provisions are recognised without discounting and at nominal amounts, as the time factor is not deemed to have a major influence on the size of the amounts, since the future outflow is relatively close in time. For a description of the nature of the obligations, see also Note 1, "Accounting principles", and Note 2, "Key judgements and estimates".

NOTE 19 Accrued expenses and deferred income

	2011	2010	2009
Accrued employee-related expenses	**2,925**	2,764	2,467
Deferred income related to service and repair contracts	**1,893**	1,807	2,077
Deferred income related to repurchase obligations [1]	**4,647**	3,653	3,195
Accrued financial expenses	**85**	70	100
Other customary accrued expenses and deferred income	**1,387**	1,572	1,900
Total	**10,937**	9,866	9,739
– of which, current	**6,925**	6,751	7,209
– of which, non-current	**4,012**	3,115	2,530
Of the above total, the following was attributable to Financial Services operations	**249**	287	335

1 Of the above deferred income related to vehicles sold with repurchase obligations, SEK 637 m. (539 and 665, respectively) is expected to be recognised as revenue within 12 months. SEK 400 m. (134 and 52, respectively) is expected to be recognised as revenue after more than 5 years.

NOTE 20 Assets pledged and contingent liabilities

Assets pledged	2011	2010	2009
Financial receivables [2]	**3,469**	2,276	–
Other	**1**	2	1
Total [1]	**3,470**	2,278	1

1 Of which, assets pledged for:			
Non-current borrowings	**3,469**	2,276	–
Liabilities of others	**1**	2	1

2 Refers mainly to pledged leases in Financial Services.

Contingent liabilities	2011	2010	2009
Contingent liability related to FPG credit insurance	**53**	47	46
Loan guarantees	**11**	14	29
Other guarantees	**290**	411	404
Total	**354**	472	479

In addition to the above contingent liabilities, the Group has issued vehicle repurchase guarantees worth SEK 47 m. (37 and 41, respectively) to customers' creditors.

NOTE 21 Lease obligations

As a lessee, the Scania Group has entered into financial and operating leases.

Future payment obligations on non-cancellable operating leases

	2011		2010		2009	
Operating leases	**Future minimum lease payments**	**Of which, related to premises**	Future minimum lease payments	Of which, related to premises	Future minimum lease payments	Of which, related to premises
Within one year	**426**	**232**	371	197	339	200
Between one year and five years	**1,106**	**662**	755	587	856	617
Later than five years	**540**	**525**	521	519	604	602
Total [1]	**2,072**	**1,419**	1,647	1,303	1,799	1,419

1 Refers to operating leases where the obligation exceeds one year.

Allocation of lease expenses	2011	2010	2009
Operating leases			
Fixed payments	**454**	365	345
Flexible payments	**4**	5	1
Payments related to sub-leased items	**–6**	–8	–3
Total [2]	**452**	362	343

2 Expenses for leases on premises were charged to income in the amount of SEK 225 m. (196 and 192, respectively).

NOTE 21 Lease obligations, continued

Future payment obligations on non-cancellable financial leases

Financial leases	2011 Future minimum lease payments	2011 Interest	2011 Present value of future lease payments	2010 Future minimum lease payments	2010 Interest	2010 Present value of future lease payments	2009 Future minimum lease payments	2009 Interest	2009 Present value of future lease payments
Within one year	**53**	**1**	**52**	69	3	66	44	1	43
Between one year and five years	**49**	**5**	**44**	64	8	55	150	18	132
Later than five years	**–**	**–**	**–**	–	–	–	2	1	1
Total [3]	**102**	**6**	**96**	133	11	121	196	20	176

3 Refers to financial leases where the obligation exceeds one year.

Allocation of lease expenses	2011	2010	2009
Financial leases			
Fixed payments	**58**	42	45
Flexible payments	**–**	–	–
Payments related to sub-leased items	**–28**	–28	–33
Total	**30**	14	12

Financial lease assets in balance sheet

Carrying amount	2011	2010	2009
Vehicles for leasing	**79**	128	155
Buildings	**10**	11	14
Machinery	**0**	0	–
Other	**15**	18	16
Total	**104**	157	185

NOTE 22 Government grants and assistance

During 2011, the Scania Group received government grants amounting to SEK 65 m. (65 and 74, respectively) attributable to operating expenses of SEK 218 m. (451 and 342, respectively). During 2011 the Group received no government grants attributable to investments (SEK 0 m. and SEK 9 m., respectively, attributable to investments with a gross cost of SEK 0 m. and SEK 110 m., respectively). During the year, Scania did not arrange any new loans with the European Investment Bank (EUR 0 m. and EUR 400 m., respectively).

NOTE 23 Change in net debt

The relationship between the cash flow statement and the change in net debt in the balance sheet can be seen below.

Scania Group total	2011	2010	2009
Total cash flow before financing activities	**168**	13,023	10,527
Exchange rate effects in interest-bearing liabilities	**1,723**	2,656	1,227
Businesses acquired and divested	**1**	–4	0
Exchange rate effects in short-term investments	**0**	–1	6
Exchange rate effects in cash and cash equivalents	**–351**	–127	541
Change in derivatives affecting net debt	**–492**	1,539	44
Dividend	**–4,000**	–800	–2,000
Change in net debt according to the balance sheet	**–2,951**	16,286	10,345

Vehicles and Services	2011	2010	2009
Total cash flow before financing activities	**6,970**	11,880	5,512
Exchange rate effects in interest-bearing liabilities	**223**	742	66
Businesses acquired and divested	**1**	–4	0
Exchange rate effects in short-term investments	**0**	–1	6
Exchange rate effects in cash and cash equivalents	**–338**	–91	541
Change in derivatives affecting net debt	**155**	144	44
Dividend	**–4,000**	–800	–2,000
Transfers between segments	**–96**	–132	157
Change in net debt according to the balance sheet	**2,915**	11,738	4,326

NOTE 24 Cash flow statement

In those cases where no allocation by segment is specified, the cash flow statement below refers to Vehicles and Services.

	2011	2010	2009
a. Interest and dividends received/paid			
Dividends received from associated companies	**11**	2	–1
Interest received	**608**	373	335
Interest paid	**–276**	–552	–942

	2011	2010	2009
b.1. Vehicles and Services: Items not affecting cash flow			
Depreciation/amortisation	**2,609**	2,544	2,748
Bad debts	**92**	55	188
Associated companies	**–5**	–16	–6
Deferred profit recognition, lease assets	**288**	177	–181
Other	**–29**	298	41
Total	**2,955**	3,058	2,790

	2011	2010	2009
b.2. Financial Services: Items not affecting cash flow			
Depreciation/amortisation	**21**	21	24
Bad debts	**298**	493	833
Other	**–4**	43	–21
Total	**315**	557	836

	2011	2010	2009
c. Net investment through acquisitions/divestments of businesses [1]			
Divestments of businesses	**58**	–	–
Acquisitions of businesses	**–14**	–56	–118
Total	**44**	–56	–118

1 See Note 25, "Businesses acquired/divested".

	2011	2010	2009
d.1. Vehicles and Services: Acquisitions of non-current assets			
Investments in non-current assets [2]	**–4,308**	–3,275	–3,717
Divestments of non-current assets	**532**	522	686
Total	**–3,776**	–2,753	–3,031

2 Of which, SEK 387 m. (351 and 287, respectively) in capitalised research and development expenditures.

	2011	2010	2009
d.2. Financial Services: Acquisitions of non-current assets			
New financing [3]	**–25,764**	–17,702	–15,016
Payments of principal and completed contracts	**18,287**	18,233	19,520
Total	**–7,477**	531	4,504

3 Includes other tangible and intangible non-current assets.

	2011	2010	2009
e. Change in debt through financing activities			
Net change in current investments	**–86**	–15	46
Net change in current borrowing	**8,077**	–5 443	–7 497
Repayment of non-current borrowings	**–12,886**	–10,234	–10,112
Increase in non-current borrowings	**10,919**	6,303	11,014
Total	**6,024**	–9,389	–6,549

	2011	2010	2009
f. Cash and cash equivalents			
Cash and bank balances	**1,495**	1,716	1,036
Short-term investments comprising cash and cash equivalents	**10,153**	8,091	6,064
Total	**11,648**	9,807	7,100

NOTE 25 Businesses acquired/divested

Acquired/divested assets and liabilities	Businesses acquired 2011 Carrying amounts upon acquisition	Businesses acquired 2010 Carrying amounts upon acquisition	Businesses acquired 2009 Carrying amounts upon acquisition	Businesses divested 2011 Carrying amounts upon divestment	Businesses divested 2010 No divestment	Businesses divested 2009 No divestment
Tangible and intangible non-current assets	**7**	68	73	**–23**	–	–
Inventories	**8**	40	52	**–4**	–	–
Receivables	**7**	36	–	**–**	–	–
Cash and cash equivalents	**–**	0	–	**–**	–	–
Borrowings	**–**	–4	–	**–**	–	–
Other liabilities and provisions	**–11**	–93	–7	**–**	–	–
Net identifiable assets and liabilities	**11**	47	118	**–27**	–	–
Goodwill in consolidation	**3**	9	–	**–**	–	–
Purchase price	**14**	56	118	**–58**	–	–
Cash and cash equivalents in companies acquired/divested	**–**	0	–	**–**	–	–
Impact on consolidated cash and cash equivalents	**–14**	–56	–118	**58**	–	–
Number of employees	**35**	157	185	**30**	–	–

During 2011 Scania acquired dealerships in Norway and France. During 2010 Scania acquired dealerships in France, Switzerland and Italy. During 2009 Scania acquired dealerships in Denmark and France. Carrying amounts were deemed to correspond to fair value. Acquired businesses have the following accumulated effect on the 2011 accounts: "Net sales" minus intra-Group sales, SEK +32 m.; "Gross income", SEK +6 m.; "Expenses", SEK –2 m.; "Operating income, SEK +4 m.; and "Income before taxes", SEK +4 m.

If the acquisitions had occurred at the beginning of the year, the acquired businesses would have had the following impact on the 2011 financial statements: "Net sales" minus intra-Group sales, SEK +68 m.; "Gross income", SEK +32 m.; "Expenses", SEK –24 m.; "Operating income", SEK +7 m.; and "Income before taxes", SEK +7 m.

During 2011, Scania divested its car dealership business in Finland. During 2010 and 2009 no divestments occurred. Divested businesses have the following accumulated effect on the 2011 accounts: "Net sales" minus intra-Group sales, SEK +66 m.; "Gross income", SEK +9 m.; "Expenses", SEK -6 m.; "Operating income", SEK +3 m.; and "Income before taxes", SEK +3. m.

NOTE 26 Wages, salaries and other remuneration and number of employees

Wages, salaries and other remuneration, pension expenses and other mandatory payroll fees (excluding personnel on hire)	2011	2010	2009
Boards of Directors, Presidents and Executive (or Group) Vice Presidents [1]	**405**	401	264
– of which bonuses	**135**	138	26
Other employees	**12,374**	11,327	10,491
Subtotal [2]	**12,779**	11,728	10,755
Pension expenses and other mandatory payroll fees	**4,227**	3,933	3,640
– of which pension expenses [3]	**995**	1,036	1,127
Total	**17,006**	15,661	14,395

1 The number of Board members and executive officers was 478 (455 and 489, respectively).

2 Including non-monetary remuneration.

3 Of the pension expense in the Group, SEK 40 m. (33 and 36, respectively) was for Boards of Directors and executive officers in the Scania Group. At year-end, the total pension obligation was SEK 151 m. (135 and 137, respectively) for this category.

NOTE 26 Wages, salaries and other remuneration and number of employees, continued

Wages, salaries and other remuneration, pension expenses and other mandatory payroll fees by region	2011			2010			2009		
	Wages, salaries and other remuneration	Mandatory payroll fees (of which pensions)		Wages, salaries and other remuneration	Mandatory payroll fees (of which pensions)		Wages, salaries and other remuneration	Mandatory payroll fees (of which pensions)	
Sweden	**5,478**	**2,415**	**(519)**	4,979	2,344	(626)	4,222	2,069	(682)
Europe (excluding Sweden)	**4,478**	**1,083**	**(371)**	4,395	1,020	(342)	4,509	1,045	(364)
Eurasia	**176**	**24**	**(16)**	147	17	(14)	132	16	(12)
America	**1,917**	**649**	**(46)**	1,555	504	(17)	1,354	466	(38)
Asia	**293**	**19**	**(12)**	254	14	(8)	225	15	(9)
Africa and Oceania	**437**	**37**	**(31)**	398	34	(29)	313	29	(22)
Total	**12,779**	**4,227**	**(995)**	11,728	3,933	(1,036)	10,755	3,640	(1,127)

Average number of employees (excluding personnel on hire)	2011		2010		2009	
	Total	Women	Total	Women	Total	Women
Sweden	**12,165**	**20%**	10,727	19%	11,083	19%
Europe (excluding Sweden)	**12,605**	**13%**	12,246	12%	12,304	12%
Eurasia	**769**	**25%**	650	25%	718	24%
America	**5,397**	**12%**	4,713	11%	4,189	11%
Asia	**1,091**	**17%**	1,029	17%	935	18%
Africa and Oceania	**1,257**	**16%**	1,196	15%	1,160	15%
Total	**33,284**	**16%**	30,561	15%	30,389	15%

Gender distribution	2011	2010	2009
Board members in subsidiaries and the Parent Company	**384**	359	387
– of whom, men	**379**	354	382
– of whom, women	**5**	5	5
Presidents/Managing Directors of subsidiaries and the Parent Company, plus the Group's Executive Board	**94**	96	102
– of whom, men	**94**	96	101
– of whom, women	**–**	–	1

Number of employees, 31 December	2011	2010	2009
Vehicles and Services			
Production and corporate units	**17,489**	17,006	14,672
Research and development	**3,327**	2,930	2,642
Sales and service companies	**16,038**	14,987	14,475
Subtotal	**36,854**	34,923	31,789
Financial Services	**642**	591	541
Total	**37,496**	35,514	32,330
– of whom, on temporary contracts and on hire	**4,121**	4,502	1,798

NOTE 27 Related party transactions

	Revenue			Expenses			Receivables			Liabilities		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Volkswagen Group	**369**	30	27	**378**	222	205	**235**	15	4	**170**	8	12
Associated companies and joint ventures												
Bits Data i Södertälje AB	**–**	–	–	**17**	16	15	**–**	–	–	**1**	2	1
Cummins-Scania HPI L.L.C	**–**	–	–	**168**	120	78	**–**	–	–	**17**	27	16
Cummins-Scania XPI Manufacturing L.L.C	**77**	58	21	**274**	302	255	**14**	18	7	**7**	23	16
Laxå Special Vehicles AB	**15**	12	–	**134**	66	–	**4**	8	–	**41**	31	–
ScaMadrid S.A.	**70**	101	78	**25**	30	36	**8**	13	8	**1**	1	2
ScaValencia S.A.	**94**	88	120	**61**	42	67	**12**	8	8	**2**	2	3
Others	**10**	–	13	**6**	–	8	**–**	–	1	**1**	–	–

Disclosures of relationships with related parties that include a controlling influence are provided in the list of subsidiaries. See also the presentation of Scania's Board of Directors and Executive Board as well as Note 28, "Compensation to executive officers". Disclosures of dividends from, and capital contributions to, associated companies and joint ventures are provided in Note 13, "Holdings in associated companies and joint ventures etc". Disclosures of pension plans are provided in Note 17, "Provisions for pensions and similar commitments" and Note 26, "Wages, salaries and number of employees". Purchases and leases of company cars are included in the transactions with the Volkswagen Group. Comparative years have been adjusted with these transactions. During 2011 Volkswagen increased its ownership of MAN, which means that the MAN Group is now a related party and is included in the Volkswagen Group.

All related party transactions occur on market terms.

NOTE 28 Compensation to executive officers

REMUNERATION TO THE BOARD

According to the decision of the Annual General Meeting (AGM), remuneration during 2011 to be paid to the external members of the Board of Directors elected by the AGM totalled SEK 2,500,000 (2,031,250), with SEK 500,000 (406,250) to each Board member elected by the AGM who is not an employee of the company or of Volkswagen AG.

For work performed in the Audit Committee, the AGM approved remuneration of SEK 200,000 to the Chairman of the Audit Committee and SEK 100,000 each to the other Audit Committee members who are not employees of Volkswagen AG. For work performed in the Remuneration Committee, the AGM approved remuneration of SEK 50,000 each to the Remuneration Committee members who are not employees of Volkswagen AG. Beyond the customary remuneration to the Board, no compensation from Scania was paid to the members of the Board who are not employees of the company.

PRINCIPLES FOR COMPENSATION TO EXECUTIVE OFFICERS

The principles for compensation to Scania executive officers are adopted by the AGM. The purpose is to offer a market-related compensation package that will enable the company to recruit and retain executive officers. Compensation to executive officers consists of the following parts:

1. Fixed salary
2. Variable earnings-dependent salary
3. Pension

The fixed salary of executive officers shall be competitive in relation to position, individual qualifications and performance. The fixed salary is reviewed annually. The size of the variable salary is dependent on Scania's earnings. The pension comprises a premium-based pension system that applies in addition to the public pension and the ITP occupational pension.

NOTE 28 Compensation to executive officers

FIXED SALARY FOR THE PRESIDENT AND CEO

The fixed salary of the President and CEO amounted to SEK 10,000,000 for 2011.

VARIABLE SALARY

Variable salary is dependent on Scania's earnings and consists of a two-part incentive programme, Part 1 and Part 2.

The principles for variable salary to executive officers – including the President and CEO – were approved by the 2011 AGM and constitute a programme with the same parameters that were in force during 2010. The programme covers a maximum of 150 executive officers.

The outcome is calculated on the basis of operating return defined as Scania Group net income after subtracting the cost of equity – residual net income (RNI) – and is established by the Board's Remuneration Committee. For 2011, the Remuneration Committee of the Board of Directors fixed RNI on the basis of a factor of equity amounting to 8 percent.

Part 1 is related to actual ability to generate a return during the year in question, all provided that RNI according to the preceding paragraph is positive, and is determined as a cash amount (maximum 45 to 150 percent of fixed salary depending on position). Part 2 is related to Scania's ability to increase RNI as defined above from one year to another, and the outcome is also determined as a cash amount (maximum 35 to 80 percent of annual fixed salary). The outcome of both these components will be disbursed during 2012.

As indicated above, both components are designed in such a way that they contain an upper limit for the compensation that is payable according to the programme. The outcome of the variable salary programme for the period 1997–2011 for the members of the Executive Board, among them the President and CEO, has varied from 0 to 150 percent for Part 1 and from 0 to 80 percent for Part 2. The outcome for the period 1997–2011 has, on average, amounted to 81 percent of annual fixed salary with regard to Part 1 and 27 percent of annual fixed salary with regard to Part 2. The 2011 outcome for the President and CEO was 105 percent for Part 1 and 0 percent for Part 2.

When generating a payout, 50 percent of the total outcome of Part 1 and Part 2 shall be paid in cash as salary and the remaining 50 percent shall be determined as a cash amount that, after subtracting the applicable tax, is used by the employee for the purchase of Series B shares in Scania AB at market value through a third party designated by the company, on a day determined by the company. A purchase of Series B shares in Scania AB shall be carried out with one third of the cash amount each year over a three year period. The participants shall not have the right of disposal over the shares during a period of one year from the respective date of purchase.

Full access to the allotted amount is granted four calendar years from the commencement of the incentive year. The Board is authorised, in whole or part, to waive the requirement to use 50 percent to purchase Scania B shares, if on the payment date there is a risk that participants are regarded as possessing insider information or there is some other circumstance that makes a payment to purchase Scania B shares difficult or impossible. The Board has utilised this authority for a limited number of participants during 2011.

Payments will be made on the condition that the participant is employed in the Scania Group at the close of the calendar year or that employment has ended through agreed retirement. The return on the shares is at the participants' disposal and participants shall be entitled to purchase shares for a pension according to a pension obligation, secured through endowment insurance.

PENSION SYSTEM FOR EXECUTIVE OFFICERS

The President and CEO, other Executive Board and Heads of Corporate Units are covered by a defined contribution pension system in addition to the public pension and the ITP occupational pension. According to this defined contribution system, benefits accrue by means of annual payment of premiums by the company. Added to this is the value of annual individual employee co-payments, amounting to 5 percent of fixed salary.

The annual company-paid premium for members of the Executive Board, excluding the President and CEO, varies between 15–31 percent of fixed salary. The premium for Heads of Corporate Units varies between 16–30 percent of fixed salary.

OTHER CONDITIONS FOR THE PRESIDENT AND CEO

In addition to the fixed salary, the incentive programme in force for the Executive Board shall apply to the President and CEO. The annual company-paid pension premium for the President and CEO according to his pension agreement amounts to 35 percent of his fixed salary for as long as the President and CEO remains an employee of the company. The premium for 2011 amounted to SEK 3,500,000. The agreement also prescribes an extra annual pension provision, amounting to SEK 6,000,000 for 2011.

If the President and CEO resigns of his own volition, he is entitled to his salary for a six-month notice period. The applicable outcome of the incentive programme shall be proportional to the length of his period of employment during the year in question. In case of termination by the company before the end of 31 March 2015, the President and CEO shall be entitled to his fixed salary in an unchanged amount per year, plus annual compensation equivalent to the average of three years' variable salary according to applicable employment contract.

TERMINATION CONDITIONS FOR THE EXECUTIVE BOARD

If the company terminates their employment, the other members of the Executive Board are entitled to severance pay equivalent to a maximum of two years' salary, in addition to their salary during the six-month notice period. If they obtain new employment within 18 months, counting from their termination date, the severance pay ceases.

2011, SEK thousand	Fixed salary	Board remu-neration[1]	Variable salary Part 1	Variable salary Part 2	Other remu-neration	Total salary and remu-neration	Pension expenses, defined contribution system	Pension expenses, defined benefit system	Total pension expenses	Pension obligations
Chairman of the Board										
President and CEO	10,000		10,528	–	29	**20,557**	9,509	816	**10,325**	8,673
Rest of Executive Board (5 persons)	16,500		16,740	–	1,194	**34,434**	5,539	2,638	**8,177**	11,666
Heads of Corporate Units (22 persons)	41,665		31,823	–	3,437	**76,925**	10,137	12,268	**22,405**	49,613

1 Other Board members' total fees: Hans Dieter Pötsch 0; Francisco J. Garcia Sanz 0; Börje Ekholm 653; Helmut Aurenz 453; Gunnar Larsson 603; Peter Wallenberg Jr 453; Jochen Heizmann 0; Åsa Thurman 453.

2010, SEK thousand	Fixed salary	Board remu-neration[2]	Variable salary Part 1	Variable salary Part 2	Other remu-neration	Total salary and remu-neration	Pension expenses, defined contribution system	Pension expenses, defined benefit system	Total pension expenses	Pension obligations
Chairman of the Board										
President and CEO	8,750		9,501	7,000	12	25,263	8,297	820	9,117	7,856
Rest of Executive Board (5 persons)	15,300		14,189	10,453	951	40,893	8,494	2,389	10,883	9,353
Heads of Corporate Units (22 persons)	42,380		27,309	31,781	3,291	104,761	9,274	11,742	21,016	41,450

2 Other Board members' total fees: Hans Dieter Pötsch 0; Francisco J. Garcia Sanz 0; Börje Ekholm 506; Helmut Aurenz 406; Gunnar Larsson 519; Peter Wallenberg Jr. 406; Jochen Heizmann 0; Åsa Thunman 203; Peggy Bruzelius 228; Staffan Bohman 387. Peggy Bruzelius and Staffan Bohman resigned at the Annual General Meeting on 6 May 2010.

Pension expenses, defined-contribution system: annual premiums according to a defined contribution pension system and ITPK (defined contribution portion of the ITP occupational pension).

Pension expenses, defined-benefit system (ITP): risk insurance premiums and the increase of retirement pension liability according to the ITP occupational pension plan.

Other remuneration: taxable portion of car allowance, newspaper subscriptions and other perquisites.

Retirement age: the retirement age according to agreements is 60 for the Executive Board excluding the President and CEO and 62 for other heads of Corporate Units. The retirement age for the ITP occupational pension is 65.

NOTE 29 Fees and other remuneration to auditors

Fees and other remuneration to auditors that were expensed during the year are reported below. Remuneration for consultations is reported in cases where the same public accountancy firm has the assignment to audit an individual company. "Auditing assignments" refers to statutory examination of the annual accounts as well as the administration of the Board of Directors and the President and CEO. "Auditing activities beyond auditing assignments" refers to examination of administration or financial information that shall be performed in accordance with laws, articles of association, statutes or agreements that is also intended for parties other than the client, and which is not included in the auditing assignment. "Tax consultancy" is consultation on matters of tax law. "Other services" refers to consultancy that cannot be attributed to any of the other categories. Auditing expenses that have arisen because Scania is a subsidiary of Volkswagen have been reinvoiced.

	2011		2010		2009	
Auditing firm	**Ernst & Young**	**Other auditors**	Ernst & Young	Other auditors	Ernst & Young	Other auditors
Auditing assignments	**43**	**1**	45	1	52	1
Auditing activities beyond auditing assignments	**1**	**–**	4	–	12	–
Tax consultancy	**2**	**1**	2	0	0	–
Other services	**1**	**0**	2	1	6	0
Total	**47**	**2**	53	2	70	1

NOTE 30 Financial risk management

FINANCIAL RISK MANAGEMENT IN THE SCANIA GROUP

In addition to business risks, Scania is exposed to various financial risks in its operations. The financial risks that are of the greatest importance are currency, interest rate, credit and refinancing risk, which are regulated by a Financial Policy adopted by Scania's Board of Directors.

Credit risk related to customer commitments is managed, within established limits, on a decentralised basis by means of local credit assessments. Decisions on major credit commitments are made in corporate credit committees. Other risks are managed primarily at corporate level by Scania's treasury unit. On a daily basis, the corporate treasury unit measures the risks of outstanding positions, which are managed within established limits in compliance with the Financial Policy.

CURRENCY RISK

Currency risk is the risk that changes in currency exchange rates will adversely affect cash flow. Changes in exchange rates also affect Scania's income statement and balance sheet as follows:

- An individual company may have monetary assets and liabilities in a currency other than its functional currency, which are translated to the functional currency using the exchange rate on the balance sheet date. When settling monetary assets and liabilities, an exchange rate difference arises between the exchange rate on the balance sheet date and on the payment date. All changes in exchange rates attributable to translation or settlement of monetary items are recognised in the income statement (transaction effect).
- Revenue, expenses, assets and liabilities in a functional currency other than the reporting currency of the Parent Company (SEK) are translated at the average exchange rate during the year and the exchange rate on the balance sheet date, respectively. The effect that arises because the exchange rate on the balance sheet date is changed from the beginning of the year and the average exchange rate of the year deviates from the balance sheet rate is recognised in the translation reserve in other comprehensive income (translation effect.)

During 2011, 93 (94 and 93, respectively) percent of Scania's sales occurred in countries outside Sweden. Since a large proportion of production occurs in Sweden, at costs denominated in Swedish kronor, this means that Scania has large net inflows of foreign currencies.

During 2011, total net revenue in foreign currencies amounted to about SEK 31,300 m. (25,800 and 19,800, respectively). The largest currencies in this flow were EUR, USD and RUB. The table on the next page shows currency exposure in Scania's operating income in the most commonly occurring currencies.

Currency exposure in operating income, Vehicles and Services	**2011**	2010	2009
Euro (EUR)	**6,100**	4,700	5,800
US dollar (USD)	**5,500**	4,200	3,400
Russian rouble (RUB)	**4,500**	1,500	700
Brazilian real (BRL)	**3,500**	7,100	2,500
British pound (GBP)	**3,000**	2,500	2,700
Norwegian krone (NOK)	**1,800**	1,200	1,400
Australian dollar (AUD)	**1,100**	1,000	900
Danish krone (DKK)	**1,100**	900	1,100
Swiss franc (CHF)	**800**	600	700
Polish zloty (PLN)	**700**	100	–300
Korean won (KRW)	**600**	800	600
South African rand (ZAR)	**600**	600	500
Argentine peso (ARS)	**–1,200**	–1,100	–700
Other currencies	**2,500**	1,500	800
Total currency exposure in operating income	**30,600**	25,600	20,100

Currency exposure in operating income, Financial Services	**2011**	2010	2009
Euro (EUR)	**400**	100	–300
Other currencies	**300**	100	0
Total currency exposure in operating income	**700**	200	–300

Based on revenue and expenses in foreign currencies during 2011, a one percentage point change in the Swedish krona against other currencies, excluding currency hedges, has an impact on operating income of about SEK 313 m. (258 and 198, respectively) on an annual basis.

In Vehicles and Services, compared to 2010, the negative currency spot rate effects totalled about SEK 2,190 m. During 2010, currency hedging of future deliveries had an impact of about SEK 745 m. on income. During 2011, no future deliveries were hedged. Compared to 2010, the total negative currency rate effect was thus SEK 2,935 m.

According to Scania's policy, Scania's Management may hedge future currency flows with a hedging period varying between 0 and 12 months. Maturity over 12 months is decided by the Board of Directors. When currency risks are hedged, currencies are mainly sold by means of forward contracts, but currency options may also be used. During 2011, no future currency flows were hedged.

To ensure efficiency and risk control, borrowings in Scania's subsidiaries largely occur through the corporate treasury unit, mainly in EUR and SEK, and are then transferred to the subsidiaries in Vehicles and Services in the form of internal loans in the local currencies of the subsidiaries.

By means of derivative contracts, corporate-level borrowings are converted to lending currencies. In Financial Services, assets should be financed by liabilities in the same currency. Scania's borrowings in various currencies excluding and including currency derivatives can be seen in the table "Borrowings" in the section on interest rate risk.

At the end of 2011, Scania's net assets in foreign currencies amounted to SEK 16,400 m. (13,150 and 12,250, respectively). The net foreign assets of subsidiaries are normally not hedged. To the extent subsidiaries have significant net monetary assets in functional currencies, however, they may be hedged. At year-end 2011 no foreign net assets were hedged (0 and 0, respectively).

Net assets, Vehicles and Services	2011	2010	2009
Euro (EUR)	3,300	2,900	3,400
Brazilian real (BRL)	3,200	1,900	1,500
Argentine peso (ARS)	850	650	450
Russian rouble (RUB)	600	700	600
British pound (GBP)	600	450	450
Norwegian krone (NOK)	500	300	300
Swiss franc (CHF)	350	350	250
Polish zloty (PLN)	350	300	350
Mexican peso (MXN)	300	250	200
South African rand (ZAR)	200	400	150
Danish krone (DKK)	200	150	150
Peruvian sol (PEN)	150	150	100
US dollar (USD)	–300	–350	–350
Other currencies	1,200	1,400	1,300
Total net assets in foreign currencies, Vehicles and Services	**11,500**	9,550	8,850

Net assets, Financial Services	2011	2010	2009
Euro (EUR)	3,100	2,000	1,800
Other currencies	1,800	1,600	1,600
Total net assets in foreign currencies, Financial Services	**4,900**	3,600	3,400
Total net assets in foreign currencies, Scania Group	**16,400**	13,150	12,250

Effect on exchange rate differences on net income

Net income for the year was affected by carried exchange rate differences (excluding flow-related forward contracts) as shown in the following table:

	2011	2010	2009
Operating income	–116	6	–55
Financial income and expenses	–12	–3	–53
Taxes	–4	2	–1
Effect on net income for the year	–132	5	–109

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect cash flow or the fair value of financial assets and liabilities. For Scania's assets and liabilities that carry variable interest rates, a change in market interest rates has a direct effect on cash flow, while for fixed-interest assets and liabilities, the fair value of the portfolio is instead affected. To manage interest rate risks, Scania primarily uses interest rate derivatives in the form of interest rate swap agreements.

At year-end 2011, Scania's interest-bearing assets mainly consisted of assets in Financial Services and of short-term investments and cash and cash equivalents. Interest-bearing liabilities consisted mainly of loans, to a great extent intended to fund lending in Financial Services operations and to a lesser extent to fund working capital in Vehicles and Services.

Interest rate risk in Vehicles and Services

Borrowings in Vehicles and Services are mainly used for funding of working capital. To match the turnover rate of working capital, a short interest rate refixing period is used in the borrowing portfolio. Scania's policy concerning interest rate risks in the Vehicles and Services segment is that the interest rate refixing period on its net debt should normally be 6 months, but that divergences are allowed in the range between 0 and 24 months.

Net cash in Vehicles and Services was SEK 10,615 m. (7,700 and –4,038, respectively) at year-end 2011. The borrowing portfolio amounted to SEK 1,418 m. (2,909 and 10,204, respectively) and the average interest rate refixing period for this portfolio was less than 6 (6 and 6, respectively) months. Short-term investments and cash and cash equivalents amounted to SEK 11,468 m. (9,552 and 6,648, respectively) and the average interest rate refixing period on these assets was less than 1 (1 and 1, respectively) month. The net cash also includes derivatives that hedge borrowings with a net value of SEK 565 m. (1,057 and –482, respectively).

Given the same loan liabilities, short-term investments, cash and cash equivalents and interest rate refixing periods as at year-end 2011, a change in market interest rates of 100 basis points (1 percentage point) would change the interest expenses in Vehicles and Services by about SEK 15 m. (30 and 85, respectively) and interest income by about SEK 110 m. (95 and 65, respectively) on an annual basis.

NOTE 30 Financial risk management, continued

Interest rate risk in Financial Services

Scania's policy regarding interest rate risks in the Financial Services segment is that lending and borrowing should match in terms of interest rates and maturity periods. Interest rate refixing related to the credit portfolio and borrowing in Financial Services had the following structure as of 31 December 2011:

Interest rate refixing in Financial Services, 31 December 2011	**Interest-bearing portfolio** [1]	**Interest-bearing liabilities** [2]
2012	**23,445**	**21,518**
2013	**7,817**	**7,024**
2014	**5,747**	**5,097**
2015	**3,425**	**2,436**
2016	**1,369**	**902**
2017 and later	**432**	**398**
Total	**42,235**	**37,375**

Interest rate refixing in Financial Services, 31 December 2010	Interest-bearing portfolio [1]	Interest-bearing liabilities [2]
2011	21,404	20,218
2012	6,443	5,638
2013	4,708	3,593
2014	2,403	1,437
2015	965	513
2016 and later	214	98
Total	36,137	31,497

Interest rate refixing in Financial Services, 31 December 2009	Interest-bearing portfolio [1]	Interest-bearing liabilities [2]
2010	22,604	22,361
2011	7,887	7,536
2012	5,543	4,064
2013	2,990	1,654
2014	1,084	495
2015 and later	296	118
Total	40,404	36,228

1 Including operating leases.
2 Including the effect of interest rate derivatives. Other funding consists mostly of equity.

Scania's total borrowing portfolio amounted to SEK 38,793 m. (34,406 and 46,432, respectively) at year-end 2011.

Borrowings, 31 December 2011	**Borrowings including currency swap agreements**	**Borrowings excluding currency swap agreements**
EUR	16,401	15,458
BRL	4,787	4,787
GBP	3,958	0
SEK	2,926	15,358
ZAR	1,948	1,697
RUB	1,835	0
USD	1,095	190
NOK	872	0
KRW	716	25
DKK	672	0
CHF	564	14
AUD	330	0
THB	314	78
PLN	228	0
CZK	139	14
CLP	63	63
Other currencies	1,719	882
Total [1]	**38,567**	**38,567**
Accrued interest	226	226
Total	**38,793**	**38,793**

1 Total borrowings excluded SEK 226 m. related to accrued interest.

CREDIT RISK

Credit risk is the risk that the counterparty in a transaction will not fulfil its contractual obligations and that any collateral will not cover the company's claim. An overwhelming share of the credit risk for Scania is related to receivables from customers. Scania sales are distributed among a large number of end customers with a large geographic dispersion, which limits the concentration of credit risk.

Credit risk in Vehicles and Services

In the Vehicles and Services segment, carried receivables from customers totalled SEK 6,648 m. (6,677 and 6,587, respectively), most of which consisted of receivables from independent dealerships and end customers. The total estimated fair value of collateral was SEK 1,868 m. Most of the collateral consisted of repossession rights and bank guarantees. During the year, collateral valued at SEK 182 m. was repossessed.

Timing analysis of portfolio assets past due but not recognised as impairment losses	**Past-due payments 2011**	Past-due payments 2010	Past-due payments 2009
< 30 days	**944**	839	963
30–90 days	**284**	246	314
91–180 days	**73**	52	128
> 180 days	**59**	170	82
Total	**1,360**	1,307	1,487

Provisions for bad debts amounted to SEK 516 m. (581 and 725, respectively), equivalent to 7.2 (8.0 and 9.9, respectively) percent of total receivables. The year's bad debt expense amounted to SEK 92 m. (55 and 188, respectively). Provisions for bad debts changed as follows:

Provisions for bad debts	**2011**	2010	2009
Provisions, 1 January	**581**	725	711
Provisions for potential losses	**50**	–7	155
Withdrawals due to actual credit losses	**–91**	–89	–147
Currency rate effects	**–24**	–48	13
Other	**0**	0	–7
Provisions, 31 December	**516**	581	725

Credit risk in Financial Services

The credit portfolio including operating leases in the Financial Services segment can be seen in the table below:

Credit portfolio	**2011**	2010	2009
Exposure	**42,980**	36,954	41,328
– of which, operating leases	**8,365**	8,545	8,931
Credit risk reserve	**745**	817	924
Carrying amount	**42,235**	36,137	40,404
– of which, operating leases	**8,301**	8,497	8,898

To maintain a controlled level of credit risk in the segment, the process of issuing credit is supported by a credit policy as well as credit instructions. Credit risks are limited by active credit assessment, management of the loan portfolio and its underlying assets as well as an intensive focus and constructive dialogue with those customers who do not follow the agreed payment plan. Collateral in Financial Services operations mainly exists in the form of the products being financed.

The portfolio mainly consists of financing of trucks, buses and trailers for small and medium-sized companies. A description of credit risk exposure can be seen in the table below:

Concentration of credit risk	**Number of customers**	**Percentage of total number of customers**	**Percentage of portfolio value**
On 31 December 2011			
Exposure < SEK 15 m.	23,501	98.4	67.4
Exposure SEK 15–50 m.	281	1.2	15.0
Exposure > SEK 50 m.	97	0.4	17.6
Total	**23,879**	**100.0**	**100.0**

The credit risk concentration in 2011 was equivalent to that of 2010 and 2009. The table shows that most customers are in the segment with exposure < SEK 15 m. This segment included 98.4 (98.7 and 98.4, respectively) percent of the total number of customers, equivalent to 67.4 (70.8 and 67.7, respectively) percent of the portfolio. The segment with exposure of SEK 15–50 m. included 1.2 (1.0 and 1.3, respectively) percent of the total number of customers, equivalent to 15.0 (14.2 and 17.4, respectively) percent of the portfolio. The segment with exposure > SEK 50 m. included 0.4 (0.3 and 0.3, respectively) percent of the total number of customers, equivalent to 17.6 (15.0 and 14.9, respectively) percent of the portfolio.

Accounts with past-due receivables ordinarily lead to relatively quick repossession of the item being financed. Renegotiation only occurs in those cases where, after a new credit evaluation, Financial Services deems the customer's payment problems to be of a short-term, temporary nature and where renegotiation can take place without greatly worsening its risk position. Since the financial situation of most Scania customers improved during 2011, the carrying amount of financial assets whose terms had been renegotiated declined, amounting to SEK 3,768 m. (5,352 and 7,372, respectively) at year-end. Contracts are regarded as bad debts when payment is more than 90 days past due or when there is information that causes Scania to terminate the contracts early.

The resale market for repossessed and used vehicles functioned well during most of 2011. During the year, 2,595 (3,579 and 4,354, respectively) financed vehicles were repossessed. At year-end, the number of repossessed but not yet sold vehicles amounted to 596 (677 and 1,223, respectively), with a total carrying amount of SEK 176 m. (274 and 447, respectively). Repossessed vehicles are sold off by means of a new financing contract with another customer, direct sale to an end customer or sale via Scania's dealership network.

NOTE 30 Financial risk management, continued

Timing analysis of portfolio assets

	2011			2010			2009		
Past due but not recognised as impairment losses	**Past-due payments**	**Total exposure[1]**	**Estimated fair value of collateral**	Past-due payments	Total exposure[1]	Estimated fair value of collateral	Past-due payments	Total exposure[1]	Estimated fair value of collateral
< 30 days	**90**	**2,796**	**2,758**	87	3,489	3,277	104	3,814	3,484
30–90 days	**107**	**1,649**	**1,550**	111	1,704	1,608	157	2,603	2,360
Past due and recognised as impairment losses									
91–180 days	**77**	**559**	**501**	84	751	649	197	1,592	1,355
> 180 days	**124**	**480**	**372**	245	1,029	764	396	2,108	1,652
Completed contracts	**159**	**593**	**402**	256	1,064	733	345	1,343	985
Total	**557**	**6,077**	**5,583**	783	8,037	7,031	1,199	11,460	9,836

1 Exposure is defined as maximum potential loss, without regard to the value of any collateral.

Provisions for bad debts amounted to SEK 745 m. (817 and 924, respectively), equivalent to 1.7 (2.2 and 2.2, respectively) percent of the total Financial Services gross portfolio. Provisions for bad debts changed as follows:

Provisions for bad debts	**2011**	2010	2009
Provisions, 1 January	**817**	924	635
Provisions for potential losses	**260**	371	604
Withdrawals due to actual credit losses	**–317**	–378	–303
Currency rate effects	**–15**	–100	–12
Provisions, 31 December	**745**	817	924

The year's expenses for actual and potential credit losses amounted to SEK 298 m. (493 and 833, respectively).

Other credit risks at Scania

The administration of the financial credit risks that arise primarily in corporate treasury operations, among other things when investing liquidity and in derivatives trading, is regulated in Scania's Financial Policy. Transactions occur only within established limits and with selected, creditworthy counterparties. "Creditworthy counterparty" means that the counterparty has received an approved credit rating (at least A or the equivalent) from the credit institutes Standard and Poor's and/or Moody's. To reduce credit risk, the volume of exposure allowed per counterparty is limited, depending on the counterparty's credit rating. To further limit credit risk, Scania has entered into International Swaps and Derivatives Association (ISDA) netting contracts with most of its counterparties. The corporate treasury unit is responsible for ensuring compliance with the rules of Scania's Financial Policy.

Net exposure to counterparty risk related to derivatives trading amounted to SEK 545 m. (1,106 and –259, respectively) at the end of 2011. Estimated gross exposure to counterparty risks related to derivatives trading totalled SEK 1,436 m. (1,899 and 1,316, respectively). Estimated gross exposure to cash and cash equivalents and short-term investments amounted to SEK 11,796 m. (9,868 and 7,147, respectively). Short-term investments are deposited with various banks. These banks normally have at least an A rating with Standard and Poor's and/or the equivalent with Moody's.

Scania had short-term investments worth SEK 10,301 m. (8,152 and 6,111, respectively), of which SEK 10,153 m. (8,091 and 6,064, respectively) consists of investments with a maturity of less than 90 days and SEK 148 m. (61 and 47, respectively) consisted of investments with a maturity of 91–365 days. In addition to short-term investments, Scania had bank balances worth SEK 1,495 m. (1,716 and 1,036, respectively).

REFINANCING RISK

Refinancing risk is the risk of not being able to meet the need for future funding. Scania applies a conservative policy concerning refinancing risk. For Vehicles and Services, there shall be a liquidity reserve consisting of available cash and cash equivalents as well as unutilised credit facilities which exceeds the funding needs for the next two years.

For Financial Services, there shall be dedicated funding that covers the estimated demand for funding during the next year. There shall also always be borrowings that safeguard the refinancing of the existing portfolio.

At the end of 2011, Scania's liquidity reserve, consisting of unutilised credit facilities, cash and cash equivalents and short-term investments, amounted to SEK 39,685 m. (36,872 and 32,853 respectively).

Scania's credit facilities include customary change in control clauses, which means that the counterparty could demand early payment in case of significant changes in ownership involving a change in control of the company.

At year-end, Scania had borrowings, in some cases with related ceilings, as follows:

Borrowings, 2011	Total borrowings	Ceiling
Medium Term Note Programme	**358**	13,000
European Medium Term Note Programme	**15,461**	31,306
Other bonds [3]	**10,491**	–
Credit facility (EUR)	–	27,889
Commercial paper, Sweden	**1,848**	10,000
Commercial paper, Belgium	–	3,578
Bank loans	**10,409**	–
Total [1]	**38,567 [2]**	**85,773**

Borrowings, 2010	Total borrowings	Ceiling
Medium Term Note Programme	360	13,000
European Medium Term Note Programme	13,933	31,507
Other bonds [3]	9,928	–
Credit facility (EUR)	–	27,004
Commercial paper, Sweden	320	10,000
Commercial paper, Belgium	–	3,601
Bank loans	9,602	–
Total [1]	34,143 [2]	85,112

Borrowings, 2009	Total borrowings	Ceiling
Medium Term Note Programme	1,055	13,000
European Medium Term Note Programme	18,685	36,236
Other bonds [3]	11,965	–
Credit facility (EUR)	–	25,706
Commercial paper, Sweden	2,075	10,000
Commercial paper, Belgium	465	4,141
Bank loans	11,802	–
Total [1]	46,047 [2]	89,083

1 Of the total ceiling, SEK 27,889 m. (27,004 and 25,706, respectively) consisted of guaranteed revolving credit facilities.

2 Total borrowings excluded SEK 226 m. (263 and 385, respectively) related to accrued interest and fair value adjustments on bonds where hedge accounting was previously applied.

3 Including European Investment Bank (EIB) loans.

Controlling Scania's refinancing risk includes safeguarding access to credit facilities and ensuring that the maturity structure of borrowings is diversified. At year-end, Scania's total borrowings had the following maturity structure:

Maturity structure of Scania's borrowings	2011	2010	2009
2010	**–**	–	19,531 [1]
2011	**–**	12,171 [1]	8,568
2012	**19,556 [1]**	14,479	9,900
2013	**6,345**	639	632
2014	**3,307**	334	16
2015 and later	**5,479**	2,922	7,400
2016 and later	**3,868**	3,598	–
2017 and later	**12**	–	–
Total	**38,567 [2]**	34,143 [2]	46,047 [2]

1 Borrowings with a maturity date within one year excluded accrued interest worth SEK 226 m. (263 and 398, respectively).

2 Total borrowings excluded SEK 226 m. (263 and 385, respectively) related to accrued interest and fair value adjustments on bonds for which hedge accounting was previously applied.

Maturity structure of derivatives attributable to borrowings, 2011	Derivatives with positive value	Derivatives with negative value
2012	**167**	**1**
2013	**27**	**–**
2014	**117**	**–**
2015	**109**	**–**
2016	**–**	**–**
2017 and later	**–**	**–**
Total [1]	**420**	**1**

Maturity structure of derivatives attributable to borrowings, 2010	Derivatives with positive value	Derivatives with negative value
2011	1,006	227
2012	527	151
2013	67	103
2014	22	37
2015	33	20
2016 and later	6	3
Total [1]	1,661	541

Maturity structure of derivatives attributable to borrowings, 2009	Derivatives with positive value	Derivatives with negative value
2010	66	623
2011	463	245
2012	158	155
2013	11	67
2014	7	32
2015 and later	1	7
Total [1]	706	1,129

1 Does not include accrued interest.

NOTE 31 Financial instruments

Financial assets in the Scania Group mainly consist of financial leases and hire purchase receivables that have arisen in the Financial Services segment due to financing of customers' vehicle purchases. Other financial assets of significance are trade receivables from independent dealerships and end customers in the Vehicles and Services segment plus short-term investments and cash and cash equivalents. Scania's financial liabilities consist largely of loans, mainly taken out to fund Financial Services' lending and leasing to customers and, to a lesser extent, to fund capital employed in Vehicles and Services. Financial assets and liabilities give rise to various kinds of risks, which are largely managed by means of various derivative instruments. Scania uses derivative instruments, mainly for the purpose of:

- Transforming corporate-level borrowings in a limited number of currencies to the currencies in which the financed assets are denominated.
- Transforming the interest rate refixing period for borrowings in Financial Services as well as achieving the desired interest rate refixing period for other borrowings.
- Converting future commercial payments to functional currency.
- To a lesser extent, converting surplus liquidity in foreign currencies to SEK.

FAIR VALUE OF FINANCIAL INSTRUMENTS

In Scania's balance sheet, items carried at fair value are mainly derivatives and current investments. For derivatives for which hedge accounting is not applied and certain current investments, fair value adjustment is carried via the income statement. Derivatives attributable to cash flow hedging are carried at fair value via "Other comprehensive income". Fair value is established according to various levels, defined in IFRS 7, that reflect the extent to which market values have been utilised. Current investments and cash and cash equivalents are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 1,192 m. (1,047, –). Other assets that are carried at fair value refer to derivatives. These assets are carried according to Level 2, which is based on data other than the quoted prices that are part of Level 1 and refer to directly or indirectly observable market data. These items are carried under other non-current assets, other current assets, other non-current liabilities and other current liabilities and amounted to SEK 545 m. (1,106, –259) net.

For financial instruments that are carried at accrued cost, fair value disclosures are provided in the table below. The carrying amounts of interest-bearing assets and liabilities in the balance sheet may diverge from their fair value, among other things as a consequence of changes in market interest rates. To establish the fair value of financial assets and liabilities, official market quotations have been used for those assets and liabilities that are traded in an active market.

In those cases where assets and liabilities are not traded in an active market, fair value has been established by discounting future payment flows at current market interest rates and then converting to SEK at the current exchange rate.

Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at accrued cost minus any impairment losses, is regarded as coinciding with the carrying amount.

Impairment losses on assets occur only when there is reason to believe that the counterparty will not fulfill its contractual obligations, not as a consequence of changes in market interest rates.

Scania Group, 2011, SEK m.	Financial assets and financial liabilities carried at fair value via the income statement (“through profit and loss”)	Held-to-maturity investments	Loan receivables and trade receivables	Other financial liabilities	Net investment hedges	Cash flow hedges	**Total carrying amount**	**Total fair value**
Non-current interest-bearing receivables			21,040				21,040	21,086
Current interest-bearing receivables			13,197				13,197	13,281
Non-interest-bearing trade receivables			6,219				6,219	6,219
Current investments and Cash and cash equivalents	1,192		10,604				11,796	11,796
Other non-current receivables [1]	814		502				1,316	1,316
Other current receivables [2]	623		11				634	634
Total assets	**2,629**	**–**	**51,573**	**–**	**–**	**–**	**54,202**	**54,332**
Non-current interest-bearing liabilities				19,011			19,011	19,045
Current interest-bearing liabilities				19,782			19,782	19,843
Trade payables				8,308			8,308	8,308
Other non-current liabilities [3]	564						564	564
Other current liabilities [4]	328						328	328
Total liabilities	**892**	**–**	**–**	**47,101**	**–**	**–**	**47,993**	**48,088**

1 Financial instruments included in the balance sheet under “Other long-term receivables”, SEK 1,529 m.

2 Financial instruments included in the balance sheet under “Other current receivables”, SEK 3,466 m.

3 Financial instruments included in the balance sheet under “Other non-current liabilities”, SEK 617 m.

4 Financial instruments included in the balance sheet under “Other current liabilities”, SEK 2,799 m.

Scania Group, 2010, SEK m.	Financial assets and financial liabilities carried at fair value via the income statement (“through profit and loss”)	Held-to-maturity investments	Loan receivables and trade receivables	Other financial liabilities	Net investment hedges	Cash flow hedges	Total carrying amount	Total fair value
Non-current interest-bearing receivables			16,514				16,514	16,646
Current interest-bearing receivables			11,389				11,389	11,470
Non-interest-bearing trade receivables			6,115				6,115	6,115
Current investments and Cash and cash equivalents	1,047		8,821				9,868	9,868
Other non-current receivables [1]	667		493				1,160	1,160
Other current receivables [2]	1,232		15				1,247	1,247
Total assets	2,946	–	43,347	–	–	–	46,293	46,506
Non-current interest-bearing liabilities				21,973			21,973	22,202
Current interest-bearing liabilities				12,433			12,433	12,497
Trade payables				8,194			8,194	8,194
Other non-current liabilities [3]	339					91	430	430
Other current liabilities [4]	357					7	364	364
Total liabilities	696	–	–	42,600	–	98	43,394	43,687

1 Financial instruments included in the balance sheet under “Other long-term receivables”, SEK 1,454 m.

2 Financial instruments included in the balance sheet under “Other current receivables”, SEK 3,827 m.

3 Financial instruments included in the balance sheet under “Other non-current liabilities”, SEK 439 m.

4 Financial instruments included in the balance sheet under “Other current liabilities”, SEK 2,154 m.

NOTE 31 Financial instruments, continued

Scania Group, 2009, SEK m.	Financial assets and financial liabilities carried at fair value via the income statement ("through profit and loss")	Held-to-maturity investments	Loan receivables and trade receivables	Other financial liabilities	Net investment hedges	Cash flow hedges	Total carrying amount	Total fair value
Non-current interest-bearing receivables			19,265				19,265	19,575
Current interest-bearing receivables			12,557				12,557	12,580
Non-interest-bearing trade receivables			6,062				6,062	6,062
Current investments and Cash and cash equivalents			7,147				7,147	7,147
Other non-current receivables [1]	848		426				1,274	1,274
Other current receivables [2]	181		29			287	497	497
Total assets	1,029	–	45,486	–	–	287	46,802	47,135
Non-current interest-bearing liabilities				26,504			26,504	26,979
Current interest-bearing liabilities				19,928			19,928	19,966
Trade payables				5,358			5,358	5,358
Other non-current liabilities [3]	503					200	703	703
Other current liabilities [4]	791					81	872	872
Total liabilities	1,294	–	–	51,790	–	281	53,365	53,878

1 Financial instruments included in the balance sheet under "Other long-term receivables", SEK 1,496 m.

2 Financial instruments included in the balance sheet under "Other current receivables", SEK 2,806 m.

3 Financial instruments included in the balance sheet under "Other non-current liabilities", SEK 713 m.

4 Financial instruments included in the balance sheet under "Other current liabilities", SEK 2,534 m.

HEDGE ACCOUNTING

Scania applies hedge accounting according to IAS 39 as follows:

- To a minor extent, Scania applies cash flow hedge accounting on interest rate derivatives to transform variable interest rates on loans to fixed rates.
- To a minor extent, cash flow hedge accounting is applied for currency rate effects on loans that are related to operating lease assets.

For more detailed information on accounting of hedging instruments and hedged items, see Note 1, "Accounting principles".

NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS RECOGNISED IN THE INCOME STATEMENT

The table below shows the following items that are recognised in the income statement:

- Gains and losses related to currency rate differences, including gains and losses attributable to cash flow hedge accounting.
- Gains and losses related to financial instruments for which hedge accounting is applied.

Net gains/losses	2011	2010	2009
Financial assets and liabilities held for trading, carried at fair value	**–380**	660	–2,354
Loan and trade receivables [1]	**24**	–3,195	–1,345
Other financial liabilities	**78**	3,336	1,496
Total	**–278**	801	–2,203

1 Also includes operating leases.

Gains and losses due to currency rate differences related to derivatives, loan receivables and borrowings mainly arise in Scania's treasury unit. Most of the loan receivables that give rise to currency rate differences comprise the treasury unit's receivables from Group companies.

INTEREST INCOME AND EXPENSES ON FINANCIAL INSTRUMENTS

The table below shows interest income and interest expenses for all of Scania's financial assets and financial liabilities:

	2011	2010	2009
Interest income on financial assets [1, 2]	**2,832**	2,253	2,535
Interest expenses on financial liabilities [2, 3]	**–1,527**	–1,663	–2,531
Total	**1,305**	590	4

1 SEK 179 m. (59 and –78, respectively) consists of interest income generated from financial investments carried at fair value.

2 Also includes operating leases as well as other interest income and interest expenses related to Financial Services that were recognised in the operating income.

3 SEK –71 m. (386 and 488, respectively) consists of interest expenses generated from financial liabilities carried at fair value.

The reason why income diverges from recognised interest income in net financial items is largely that Financial Services is included in the table and that interest income and interest expenses attributable to pensions are excluded.

NOTE 32 Subsidiaries

Company	Corporate ID no.	Registered office	Country	% Ownership
Vehicles and Services				
Fastighetsaktiebolaget Vindbron	556040-0938	Gothenburg	Sweden	100
Ferruform AB	556528-9120	Luleå	Sweden	100
Scania Real Estate Lund AB	556791-9823	Lund	Sweden	100
Fastighetsaktiebolaget Flygmotorn	556528-9112	Malmö	Sweden	100
Fastighetsaktiebolaget Hjulnavet	556084-1198	Stockholm	Sweden	100
Stockholms Industriassistans AB	556662-3459	Stockholm	Sweden	100
DynaMate AB	556070-4818	Södertälje	Sweden	100
DynaMate Industrial Services AB	556528-9286	Södertälje	Sweden	100
DynaMate IntraLog AB	556718-5409	Södertälje	Sweden	100
Fastighetsaktiebolaget Motorblocket	556716-6698	Södertälje	Sweden	100
Scania CV AB	556084-0976	Södertälje	Sweden	100
Scania Delivery Center AB	556593-2976	Södertälje	Sweden	100
Scania IT AB	556084-1206	Södertälje	Sweden	100
Scania Overseas AB	556593-2984	Södertälje	Sweden	100
Scania Real Estate AB	556084-1180	Södertälje	Sweden	100
Scania Real Estate Services AB	556593-3024	Södertälje	Sweden	100
Scania Trade Development AB	556013-2002	Södertälje	Sweden	100
Scania Transportlaboratorium AB	556528-9294	Södertälje	Sweden	100
Scania Treasury AB	556528-9351	Södertälje	Sweden	100
Scania Used Vehicles AB	556548-4713	Södertälje	Sweden	100
Scania-Bilar Sverige AB	556051-4621	Södertälje	Sweden	100
Vabis Försäkringsaktiebolag	516401-7856	Södertälje	Sweden	100
Motorcam S.A.	33-70791031-9	Buenos Aires	Argentina	100
Scania Argentina S.A.	30-51742430-3	Buenos Aires	Argentina	100
Scania Plan S.A.	30-61086492-5	Buenos Aires	Argentina	100
Scania Services S.A.	33-70784693-9	Buenos Aires	Argentina	100
Automotores del Atlantico S.A.	30-70709795-3	Mar del Plata	Argentina	100
Aconcagua Vehiculos Comerciales S.A.	30-70737179-6	Mendoza	Argentina	100
Automotores Pesados S.A.	30-55137605-9	Tucumán	Argentina	99.38
Scania Australia Pty Ltd	000537333	Melbourne	Australia	100
Scania Österreich GmbH	FN95419y	Brunn am Gebirge	Austria	100
Scania Real Estate Österreich GmbH	FN366024x	Brunn am Gebrige	Austria	100
Scania Bus Belgium N.V.-S.A.	BE0460.870.259	Brussels	Belgium	100
Scania Belgium SA-NV	BE0402.607.507	Neder-Over-Heembeek	Belgium	100
Scania Group Treasury Belgium N.V.	BE0809.445.796	Neder-Over-Heembeek	Belgium	100
Scania Real Estate Belgium NV	BE0423.251.481	Neder-Over-Heembeek	Belgium	100
Scania Treasury Belgium NV	BE0888.285.319	Neder-Over-Heembeek	Belgium	100
Scania Bosnia Hertzegovina d.o.o.	4200363460007	Sarajevo	Bosnia-Hercegovina	100
Scania Botswana (Pty) Ltd	CO.2000/6045	Gaborone	Botswana	100
Scania Administradora de Consórcios Ltda	96.479.258/0001-91	Cotia	Brazil	99.99
Suvesa Super Veics Pesados LTDA	88.301.668/0001-10	Eldorado do Sul	Brazil	99.98
Codema Coml Import LTDA	60.849.197/0001-60	Guarulhos	Brazil	99.99
Scania Latin America Ltda	59.104.901/0001-76	São Bernardo do Campo	Brazil	100
Scania Bulgaria EOOD	BG121796861	Sofia	Bulgaria	100
Scania Real Estate Bulgaria EOOD	201589120	Sofia	Bulgaria	100
Scania Chile S.A.	96.538.460-K	Santiago	Chile	100
Scania Sales (China) Co Ltd	110105717867816	Beijing	China	100
Scania (Hong Kong) Limited	1205987	Hong Kong	China	100
Scania Colombia S.A.	900.353.873-2	Bogotá	Colombia	100
Scania Hrvatska d.o.o.	080213913	Zagreb	Croatia	100
Scania Czech Republic s.r.o.	CZ61251186	Prague	Czech Republic	100
Scania Danmark A/S	DK17045210	Herlev	Denmark	100
Scania Danmark Eiendom Aps	33156332	Ishøj	Denmark	100
Scania Biler A/S	DK21498033	Ishøj	Denmark	100
Scania Eesti AS	10238872	Tallinn	Estonia	100
Oy Scan-Auto Ab	FI0202014-4	Helsinki	Finland	100
Scania France S.A.S.	FR38307166934	Angers	France	100
Scania IT France S.A.S.	17412282626	Angers	France	100
Scania Production Angers S.A.S.	FR24378442982	Angers	France	100
Scania Danmark GmbH	DE1529518862	Flensburg	Germany	100
Scania Flensburg GmbH	1529518587	Flensburg	Germany	100

NOTE 32 Subsidiaries, continued

Company	Corporate ID no.	Registered office	Country	% Ownership
Scania Vertrieb und Service GmbH, Kerpen	DE178753117	Kerpen	Germany	100
B+V Grundstücks- und Verwertungs-GmbH	22/651/1242/2	Koblenz	Germany	100
B+V Grundstücksverwertungs-GmbH & Co KG	22/201/0480/0	Koblenz	Germany	100
Scania Deutschland GmbH	DE148787117	Koblenz	Germany	100
Scania Versicherungsvermittlung GmbH	2265101229	Koblenz	Germany	100
Scania Vertrieb und Service GmbH, Koblenz	DE812180098	Koblenz	Germany	100
Oerstad Investments LLP	OC365735	London	Great Britain	100
Scania Great Britain Ltd	831017	Milton Keynes	Great Britain	100
Griffin Automotive Ltd	656978	Road Town	Great Britain	100
Scania Hungaria KFT	10415577	Biatorbágy	Hungary	100
Scania Commercial Vehicles India Pvt Ltd	U35999KA2011FTC05698	Bangalore	India	100
Italscania S.p.A	11749110158	Trento	Italy	100
Scania Commerciale S.p.A	IT01184460226	Trento	Italy	100
Scania Milano S.p.A	IT02170120220	Trento	Italy	100
Scania Japan Limited	0104-01-083452	Tokyo	Japan	100
Scania Central Asia LLP	84931-1910-TOO	Almaty	Kazakhstan	100
Scania Latvia SIA	LV000311840	Riga	Latvia	100
UAB Scania Lietuva	123873025	Vilnius	Lithuania	100
Scania Treasury Luxembourg S.àr.l	B72.450	Luxembourg	Luxembourg	100
Scania Luxembourg S.A.	B53.044	Münsbach	Luxembourg	99.9
Scania (Malaysia) SDN BHD	518606-D	Kuala Lumpur	Malaysia	100
Scania Comercial, S.A. de C.V.	SCO031124MF5	Querétaro	Mexico	99.99
Scania Servicios, S.A. de C.V.	SSE031124C26	Querétaro	Mexico	99.99
Scania Maroc S.A.	06100472	Casablanca	Morocco	100
Truck Namibia (Pty) Ltd	2004/438	Windhoek	Namibia	100
Norsk Scania AS	879263662	Oslo	Norway	100
Norsk Scania Eindom AS	996036545	Oslo	Norway	100
Scania del Peru S.A.	101-36300	Lima	Peru	100
Scania Production Slupsk S.A.	KRS0000083601	Słupsk	Poland	100
Scania Polska S.A.	KRS0000091840	Warsaw	Poland	100
Scania Portugal S.A.	PT502929995	Santa Iria da Azóia	Portugal	100
Scania Investimentos Imobiliários S.A.	508948118	Santa Iria de Azóla	Portugal	100
Scania Real Estate Romania SRL	28936367	Bucharest	Romania	100
Scania Romania SRL	J23/588/27.04.2004	Bucharest	Romania	100
Scania Driver Training SRL	J23/1304/30.04.2010	Ilfov	Romania	100
OOO Scania Service	1035006456044	Golitsino	Russia	100
OOO Scania-Rus	1025004070079	Moscow	Russia	100
OOO Petroscan	1027808004102	St. Petersburg	Russia	100
Scania Peter OOO	1027804908372	St. Petersburg	Russia	100
Scania Real Estate Doo Belgrad	20659874	Belgrade	Serbia	100
Scania Srbia d.o.o.	17333321	Belgrade	Serbia	100
Scania Singapore Pte Ltd	200309593R	Singapore	Singapore	100
Scania Real Estate s.r.o.	44767668	Bratislava	Slovakia	100
Scania Slovakia s.r.o.	35826649	Bratislava	Slovakia	100
Scania Slovenija d.o.o.	1124773	Ljubliana	Slovenia	100
Scania South Africa Pty Ltd	1995/001275/07	Sandton	South Africa	100
Scania Korea Ltd	120111-0122515	Seoul	South Korea	100
Scania Hispania S.A.	ESA59596734	Madrid	Spain	100
Proarga, S.L.	ESB36682003	Pontevedra	Spain	100
GB&M Garage et Carrosserie SA	CH-660.0.046.966-0	Geneva	Switzerland	100
Scania Schweiz AG	CH-020.3.926.624-8	Kloten	Switzerland	100
FMF Fahrzeug Miet und Finanz AG	CH-020.3.029.174-1	Seuzach	Switzerland	100
Garage Vetterli AG	CH-020.3.909.930-2	Seuzach	Switzerland	100
Scania Real Estate Schweiz AG	CH-020.3.035.714-4	Kloten	Switzerland	100
Scania Tanzania Ltd	39320	Dar Es Salaam	Tanzania	100
Power Vehicle Co. Ltd.	3031560468	Bangkok	Thailand	100
Scan Siam Service Co. Ltd	3030522108	Bangkok	Thailand	100
Scania Siam Co Ltd	3030112774	Bangkok	Thailand	99.99
Scania Thailand Co Ltd	3011041239	Bangkok	Thailand	99.99
Beers N.V.	27051589	Breda	The Netherlands	100
Scania Nederland B.V.	27136821	Breda	The Netherlands	100
Scania Real Estate The Netherlands B.V.	506872921	Breda	The Netherlands	100

Company	Corporate ID no.	Registered office	Country	% Ownership
Scania Production Meppel B.V.	05046846	Meppel	The Netherlands	100
Scania Networks B.V.	27146579	The Hague	The Netherlands	100
Scania Infomate	05062402	Zwolle	The Netherlands	100
Scania Production Zwolle B.V.	05020370	Zwolle	The Netherlands	100
Scania-Lviv LLC	374,971,013,334	Javurisk	Ukraine	100
Scania Ukraine LLC	30107866	Kiev	Ukraine	100
Kiev-Scan LLC	357064310147	Makariv	Ukraine	100
Donbas-Scan-Service LLC	345167305920	Makeevka	Ukraine	100
Scania USA Inc	06-1288161	San Antonio	United States	100
Lauken International S.A.	214905900017	Montevideo	Uruguay	100
Scanexpo International S.A.	214905910012	Montevideo	Uruguay	100
Scania de Venezuela S.A.	J-30532829-3	Valencia	Venezuela	100
Financial Services				
Scania Credit AB	556062-7373	Södertälje	Sweden	100
Scania Finans AB	556049-2570	Södertälje	Sweden	100
Scania Projektfinans AB	556593-3008	Södertälje	Sweden	100
Scania Finance Pty Ltd	52006002428	Melbourne	Australia	100
Scania Leasing Österreich Ges.m.b.H	FN246699v	Brunn am Gebrige	Austria	100
Scania Insurance Belgium N.V-SA	BE0819.368.007	Brussels	Belgium	100
Scania Finance Belgium N.V-S.A.	BE0413.545.048	Neder-Over-Heembeek	Belgium	100
Scania Banco Brazil	11.417.016/0001-10	São Paolo	Brazil	100
Scania Finance Bulgaria EOOD	BG175108126	Sofia	Bulgaria	100
Scania Finance Chile S.A.	76.574.810-0	Santiago	Chile	100
Scania Credit Hrvatska d.o.o.	1923269	Rakitje	Croatia	100
Scania Finance Czech Republic Spol. s.r.o.	CZ25657496	Prague	Czech Republic	100
Scania Finance France S.A.S.	FR59350890661	Angers	France	100
Scania Locations S.A.S.	FR67402496442	Angers	France	100
Scania Finance Deutschland GmbH	DE811292425	Koblenz	Germany	100
Scania Finance Great Britain Ltd	2173954	London	Great Britain	100
Scania Finance Magyarország zrt.	13-10-040959	Biatorbágy	Hungary	100
Scania Lízing KFT	13-09-107823	Biatorbágy	Hungary	100
Scania Finance Ireland Ltd.	482137	Dublin	Ireland	100
Scania Finance Italy S.p.A	03333020158	Milan	Italy	100
Scania Finance Luxembourg S.A.	B82.907	Münsbach	Luxembourg	100
Scania Services Del Perú S.A.	20392923277	Lima	Peru	100
Scania Finance Polska Sp.z.o.o.	0000036594	Nadarzyn	Poland	100
SCANRENT - Alguer de Viaturas sem Condutor, S.A	PT502631910	Lisbon	Portugal	100
Scania Regional Agent de Asigurare S.R.L.	28120880	Bucharest	Romania	100
Scania Credit Romania IFN SA	J23/1818/2005	Ciorogarla	Romania	100
Scania Rent Romania SRL	J23/1669/2008	Bucharest	Romania	100
OOO Autobusnaya Leasingovaya Compania Scania	1045005504774	Moscow	Russia	100
Scania Leasing OOO	1027700203970	Moscow	Russia	100
Scania Finance Slovak Republic s.r.o.	43874746	Senec	Slovakia	100
Scania Leasing d.o.o	356.417.700	Ljubliana	Slovenia	100
Scania Finance Southern Africa (Pty) Ltd.	2000/025215/07	Aerton Gauteng	South Africa	100
Scania Finance Korea Ltd	195411-0007994	Kyoung Sang Nam-Do	South Korea	100
Scania Commercial Vehicles Renting S.A.	ESA82853995	Madrid	Spain	100
Scania Finance Hispania EFC S.A.	ESA82853987	Madrid	Spain	100
Scania Finance Schweiz AG	CH-020.3.029.627-6	Kloten	Switzerland	100
Scania Siam Leasing Co. Ltd.	0105550082925	Bangkok	Thailand	100
Scania Finance Nederland B.V.	27004973	Breda	The Netherlands	100
Scania Insurance Nederland B.V.	27005076	Middelharnis	The Netherlands	100
Scania Tüketici Finansmani A.S.	7570328278	Istanbul	Turkey	100
Scania Credit Ukraine Ltd	33052443	Kiev	Ukraine	100

Dormant companies and holding companies with operations of negligible importance are not included.

Parent Company financial statements, Scania AB

Income statement

January – December, SEK m.	Note	2011	2010	2009
Administrative expenses		**0**	0	–11
Operating income		**0**	0	–11
Financial income and expenses [1]	1	**4,001**	5,000	1,192
Income after financial items		**4,001**	5,000	1,181
Withdrawal from tax allocation reserve		**–**	–	814
Income before taxes		**4,001**	5,000	1,995
Taxes	2	**–**	–	8
Net income		**4,001**	5,000	2,003

1 In accordance with the new accounting principle for Group contributions in the Swedish Financial Reporting Board's recommendation RFR 2, restatement of previous years has occurred.

Statement of other comprehensive income

January – December, SEK m.	2011	2010	2009
Net income	**4,001**	5,000	2,003
Other comprehensive income	**0**	0	0
Total comprehensive income	**4,001**	5,000	2,003

Balance sheet

31 December, SEK m.	Note	2011	2010	2009
ASSETS				
Financial non-current assets				
Shares in subsidiaries	3	**8,401**	8,401	8,401
Current assets				
Due from subsidiaries	4	**8,001**	8,000	3,800
Total assets		**16,402**	16,401	12,201
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity	5	**16,402**	16,401	12,201
Total shareholders' equity and liabilities		**16,402**	16,401	12,201
Assets pledged		**–**	–	–
Contingent liabilities	6	**30,991**	27,026	36,494

Statement of changes in equity

	Restricted equity			
2011	**Share capital**	**Statutory reserve**	**Unrestricted shareholders' equity**	**Total**
Equity, 1 January	2,000	1,120	13,281	**16,401**
Total comprehensive income for the year			4,001	**4,001**
Dividend			–4,000	**–4,000**
Equity, 31 December 2011	2,000	1,120	13,282	**16,402**

	Restricted equity			
2010	Share capital	Statutory reserve	Unrestricted shareholders' equity	Total
Equity, 1 January	2,000	1,120	9,081	12,201
Total comprehensive income for the year			5,000	5,000
Dividend			–800	–800
Equity, 31 December 2010	2,000	1,120	13,281	16,401

	Restricted equity			
2009	Share capital	Statutory reserve	Unrestricted shareholders' equity	Total
Equity, 1 January	2,000	1,120	9,078	12,198
Total comprehensive income for the year			2,003	2,003
Dividend			–2,000	–2,000
Equity, 31 December 2009	2,000	1,120	9,081	12,201

Parent Company financial statements, Scania AB, continued

Cash flow statement

January – December, SEK m.	Note	2011	2010	2009
Operating activities				
Income after financial items		**4,001**	5,000	1,181
Items not affecting cash flow	7	**–4,000**	–5,000	–2,000
Taxes paid		**0**	0	8
Unsettled Group contributions to/from subsidiaries		**70**	16	825
Cash flow from operating activities before change in working capital		**71**	16	14
Cash flow from change in working capital				
Due from/liabilities to subsidiaries		**3,929**	784	1,986
Total change in working capital		**3,929**	784	1,986
Cash flow from operating activities		**4,000**	800	2,000
Total cash flow before financing activities		**4,000**	800	2,000
Financing activities				
Dividend to shareholders		**4,000**	–800	–2,000
Cash flow from financing activities		**–4,000**	–800	–2,000
Cash flow for the year		**–**	–	–
Cash and cash equivalents, 1 January		**–**	–	–
Cash and cash equivalents, 31 December		**–**	–	–

Notes to the Parent Company financial statements

Amounts in the tables are reported in millions of Swedish kronor SEK m.), unless otherwise stated. A presentation of the Parent Company's accounting principles is found in Note 1 to the consolidated financial statements. Taking into account that the operations of the Parent Company consists exclusively of share ownership in Group companies, aside from the notes below, the Scania Group's Report of the Directors and notes otherwise apply where appropriate.

NOTE 1 Financial income and expenses

	2011	2010	2009
Interest income from subsidiaries	**70**	16	16
Dividend from Scania CV AB	**4,000**	5,000	2,000
Group contributions provided to Scania CV AB	**–70**	–16	–825
Other	**1**	–	1
Total	**4,001**	5,000	1,192

NOTE 2 Taxes

Tax expense/income for the year	**2011**	2010	2009
Current tax	**0**	0	8
Total	**0**	0	8

	2011		2010		2009	
Reconciliation of effective tax	**Amount**	**%**	Amount	%	Amount	%
Income before tax	**4,001**		5,000		1,995	
Tax calculated using Swedish tax rate	**–1,052**	**26.3**	–1,315	26.3	–525	26.3
Tax effect and percentage influence:						
Tax-exempt dividends	**1,052**	**26**	1,315	26	526	26
Non-deductible expenses	**–**	**–**	–	–	0	0
Tax on standard income related to tax allocation reserves	**–**	**–**	–	–	–4	0
Adjustment of tax related to previous years	**–**	**–**	–	–	11	0
Effective tax	**0**	**0**	0	0	8	0

NOTE 3 Shares in subsidiaries

			Carrying amount		
Subsidiary / Corporate ID number / registered office	**Ownership, %**	**Thousands of shares**	**2011**	2010	2009
Scania CV AB, 556084-0976, Södertälje	**100.0**	**1,000**	**8,401**	8,401	8,401
Total			**8,401**	8,401	8,401

Scania CV AB is a public company and parent company of the Scania CV Group, which includes all production, sales and service and finance companies in the Scania AB Group. The company is a subsidiary of Scania AB, whose shares are listed on the NASDAQ OMX Stockholm.

Notes to the Parent Company financial statements, continued

NOTE 4 Due from subsidiaries

	2011	2010	2009
Current interest-bearing receivable from Scania CV AB	**4,001**	3,000	1,800
Current non-interest-bearing receivable from Scania CV AB[1]	**4,000**	5,000	2,000
Total	**8,001**	8,000	3,800

1 Refers to anticipated dividend. The receivable is in SEK, so there is no currency risk.

NOTE 5 Equity

For changes in equity, see the equity report, page 139.

Under Swedish law, **equity** shall be allocated between non-distributable (restricted) and distributable (unrestricted) funds.

Restricted equity consists of share capital plus non-distributable funds. Scania AB has 400,000,000 Series A shares outstanding with voting rights of one vote per share and 400,000,000 Series B shares outstanding with voting rights of 1/10 vote per share. A and B shares carry the same right to a portion of the company's assets and profit. The nominal value of both A and B shares is SEK 2.50 per share. All shares are fully paid and no shares are reserved for transfer of ownership. No shares are held by the company itself or its subsidiaries.

NOTE 6 Contingent liabilities

	2011	2010	2009
Contingent liabilities related to FPG credit insurance, mainly on behalf of subsidiaries	**2,868**	2,483	2,502
Loan guarantees on behalf of borrowings in Scania CV AB	**28,116**	24,541	33,990
Other loan guarantees on behalf of subsidiaries	**7**	2	2
Total	**30,991**	27,026	36,494

NOTE 7 Cash flow statement

Items not affecting cash flow are mainly attributable to anticipated dividends. Interest received was SEK 70 m. (16 and 16, respectively).

NOTE 8 Salaries and remuneration to executive officers and auditors

The President and CEO of Scania AB and the other executive officers hold identical positions in Scania CV AB. Wages, salaries and other remuneration are paid by Scania CV AB. The reader is therefore referred to the notes to the consolidated financial statements: Note 26, “Wages, salaries and other remuneration and number of employees” and Note 28, “Compensation to executive officers”. Compensation of SEK 10 thousand (10 and 10 respectively) was paid to auditors with respect to the Parent Company.

NOTE 9 Transactions with related parties

Scania AB is a subsidiary of Volkswagen AG, corporate ID number HRB 100484 and with its registered office in Wolfsburg, Germany.

The consolidated Annual Report of Scania's foreign parent company is available on the website www.volkswagenag.com. Transactions with related parties consist of dividends paid to Volkswagen AG.

Proposed guidelines for salary and other remuneration of the President and CEO as well as other executive officers

The Board of Directors proposes that the AGM approve the following:

BACKGROUND

The proposed principles have mainly been used since 1997. The motive for their introduction was to be able to offer employees a market-related remuneration package that will enable the company to recruit and retain executive officers.

The proposal of the Board of Directors to the Annual General Meeting stated below is, in all essential respects, consistent with the principles for the remuneration that executive officers have received in prior years and is based on existing employment agreements between Scania and each respective executive officer.

Preparation of remuneration issues is handled as follows. With regard to the President and CEO, the Remuneration Committee of the Board of Directors proposes a fixed salary, criteria for variable remuneration and other employment conditions, which are then adopted by the Board of Directors. For other Executive Board members, the President and CEO proposes the equivalent employment conditions, which are then adopted by the Remuneration Committee of the Board of Directors and reported to the Board – all in compliance with the remuneration principles approved by the Annual General Meeting (AGM).

Incentive programmes for executive officers are decided by the AGM.

PROPOSAL

Scania shall endeavour to offer competitive overall remuneration that will enable the company to recruit and retain executive officers. Remuneration to executive officers shall consist of fixed salary, variable remuneration in the form of the Scania Incentive Programme, pension and other remuneration.

Total remuneration shall take into account the individual's performance, areas of responsibility and experience.

The fixed salary for the President and CEO as well as for the members of the Executive Board can be re-assessed on a yearly basis.

Variable salary shall be dependent on Scania's earnings and consist of an incentive programme that is divided into two parts. The outcome shall be calculated on the basis of operating return, defined as Scania Group net income after subtracting the cost of equity, Residual Net Income (RNI), and be adopted by the Board's Remuneration Committee. Part 1 of the incentive programme shall be related to the actual ability to generate a return during the year in question, all provided that RNI is positive, and shall be determined as a cash amount that may vary between 0–150 percent of fixed salary. Part 2 of the incentive programme shall be related to Scania's ability to increase RNI from one year to another, and the outcome shall be determined as a cash amount that may vary between 0–80 percent of fixed salary. In order to promote a personal holding of shares in the company, the programme shall be designed so that a part of the annual total outcome, after deduction of applicable tax, is used by the employee for the purchase of Scania B shares at market price.

The Board's proposal for the incentive programme will be stated in its entirety in a complete proposal to the AGM.

The President and CEO as well as the members of the Executive Board may be covered by a defined contribution pension system in addition to the public pension and the ITP occupational pension. In addition to the above mentioned pension principle, the President and CEO can, after decision by the Board, be covered by an extra annual pension provision. The retirement age of the President and CEO as well as other executive officers shall be no lower than age 60.

Other remuneration and benefits shall be competitive and help facilitate the executive officer's ability to fulfil his or her duties.

Members of the Executive Board, are entitled to severance pay equivalent to a maximum of 18 months' salary, in addition to their salary during the six-month notice period, if the company terminates their employment. If they obtain new employment within 18 months, counting from their termination date, the severance pay ceases. If a member of the Executive Board resigns of his own volition, he is entitled to his salary for a six-month period. Otherwise there shall be no notice periods longer than six months.

According to his existing employment contract, the President and CEO is entitled to his salary for a six-month period if he resigns of his own volition. The applicable outcome of variable remuneration shall be proportional to the length of his period of employment during the year in question. In case of termination by the company, the President and CEO shall be entitled to his fixed salary in an unchanged amount per year during the remaining time of his employment contract, plus annual compensation equivalent to the average of variable remuneration for the previous three years.

Other members of the Executive Board, with employment contracts entered into before 1 July 2010, are entitled to severance pay equivalent to a maximum of 24 months' salary in addition to their salary during the six months notice period, if the company terminates their employment.

The Board of Directors shall be able to diverge from these guidelines, should there be specific circumstances in an individual case.

Guidelines approved by the 2011 AGM

The guidelines for salary and other remuneration of the President and CEO as well as other executive officers that were approved by the 2011 Annual General Meeting, plus the outcome of these guidelines related to 2011, are presented in Note 28.

Proposed distribution of earnings

The Board of Directors proposes that the following earnings at the disposal of the Annual General Meeting:

Amounts in SEK m.	
Retained earnings	9,281
Net income for the year	4,001
Other comprehensive income for the year	0
Total	13,282

Shall be distributed as follows:	
To the shareholders, a dividend of SEK 5.00 per share	4,000
To be carried forward	9,282
Total	13,282

After implementing the proposed distribution of earnings, the equity of the Parent Company, Scania AB, is as follows:

Amounts in SEK m.	
Share capital	2,000
Statutory reserve	1,120
Retained earnings	9,282
Total	12,402

The undersigned certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Report of the Directors for the Group and the Parent Company gives a true and fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties faced by the companies in the Group. The annual accounts and the consolidated financial statements were approved for issuance by the Board of Directors on 9 February 2012. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 4 May 2012.

Södertälje, 9 February 2012

Martin Winterkorn
Chairman of the Board

Jochem Heizmann
Vice Chairman

Helmut Aurenz
Board member

Åsa Thunman
Board member

Börje Ekholm
Board member

Francisco J. Garcia Sanz
Board member

Gunnar Larsson
Board member

Hans Dieter Pötsch
Board member

Peter Wallenberg Jr
Board member

Johan Järvklo
Board member
Employee representative

Håkan Thurfjell
Board member
Employee representative

Leif Östling
Board member
President and CEO

Our Audit Report was submitted on 10 February 2012

Ernst & Young AB

Lars Träff
Authorised Public Accountant

Audit Report

TRANSLATION FROM THE SWEDISH ORIGINAL

To the annual meeting of the shareholders of Scania AB (publ), corporate identity number 556184-8564

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Scania AB (publ) for the year 2011, except the corporate governance report on pages 63–73. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 32–143.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 63-73. The Report of the Directors is consistent with the other parts of the annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Scania AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the President are responsible for administration under the Companies Act, and it is also their responsibility to ensure that the corporate governance report on pages 63–73 is prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and

Audit Report, continued

circumstances of the company in order to determine whether any member of the Board of Directors or President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence which we have obtained as described above is sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance report and based on this reading, together with our knowledge of the company and the Group, we believe that the audit evidence we have obtained is sufficient to provide a basis for our opinion. This statutory review has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the Report of the Directors and that the members of the Board of Directors and the President be discharged from liability for the financial year.

A corporate governance report has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 10 February 2012

Ernst & Young AB

Lars Träff
Authorised Public Accountant

Quarterly data, units by geographic area

	2011					2010				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks										
Europe	**31,226**	7,497	7,219	8,925	7,585	29,176	9,432	6,095	7,197	6,452
Eurasia	**6,692**	936	1,896	2,730	1,130	3,861	1,892	1,126	393	450
America [1]	**16,651**	3,703	4,685	3,682	4,581	18,868	3,879	4,356	6,194	4,439
Asia	**11,496**	1,361	2,459	4,345	3,331	12,295	3,866	1,810	3,968	2,651
Africa and Oceania	**3,071**	713	850	781	727	3,136	636	674	1,193	633
Total	**69,136**	**14,210**	**17,109**	**20,463**	**17,354**	67,336	19,705	14,061	18,945	14,625
Trucks delivered										
Europe	**31,443**	8,490	6,428	8,279	8,246	23,315	7,976	5,375	5,679	4,285
Eurasia	**7,445**	2,452	1,751	1,929	1,313	2,369	1,267	398	312	392
America [1]	**17,632**	4,658	4,321	4,792	3,861	18,056	5,143	4,478	4,685	3,750
Asia	**12,485**	2,282	3,530	3,259	3,414	10,179	3,142	2,760	2,966	1,311
Africa and Oceania	**3,115**	858	782	747	728	2,918	840	757	787	534
Total	**72,120**	**18,740**	**16,812**	**19,006**	**17,562**	56,837	18,368	13,768	14,429	10,272
Order bookings, buses [2]										
Europe	**1,770**	492	252	497	529	1,720	652	368	384	316
Eurasia	**108**	53	4	47	4	72	72	0	0	0
America [1]	**3,139**	594	1,005	703	837	2,358	733	518	642	465
Asia	**2,011**	352	361	664	634	2,110	528	275	757	550
Africa and Oceania	**679**	145	163	272	99	614	68	202	149	195
Total	**7,707**	**1,636**	**1,785**	**2,183**	**2,103**	6,874	2,053	1,363	1,932	1,526
Buses delivered [2]										
Europe	**1,916**	752	388	477	299	1,760	416	299	613	432
Eurasia	**84**	36	11	21	16	82	28	22	25	7
America [1]	**3,272**	1,036	912	757	567	2,104	714	403	499	488
Asia	**2,065**	435	421	692	517	2,120	395	492	592	641
Africa and Oceania	**651**	124	141	282	104	809	242	244	216	107
Total	**7,988**	**2,383**	**1,873**	**2,229**	**1,503**	6,875	1,795	1,460	1,945	1,675

1 Refers mainly to Latin America.
2 Including body-built buses and coaches.

Quarterly data, earnings

	2011					2010				
SEK m. unless otherwise stated	**Full year**	**Q4**	**Q3**	**Q2**	**Q1**	Full year	Q4	Q3	Q2	Q1
Vehicles and Services										
Net sales	**87,686**	22,891	21,130	22,973	20,692	78,168	22,505	18,558	20,602	16,503
Cost of goods sold	**–63,163**	–16,860	–15,258	–16,625	–14,420	–54,504	–15,704	–12,571	–14,397	–11,832
Gross income	**24,523**	6,031	5,872	6,348	6,272	23,664	6,801	5,987	6,205	4,671
Research and development expenses	**–4,440**	–1,251	–984	–1,126	–1,079	–3,505	–993	–821	–881	–810
Selling expenses	**–7,014**	–1,921	–1,737	–1,784	–1,572	–6,400	–1,771	–1,563	–1,608	–1,458
Administrative expenses	**–1,204**	–268	–281	–262	–393	–1,200	–400	–270	–267	–263
Share of income in associated companies and joint ventures	**16**	–4	10	6	4	16	8	4	4	0
Operating income, Vehicles and Services	**11,881**	**2,587**	**2,880**	**3,182**	**3,232**	12,575	3,645	3,337	3,453	2,140
Financial Services										
Interest and leasing income	**4,372**	1,162	1,117	1,070	1,023	4,197	1,096	1,029	1,044	1,028
Interest and depreciation expenses	**–3,023**	–798	–764	–738	–723	–3,026	–769	–738	–761	–758
Interest surplus	**1,349**	364	353	332	300	1,171	327	291	283	270
Other income	**129**	52	24	27	26	306	72	85	74	75
Other expenses	**–48**	–11	–11	–11	–15	–240	–58	–69	–64	–49
Gross income	**1,430**	405	366	348	311	1,237	341	307	293	296
Selling and administrative expenses	**–615**	–169	–154	–150	–142	–573	–154	–147	–143	–129
Bad debt expenses	**–298**	–82	–87	–67	–62	–493	–107	–108	–101	–177
Operating income, Financial Services	**517**	**154**	**125**	**131**	**107**	171	80	52	49	–10
Operating income	**12,398**	2,741	3,005	3,313	3,339	12,746	3,725	3,389	3,502	2,130
Interest income	**820**	271	268	148	133	464	194	112	85	73
Interest expenses	**–559**	–206	–170	–86	–97	–657	–160	–166	–164	–167
Other financial income	**116**	52	–78	–3	145	70	34	–11	24	23
Other financial expenses	**–163**	–51	–48	–26	–38	–90	–17	28	–49	–52
Total financial items	**214**	66	–28	33	143	–213	51	–37	–104	–123
Income before taxes	**12,612**	2,807	2,977	3,346	3,482	12,533	3,776	3,352	3,398	2,007
Taxes	**–3,190**	–675	–634	–913	–968	–3,430	–776	–1,045	–1,026	–583
Net income	**9,422**	**2,132**	**2,343**	**2,433**	**2,514**	9,103	3,000	2,307	2,372	1,424,
Attributable to:										
Scania shareholders	***9,422***	*2,132*	*2,343*	*2,433*	*2,514*	*9,103*	*3,000*	*2,307*	*2,372*	*1,424*
Non-controlling interest	***0***	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Earnings per share, SEK [1, 2]	**11.78**	2.67	2.93	3.04	3.14	11.38	3.75	2.88	2.97	1.78
Operating margin, %	**14.1**	12.0	14.2	14.4	16.1	16.3	16.6	18.3	17.0	12.9

1 Attributable to Scania shareholders' portion of earnings.

2 There are no dilution effects.

Key financial ratios and figures

	According to IFRSs[1]								According to Swedish GAAP	
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Scania Group										
Operating margin, %	**14.1**	16.3	4.0	14.1	14.4	12.4	10.8	11.6	10.1	9.3
Earnings per share, SEK[2]	**11.78**	11.38	1.41	11.11	10.69	7.42	5.83	5.40	3.79	3.42
Equity per share, SEK[2]	**43.1**	37.5	29.1	27.4	31.0	32.7	29.7	26.8	22.8	21.2
Return on equity, %	**29.5**	34.7	5.1	38.3	35.0	24.1	20.8	21.8	17.4	17.2
Dividend, SEK per share[2, 3]	**5.00**	5.00	1.00	2.50	5.00	3.75	3.75	3.75	1.50	1.37
Dividend as percentage of net income	**42.4**	43.9	70.9	22.5	46.8	50.5	64.3	69.5	39.6	40.2
Redemption, SEK per share[2, 3]	**–**	–	–	–	7.50	8.75	–	–	–	–
Equity/assets ratio, %	**31.6**	30.5	23.7	19.9	27.1	29.7	30.3	30.3	27.7	25.6
Net debt, excluding provisions for pensions, SEK m.	**26,432**	23,481	39,767	50,112	31,534	23,297	25,476	23,115	24,291	25,108
Net debt/equity ratio	**0.77**	0.78	1.71	2.28	1.27	0.89	1.07	1.08	1.33	1.48
Vehicles and Services										
Operating margin, %	**13.5**	16.1	4.3	13.6	13.8	11.7	10.0	10.8	9.4	7.5
Capital employed, SEK m.	**36,372**	32,836	34,534	34,514	26,749	32,898	27,012	23,876	21,859	24,363
Operating capital, SEK m.	**24,904**	23,284	27,886	30,169	22,859	22,226	24,396	21,680	20,080	20,356
Profit margin, %	**14.6**	16.8	5.3	14.3	14.4	12.8	11.6	11.6	10.0	9.2
Capital turnover rate, times	**2.61**	2.35	1.77	3.02	2.92	2.38	2.43	2.50	2.21	1.89
Return on capital employed, %	**38.1**	39.5	9.4	43.1	42.1	30.4	27.9	29.1	22.0	17.4
Return on operating capital, %	**48.2**	49.4	9.0	47.3	49.9	35.2	26.8	29.0	23.1	16.6
Net debt, excluding provisions for pensions, SEK m.[4]	**–10,615**	–7,700	4,038	8,364	–1,902	–4,335	269	854	2,647	4,308
Net debt/equity ratio[4]	**–0.35**	–0.30	0.21	0.49	–0.09	–0.19	0.01	0.05	0.17	0.31
Interest coverage, times	**17.8**	17.5	2.2	11.3	15.0	9.6	6.8	8.6	6.2	4.6
Financial Services										
Operating margin, %	**1.3**	0.5	–0.4	1.0	1.5	1.6	1.9	1.7	1.4	1.2
Equity/assets ratio, %	**10.3**	11.1	10.4	9.6	10.1	9.6	10.0	11.2	11.5	11.9

1 Financial reporting is in compliance with International Financial Reporting Standards (IFRSs) beginning with 2004. The main differences compared to the previous Swedish Generally Accepted Accounting Principles (GAAP) are shown in the first footnote to the "Multi-year statistical review".

2 The number of shares outstanding was 200 million until 2006. By means of a share split, the number increased to 800 million starting in 2007. For years prior to 2007, the above key financial ratios and figures have been recalculated accordingly.

3 Dividend proposed by the Board of Directors or adopted by the Annual General Meeting.

4 Net debt (+) and net surplus (–).

Definitions

Operating margin
Operating income as a percentage of net sales.

Earnings per share
Net income for the year excluding non-controlling (previously minority) interests divided by average number of shares.

Equity per share
Equity excluding non-controlling (previously minority) interests divided by the total number of shares.

Return on equity
Net income for the year as a percentage of total equity. [1]

Equity/assets ratio
Total equity as a percentage of total assets on each respective balance sheet date.

Net debt, net surplus excluding provision for pensions
Current and non-current borrowings (excluding pension liabilities) minus cash and cash equivalents and net fair value of derivatives for hedging borrowings.

Net debt/equity ratio
Net debt, net surplus as a percentage of total equity.

Capital employed
Total assets minus operating liabilities.

Operating capital
Total assets minus cash, cash equivalents and operating liabilities.

Profit margin
Operating income plus financial income as a percentage of net sales.

Capital turnover
Net sales divided by capital employed. [1]

Return on capital employed
Operating income plus financial income as a percentage of capital employed. [1]

Return on operating capital
Operating income as a percentage of operating capital. [1]

Interest coverage
Operating income plus financial income divided by financial expenses.

Operating margin, Financial Services
Operating income as a percentage of average portfolio.

1 Calculations are based on average equity, capital employed and operating capital for the five most recent quarters.

Geographic areas
Europe: Austria, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Macedonia, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland.

Eurasia: Azerbaijan, Belarus, Georgia, Kazakhstan, Russia, Ukraine, Uzbekistan.

Asia: Bahrain, China, Hong Kong, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kuwait, Lebanon, Macao, Malaysia, Oman, Qatar, Saudi Arabia, Singapore, South Korea, Syria, Taiwan, Thailand, Turkey, the United Arab Emirates, Vietnam.

America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Uruguay, the United States, Venezuela, the Virgin Islands.

Africa and Oceania: Algeria, Angola, Australia, Botswana, Chad, Egypt, Ethiopia, Ghana, Kenya, Libya, Malawi, Morocco, Mozambique, Namibia, New Zealand, Niger, Nigeria, Reunion, Rwanda, the Seychelles, South Africa, Sudan, Tanzania, Tunisia, Uganda, Zambia, Zimbabwe.

Multi-year statistical review

	According to IFRSs[1]								According to Swedish GAAP	
SEK m. unless otherwise stated	**2011**	2010	2009	2008	2007	2006	2005	2004	2003	2002
Delivery value by market area										
Europe	**47,747**	41,533	37,988	60,360	59,553	53,117	47,712	43,384	41,198	38,525
Eurasia	**6,084**	2,413	1,449	5,267	5,126	2,534	1,731	1,339	1,121	741
America[2]	**20,912**	21,725	11,812	12,822	10,573	8,420	7,575	5,655	3,836	3,542
Asia	**10,182**	9,035	6,097	6,665	5,699	4,603	4,137	3,997	3,936	3,123
Africa and Oceania	**5,360**	5,403	5,243	4,364	4,511	3,953	3,943	3,404	2,896	2,529
Adjustment for lease income[3]	**–2,599**	–1,941	–515	–501	–976	–1,889	–1,770	–991	–2,406	–1,175
Total	**87,686**	78,168	62,074	88,977	84,486	70,738	63,328	56,788	50,581	47,285
Operating income										
Vehicles and Services	**11,881**	12,575	2,648	12,098	11,632	8,260	6,330	6,149	4,759	3,548
Financial Services	**517**	171	–175	414	532	493	529	450	366	308
Divested car operations[4]	**–**	–	–	–	–	–	–	–	–	550
Total	**12,398**	12,746	2,473	12,512	12,164	8,753	6,859	6,599	5,125	4,406
Operating margin, %										
Vehicles and Services	**13.5**	16.1	4.3	13.6	13.8	11.7	10.0	10.8	9.4	7.5
Total[5]	**14.1**	16.3	4.0	14.1	14.4	12.4	10.8	11.6	10.1	9.3
Net financial items	**214**	–213	–871	–534	–258	–170	–94	–323	–521	–684
Net income	**9,422**	9,103	1,129	8,890	8,554	5,939	4,665	4,316	3,034	2,739
Specification of research and development expenses										
Expenditures	**–4,658**	–3,688	–3,234	–3,955	–3,214	–2,842	–2,479	–2,219	–2,151	–2,010
Capitalisation	**387**	351	282	202	289	180	278	316	660	573
Amortisation	**–169**	–168	–264	–475	–418	–361	–283	–84	–2	–
Research and development expenses	**–4,440**	–3,505	–3,216	–4,228	–3,343	–3,023	–2,484	–1,987	–1,493	–1,437
Net investments through acquisitions/divestments of businesses	**–44**	56	118	–61	268	–	205	49	26	–1,165
Net investments in non-current assets	**3,776**	2,753	3,031	5,447	4,277	3,810	3,597	2,798	3,285	2,921
Portfolio, Financial Services operations	**42,235**	36,137	40,404	47,220	38,314	31,841	29,634	26,601	25,926	25,303
Cash flow, Vehicles and Services	**6,970**	11,880	5,512	1,774	8,229	6,942	3,865	2,685	2,450	3,583
Inventory turnover rate, times[6]	**6.1**	6.4	4.5	6.5	7.5	6.9	6.0	6.0	5.8	6.1

1 Financial reporting is in compliance with International Financial Reporting Standards (IFRSs) beginning with 2004. The main differences compared to the previous accounting principles are: a) that goodwill is no longer amortised according to a schedule, b) that depreciation periods for tangible non-current assets have changed on the basis of component depreciation, which has decreased accumulated depreciation, c) that decreased depreciation on tangible non-current assets has affected taxes accordingly, d) that actuarial gains/losses related to pensions are recognised directly in equity and e) that tax related to associated companies is included in operating income.

2 Refers mainly to Latin America.

3 Refers to the difference between revenue recognised as income and sales value based on deliveries. This difference arises when a lease or sale, combined with a residual value guarantee or a repurchase obligation, is recognised as an operating lease, on the assumption that significant risks remain. See also Note 4.

4 Swedish car operations were divested as per 1 January 2002.

5 Includes Financial Services.

6 Calculated as net sales divided by average inventory (adjusted for divested car operations).

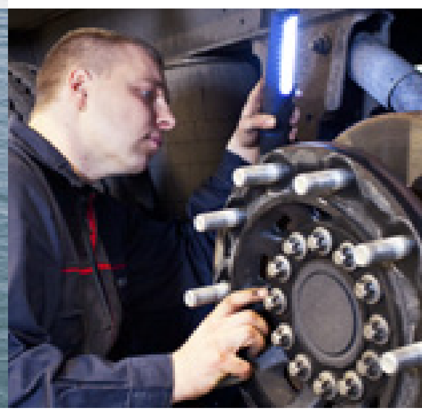
Multi-year statistical review, continued

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Number of vehicles produced										
Trucks	**75,349**	60,963	29,573	72,656	71,017	60,867	53,368	53,051	45,985	41,433
Buses	**8,708**	6,700	6,236	7,709	7,314	5,870	6,141	5,621	5,291	3,712
Total	**84,057**	67,663	35,809	80,365	78,331	66,737	59,509	58,672	51,276	45,145
Number of trucks delivered by market area										
Europe	**31,443**	23,315	18,824	41,184	44,433	40,349	35,493	34,346	32,453	30,624
Eurasia	**7,445**	2,369	1,084	5,455	5,765	2,877	1,592	1,238	1,017	810
America [7]	**17,632**	18,056	9,566	10,775	9,790	7,957	7,776	7,604	4,739	3,633
Asia	**12,485**	10,179	4,843	6,721	6,061	5,546	5,415	5,464	5,317	3,486
Africa and Oceania	**3,115**	2,918	2,490	2,381	2,605	2,615	2,291	1,911	1,519	1,342
Total	**72,120**	56,837	36,807	66,516	68,654	59,344	52,567	50,563	45,045	39,895
Number of buses and coaches delivered by market area										
Europe	**1,916**	1,760	1,954	2,412	2,212	2,426	2,390	2,311	2,421	1,689
Eurasia	**84**	82	130	194	235	284	275	270	152	55
America [7]	**3,272**	2,104	1,421	2,009	2,344	1,679	1,727	1,472	1,072	958
Asia	**2,065**	2,120	1,876	1,721	1,495	879	616	947	631	440
Africa and Oceania	**651**	809	1,255	941	938	669	808	519	634	632
Total	**7,988**	6,875	6,636	7,277	7,224	5,937	5,816	5,519	4,910	3,774
Total number of vehicles delivered	**80,108**	63,712	43,443	73,793	75,878	65,281	58,383	56,082	49,955	43,669
Number of industrial and marine engines delivered by market area										
Europe	**3,450**	2,634	1,834	3,019	3,538	3,578	3,417	2,824	1,894	1,918
America	**2,809**	3,281	1,775	2,798	2,537	2,245	2,073	1,648	881	631
Other markets	**701**	611	626	854	1,153	723	214	542	390	642
Total	**6,960**	6,526	4,235	6,671	7,228	6,546	5,704	5,014	3,165	3,191
Total market for heavy trucks and buses, units										
Europe (EU27) [8]										
Trucks	**241,200**	178,100	161,100	316,000	326,200	299,300	277,300	256,400	230,700	226,800
Buses	**25,200**	25,400	26,500	28,700	28,100	25,900	23,800	22,500	21,800	22,800
Number of employees December 31 [9]										
Production and corporate units	**17,489**	17,006	14,672	16,264	17,291	16,517	15,174	15,260	15,498	15,067
Research and development	**3,327**	2,930	2,642	2,922	2,528	2,174	2,058	1,924	1,833	1,681
Sales and service companies	**16,038**	14,987	14,475	15,079	14,797	13,682	13,128	12,455	11,460	11,173
Total Vehicles and Services	**36,854**	34,923	31,789	34,265	34,616	32,373	30,360	29,639	28,791	27,921
Financial Services companies	**642**	591	541	512	480	447	405	354	321	309
Total	**37,496**	35,514	32,330	34,777	35,096	32,820	30,765	29,993	29,112	28,230

7 Refers to Latin America.

8 Twenty-five of the European Union member countries (all EU countries except Greece and Malta) plus Norway and Switzerland.

9 Including employees with temporary contracts and employees on hire.



The Annual Report contains forward-looking statements that reflect Management's current views with respect to certain future events and potential financial performance. Such forward-looking statements in the Annual Report involve risks and uncertainties that could significantly alter potential results. The statements are based on assumptions, including assumptions related to general economic and financial conditions in the company's markets and the level of demand for the company's products. This report does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the rule book for issuers at the NASDAQ OMX Stockholm, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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