





### FROM THE PRESIDENT AND CEO:

Results for the first six months of the year primarily show a continued positive development in the Norwegian and Swedish housing markets, driven mainly by the large cities. Construction operations have a more mixed picture with margin pressure in Norway and margin growth in Sweden as the most obvious factors. Profit growth in Industry operations stems largely from a gain on the sale of Veidekke Recycling. All in all, results that give a good basis for Veidekke's further development.

### BOARD OF DIRECTORS' REPORT FOR SECOND QUARTER 2011:

KEY FIGURES (MNOK) *	Q2 2011	Q2 2010	1.1. – 30.6. 2011	1.1. – 30.6. 2010	July 2010 - June 2011	2010	2009
Operating revenues IFRS <sup>2)</sup>	4 315.1	4 189.9	7 755.8	7 300.5	16 200.2	15 744.9	15 923.4
Earnings before tax IFRS	337.2	139.8	249.5	110.9	620.6	482.0	628.4
Earnings per share IFRS (NOK) <sup>1)</sup>	2.1	0.8	1.5	0.6	3.5	2.6	3.7
Operating revenues segment <sup>2)</sup>	4 633.9	4 327.4	8 172.0	7 475.3	16 993.1	16 296.4	15 558.0
Earnings before tax (EBT) segment <sup>2)</sup>	389.8	163.3	320.7	149.1	761.3	589.7	523.1
Earnings per share segment <sup>2)</sup>	2.4	0.9	2.0	0.8	4.5	3.3	3.0
Profit margin (%) <sup>2)</sup>	8.4	3.8	3.9	2.0	4.5	3.6	3.4
Net interest-bearing position	-878	-877	-878	-877	-878	-162	101
Orders-on-hand Construction	13 938	12 347	13 938	12 347	13 938	12 183	12 334

<sup>1)</sup> No dilution effect.

<sup>2)</sup> The figures are taken from the segment reporting that provides the most accurate bilet of actual activity and earnings in the period.

\* The comments under highlights and the segment reports relate to figures taken from the segment accounts.



**HIGHLIGHTS**

GROUP	MNOK			
	Q2 2011	Q2 2010	2010	2009
Operating revenues	4 633.9	4 327.4	16 296.4	15 558.0
Earnings before tax	389.8	163.3	589.7	523.1
Profit margin (%)	8.4	3.8	3.6	3.4

The second quarter was another quarter of increased activity with turnover 9% higher than in the corresponding 2010 quarter. The increase came mainly from construction operations in Sweden and property operations. The positive developments in our markets have continued.

Overall, quarterly results are very good. Results in the Norwegian construction operations are characterised by continued margin pressure and the effect of an impairment of one major project. Property operation's results were good due to increased activity and a positive market development. Sales of new homes have been satisfactory. The improvement is also a result of the acquisition of Bouwfonds ownership share of 50 % in Veidekke Bouwfonds AB. The transaction had a positive earnings effect of 133 MNOK.

For Industry operations, the sale of Veidekke Recycling, conducted in late June, resulted in a gain of 109 MNOK.

The order backlog for construction operations rose 8% in the quarter to total 13.9 BNOK, compared to 12.2 BNOK at the end of the year and 12.3 BNOK in the same period last year. The increase came primarily from Norwegian operations.

Veidekke has a solid financial position. Cash flow for the quarter is seasonally negative.

**Veidekke in first half**

In the first half of the year, Veidekke's operations were characterised by increased activity in both construction and property operations as a result of the past year's positive market developments.

Profitability in the first half of 2011 continued to be affected margin pressure in the Norwegian construction operations, which is still producing contracts won in 2009 and early 2010. The profitability effects of contracts signed latter will first come towards the end of the year. The result for the first half of 2010 was positively affected by 95 MNOK related to the effects of changes in the early retirement pension scheme (AFP).

In the Scandinavian property operations, sales of homes continue to show improvement. As a result of increased activity, the results in both Norway and Sweden show a clear improvement compared to previous years.

For Industry operations, the asphalt segment is characterised by lower production volumes than last year due to fewer NPRA contracts won.

In the second quarter, Veidekke completed structural transactions related to Veidekke Recycling and Bouwfonds Veidekke AB. See Note 7 and 8 for further discussion.

**CONSTRUCTION OPERATIONS**

CONSTRUCTION	MNOK			
	Q2 2011	Q2 2010	2010	2009
Operating revenues	3 671.6	3 294.2	12 749.0	12 094.9
Earnings before tax	73.0	109.8	568.1	605.7
Profit margin (%)	2.0	3.3	4.5	5.0
Orders-on-hand	13 938	12 347	12 183	12 334

Building and heavy construction activities in Norway and Denmark are nation-wide, while activity in Sweden is Concentrated in the regions around Stockholm, Gothenburg and Skåne.

**Construction operations in Norway**

CONSTRUCTION NORWAY	MNOK			
	Q2 2011	Q2 2010	2010*	2009
Operating revenues	2 381.2	2 258.6	8 666.2	8 121.4
Earnings before tax	35.0	87.3	453.2	523.7
Profit margin (%)	1.5	3.9	5.2	6.4
Orders-on-hand	9 990	8 054	8 276	8 581

\* In 2010, the profit impact of changes in pension scheme 66.5 MNOK

The level of activity in several segments of the construction market is beginning to pick-up. However, there are large local and market variations. Profitability carries set the stamp of production contracts won in 2009 and early 2010, when there was significant overcapacity in the market with strong competition and pressure on prices and margins.

In the second quarter, the Company had a revenue increase of 5% compared with same quarter last year. Profitability was weaker with a profit margin of 1.5% versus 3.9% in the second quarter of 2010. This is due to a combination of contracts entered into during the recession and a 30 MNOK write-down of a large project.

At the end of the quarter, orders-on-hand for construction operations in Norway were 10.0 BNOK, compared to 8.3 BNOK at the end of the year and 8.1 BNOK in the same period last year. Order intake for the quarter consisted mainly of large and medium-sized building projects, primarily commercial and residential, as well as some medium-sized construction projects.

Among the new contracts signed in the quarter were the construction of a hotel on the Ørnen

site in the city center of Bergen for OBOS Forretningsbygg AS for 366 MNOK, the construction of wind power plants at Lista in Farsund for Lista Wind Power AS for a contract sum of 208 MNOK, and the development of infrastructure for the project Lunckefjell on Svalbard for Store Norske Spitsbergen Grubekompani AS with a contract value of 196 MNOK. Contracts have also been entered into for the expansion of Vestkanten shopping centre in Bergen for Vestkanten AS with a contract sum of 194 MNOK, and the construction of the second phase of the housing project Marienfyrd in Ensjø in Oslo for Veidekke Eiendom AS for MNOK 133.

### Construction operations in Sweden

CONSTRUCTION SWEDEN	Q2 2011	Q2 2010	2010	2009
Operating revenues	903.8	693.3	2 804.1	2 355.0
Earnings before tax	28.7	13.9	71.7	36.4
Profit margin (%)	3.2	2.0	2.6	1.5
Orders-on-hand	2 998	3 447	3 042	2 764

MNOK

The Swedish building and construction market continued its positive development. In particular, further significant infrastructure development activity is expected in Stockholm. The market for commercial buildings and residences is good in all three regions, although some uncertainty connected to the effects of further interest rate increases may remain.

Sales in the Swedish construction operations increased by 30% in the second quarter compared with the same period last year. Building activities account for the largest portion of the increase.

The overall result was 28.7 MNOK, which is a marked improvement over the corresponding quarter in 2010. The increase came from both building and construction activities. Activities in Stockholm had satisfactory profit margins, and activities in the South and West regions show some improvement.

The improved market implies not only increasing prices from suppliers, but also new players into the market, which could lead to greater competition for new projects.

At the end of the quarter, the Swedish construction operations had an order backlog of NOK 3.0 BNOK, which is the same as at year-end. At the end of the second quarter of 2010 the order backlog was 3.4 BNOK.

Order intake was satisfactory in the second quarter. Among the new contracts signed were Brista, a thermal power plant in Stockholm for Fortum and the City of Stockholm at 99 MNOK, and renovation of an office building in Stockholm, Sperlings Backe, for SEB Trygg Liv worth 155 MNOK.

### Construction operations in Denmark

CONSTRUCTION DENMARK	Q2 2011	Q2 2010	2010	2009
Operating revenues	386.6	342.3	1 278.7	1 618.5
Earnings before tax	9.3	8.6	43.2	45.6
Profit margin (%)	2.4	2.5	3.4	2.8
Orders-on-hand	950	907	957	978

MNOK

The Danish building and construction market is still characterised by strong price competition, although there is some evidence of increased activity. Hoffmann maintained its high earnings on ongoing projects, which is a result of good control and procurement on projects.

At the end of the quarter, Danish construction operations had an order backlog equal to 950 MNOK, Compared to 957 MNOK at year-end and 907 MNOK in the same period last year. Focus will continue to be on increasing the order backlog while maintaining adequate margin requirements.

Among the new contracts signed in the second quarter were Christiansfeld School for 70 MNOK Tarp New Ældrecenter for 67 MNOK and renovation of Fisketorvet for 37 MNOK

### PROPERTY DEVELOPMENT

PROPERTY DEVELOPMENT	Q2 2011	Q2 2010	2010	2009
Operating revenues	377.1	305.7	1 065.7	711.2
Earnings before tax	176.8	13.0	14.2	-73.9
Number of apartments under construction	1 158	614	901	310

MNOK

Property operations is engaged in the development of dwellings for the Company's own account, as well as non-residential buildings for private and public customers. Activities focus on the largest cities in Norway and Sweden.

The positive developments in the housing market in Norway and Sweden continued through the first half of 2011. This is true in and around most major cities. Both the sale of projects under production and pre-sales of new projects can now be characterised as good, which, in several places in Norway, is enabling earlier starts than the originally planned. In total, 178 homes were sold in the quarter, compared to 159 in the second quarter of 2010.

Scandinavian property operations had a substantial increase in sales in the second quarter compared to the same period in 2010. Earnings before tax was 176.8 MNOK compared with 13.0 MNOK in the same quarter last year. The improvement can be largely attributed to the income effect from the purchase of Dutch Bouwfonds' shares in Bouwfonds Veidekke AB for 133 MNOK, but it is also a result of the higher level of activity with more dwellings under production in both Norway and Sweden.

At the end of the quarter, the number of residential units under production was 1,158 (Veidekke's share), compared to 901 at the end of 2010 and 614 a year ago. The sales ratio for the portfolio averaged 85%.

At the end of the quarter, the Group had a land bank in Norway and Sweden equivalent to 9 100 residential units (8 000 as of second quarter 2010). The increase is largely related to the acquisition of the Bouwfonds' Veidekke portfolio.

#### Property development in Norway

PROPERTY DEVELOPMENT NORWAY	MNOK			
	Q2 2011	Q2 2010	2010	2009
Operating revenues	217.5	119.4	572.4	349.1
Earnings before tax	30.6	10.5	56.5	-47.9
Number of apartments under construction	587	272	443	64

With the help of low interest rates, an improved financial market and a strengthened future housing market, the housing market has improved significantly in the past year. Residential buyers now dare to buy before selling their current home. The new housing market is both price sensitive and selective. Pre-sales on most of the projects we have out for sale have been good. The market for family dwellings remains the strongest, but we see now that the market for smaller apartments has returned.

Three projects were initiated in the second quarter with a total of 131 residential units, and other projects will commence throughout the year. Most of the projects are situated in and around Oslo, but housing projects have been initiated in other places around the country. Not at least, the Trondheim market now seems to be improving as well.

In the second quarter, the operations had a profit before tax of 30.6 MNOK as against 10.5 MNOK for the same quarter in 2010. The improvement is largely a result of strong sales and higher activity. Turnover amounted to 218 MNOK compared with 119 MNOK in the second quarter of 2010.

In all, 103 dwellings were sold in the second quarter as against 78 in the second quarter of 2010. At the end of the quarter there were 587 dwellings under construction versus 443 at the end of 2010 and 272 a year ago. The sales ratio is 81%.

In Norway, the land bank amounted to a total of 3 600 housing units at the end of the quarter. Efforts to get these ready for sale and into production is always given high priority.

#### Property development in Sweden

PROPERTY DEVELOPMENT SWEDEN	MNOK			
	Q2 2011	Q2 2010	2010	2009
Operating revenues	159.4	186.3	472.4	359.3
Earnings before tax	149.1	4.9	10.8	21.2
Number of apartments under construction	571	342	458	247

The housing market has been good the last year including the sales of new homes. This is particularly true in the Stockholm and Gothenburg areas, while activity in Skåne is somewhat lower.

Property operations had a profit before tax of 149.1 MNOK (4.9 MNOK) in the second quarter. The significant improvement in results is largely due to the effect of the acquisition of Bouwfonds' 50% stake in the joint venture Bouwfonds Veidekke AB. This gave a positive effect of 134 MNOK. Please refer to Note 7.

77 homes were sold in the quarter compared to 81 in the second quarter of 2010. As a result of delays in government regulatory efforts Veidekke still has too few homes for sale.

In the second quarter, a total of 114 residential units were initiated. The company had 571 dwellings under construction at the end of the quarter (sales ratio 85%) compared with 458 at the start of this year and 342 at the end of the second quarter of 2010.

At the end of the quarter, the land bank consisted of 5 500 units, of which approximately 70% are options from municipal authorities. The proportion of small dwellings in the portfolio is 25%.

#### Property development in Denmark

PROPERTY DEVELOPMENT DENMARK	MNOK			
	Q2 2011	Q2 2010	2010	2009
Operating revenues	0.2	0.0	20.9	2.8
Earnings before tax	-2.9	-2.4	-53.1	-47.2
Number of apartments under construction	0	0	0	0

Veidekke's property development activities in Denmark, Hoffmann Ejendomme A/S, had no projects under production in the second quarter.

The market is still difficult, although there are now signs of recovery. The introduction of VAT on land sales from 2011, however, is still creating uncertainty for land owners.

Profit before taxes was -2.9 MNOK (-2.4 MNOK). At the end of the quarter, Hoffmann had seven sites that could be developed with approximately 600 residential units. At the beginning of the year, Hoffmann had ten unsold homes, of which three have now been sold.

**INDUSTRY**

MNOK

INDUSTRY	Q2 2011	Q2 2010	2010	2009
Operating revenues	826.9	849.2	3 075.6	2 968.0
Earnings before tax	161.0	47.6	63.6	7.1
Earnings before tax (12 months rolling)	162.9	43.7	63.6	7.1

In Norway, Industry's activities are nation-wide and its business areas include asphalt, crushed stone and gravel, and road maintenance. The sale of Veidekke Recycling was completed in the second quarter, and the transaction generated a gain of 109 MNOK with a positive effect on net interest bearing debt of 335 MNOK.

Veidekke Industry's turnover in the second quarter was 826.9 MNOK (849.2 MNOK). Asphalt sales decreased, but were partially offset by higher activity and turnover in the other activities.

As of the second quarter, the volume of asphalt was significantly lower than in 2010 (22%), due to weaker results in this year's bidding round for the NPRA. The proportion of public sector clients has thus gone down, but private demand has increased somewhat.

Profit before tax was 161.0 MNOK (47.6 MNOK). The sale of Veidekke Recycling gave a gain of 109 MNOK. The reduction in asphalt volumes has resulted in lower profitability, but the profit margin for asphalt operations is on the same level as in 2010.

Results for road maintenance are still negative, but the second quarter has developed positively. The newer contracts are progressing as planned. The company focuses on continuous improvement as well as on the campaign "Safety on the road."

Activity in the crushed stone and gravel had a somewhat higher volume than in the second quarter of 2010 and demonstrated improvement in profitability. Crushed stone and gravel focuses on continuous cost reduction measures and increased productivity. These long-term efforts generate new opportunities.

**OTHER OPERATIONS**

These include our operations outside Scandinavia, our ownership role in PPP projects, and the work of the corporate management team and financial management. Activities outside Scandinavia have been further reduced, in line with the existing plans. Results for these areas are as expected.

**INJURIES/ABSENCE/HSE****Injury rate**

Cumulative injury rate	As of Q2 2011*	As of Q1 2011*	As of Q2 2010*	2010*
Norway	4.4	4.3	4.8	4.3
Sweden	15.5	7.4	8.0	6.6
Denmark	4.0	5.0	7.0	6.0
Scandinavia	5.7	4.8	5.4	4.8

\* 12 months rolling.

There was an accident in the second quarter of 2011 at Veidekke Industry's crushed stone and gravel operations at Helgeland Quarry, which resulted in the death of one person.

For our Scandinavian operations the overall injury rate was 5.7 compared with 4.8 the previous quarter. The cumulative injury rate for the second quarter last year was 5.4.

In the Norwegian operations there were seven injuries with absence in the quarter. Accumulated for the last four quarters, the injury rate was 4.4 compared with 4.3 the previous quarter and 4.8 the same quarter last year. The injury rate for the quarter was 3.8 compared to 3.2 in the same quarter last year.

In our Swedish operations, there were six lost-time injuries in the second quarter. Accumulated for the last four quarters, the injury rate was 15.5 compared with 7.4 the previous quarter and 8.0 in the same quarter last year. The injury rate for the quarter was 19.5 against 5.1 in the same quarter last year.

In our Danish operations, there were two lost-time injuries in the quarter. Accumulated for the last four quarters, the injury rate was 4.0 compared with 5.0 the previous quarter and 7.0 in the same quarter last year. The injury rate in this quarter was 9.1 compared to 9.0 for the same quarter last year.

The Company is not satisfied with the development in injury rates and has initiated comprehensive efforts in all its operations to reduce the number of injuries.

**Sickness absence**

Cumulative sickness absence in %	As of Q2 2011*	As of Q1 2011*	As of Q2 2010*	2010*
All employees in Norway	5.7	5.5	5.5	5.4
Skilled workers Norway	7.7	7.3	7.2	7.1
All employees in Sweden	3.6	3.1	3.1	2.8
Skilled workers Sweden	5.5	4.3	4.4	3.9
All employees in Denmark	2.1	1.9	2.5	2.2
Skilled workers in Denmark	2.5	2.1	2.7	2.2

\* 12 months rolling.

Sickness absence increased in all countries in the quarter. Norway and Sweden also increased compared with the same period last year, while Denmark declined compared to last year.

## FINANCIAL SITUATION

	Q2 2011	Q2 2010	2010	2009
Interest-bearing position	-878	-877	-162	101
Investments in machinery and equipment	120	112	376	434
Sale of property, machinery and equipment	17	2	73	40
Total assets	9 993	8 915	8 071	7 860
Equity share (%)	19.0	19.3	25.2	25.7
Unused, committed borrowing facilities	812	893	1 653	1 896

MNOK

The Group's financial position remains strong. The change in net interest-bearing position for the quarter was -370 MNOK and was mainly a consequence of seasonal fluctuations in construction and industry operations, dividends paid out for 2010 totaling 334 MNOK, as well as the structural transactions that are commented on in Note 7 and 8.

## TRANSACTIONS WITH RELATED PARTIES

Veidekke has ongoing transactions with related parties as part of its normal activities, including agreements on the development of specific projects. In the second quarter of 2010 Veidekke had no material transactions with related parties. In note 34 to the financial statements for 2010, details are provided on the types of transactions and their extent for last year.

## SHAREHOLDER INFORMATION

	Q2 2011	Q2 2010
Number of million shares traded	3.8	7.4
<b>Largest shareholders</b>	<b>Ownership share in %</b>	
OBOS	28.0	
If Skadeförsäkring	8.8	
Folketrygdfondet	7.2	
Veidekke employees	19.7	
Foreign shareholders	22.3	

In all, 3.8 MNOK Veidekke shares were traded in the second quarter. The largest shareholders as of 30 June 2011 were OBOS, IF Skadeförsäkring AB and Folketrygdfondet.

In the second quarter, a sale of shares to senior executives in Veidekke was completed.

356 employees acquired 1 200 090 shares from the Veidekke Employees' Share Purchase Foundation during the subscription period 5-12 May. As before, the employees could choose between two offers: Offer A with a 20% discount and partial funding assistance; Offer B with a 30% discount and no financial assistance. The maximum number of shares was 4,500 per employee. The share prices were NOK 41.4 and NOK 36.2 with the respective 20% and 30% discount on the market price during the subscription period. The lock-in period for the shares is three years.

During the quarter the share price ranged between NOK 46.20 and NOK 53.50.

## MARKET AND COMPETITIVE SITUATION

The European economic situation in the first half was such that some countries, such as Germany and Sweden, show historically high growth rates, while other countries are struggling with huge government debt and low production.

The Norwegian economy developed as expected in the first half with a decline in unemployment and good production growth. Output growth is set at 2.4%. Household investment in housing is now growing strongly. Housing starts so far this year have performed better than expected, and in total can reach 30 000 in 2011. Price growth for existing homes is considerable, and it is likely to increase in total for 2011 by around 10%. Sales of homes has improved throughout the year. For commercial buildings, the availability of new projects has been good. This applies to both private and public buildings. In transportation infrastructure, there are plans for significant expansion. So far this year, the availability of new projects has been somewhat less than expected, and there has been great competition for the projects that have come up for tender.

Last year's strong production growth in Sweden created a basis for increased activity in the construction industry. Housing construction is now rising significantly and is expected to reach just under 30 000 housing starts this year. Even if interest rates continue to rise in Sweden, lower unemployment and rising employment will still provide the basis for good housing demand going forward. Investment in commercial buildings is expected to increase by around 5% This year. Public investment in buildings is contributing most to the favorable development. Within construction we have witnessed in the first half of this year a slight decline in construction investment, but from a high level. A more stable development during the autumn is expected when several projects are put out in the market.

The optimism we have registered in the Danish building and construction industry last year, has now fallen somewhat back. Companies' financial situation is reflected in lower demand in both



building and construction. Activity is being supported today by public investment.

Since the beginning of August there has been considerable unrest in the international financial markets. It is, however, too early to tell how this will affect the Scandinavian construction market.

### **RISK AND UNCERTAINTY FACTORS**

Veidekke's activities are related to the execution of individual projects. There is considerable variation in orders with respect to project complexity, size and risk. It is crucial to Veidekke's results that project risk be analysed already at the tendering stage and that it be handled systematically and professionally throughout the implementation phase. Veidekke's project portfolio consists primarily of contracts entered into under tight market conditions in 2009 and 2010. This denotes high pressure on margins, making it more difficult for construction operations in the short term to achieve the Group's profitability targets.

There is greater pressure in the labour market, especially in the two capitals Oslo and Stockholm. This could affect the availability of relevant expertise. This has a high focus and is sought to be offset through the systematic recruitment and development.

Subcontractor and material prices show an increasing trend, but with variations. Risks are associated with market developments and the Company's assessment of when to enter into binding agreements relating to signed contracts and tendered offers. This risk is partly handled by entering into long-term cooperation agreements with strategic suppliers, as well as careful analy-

sis and monitoring of prices on essential inputs.

In Denmark, there are many companies in the construction industry who are struggling financially. Veidekke has therefore focused on following up sub-contractor's ability to deliver when it comes to ongoing and as well as new projects.

Future earnings of the property segment will depend on the initiation of new projects. Future earnings in the property segment will depend on the initiation of new projects. An increase in the number of new projects is expected to continue through 2012. Veidekke has a rule that the construction of new projects shall not be initiated until a sales rate of 50% is achieved. Increased activity in housing development is positively contributing to margins of both property and construction operations.

The acquisition of 50% of the shares in Bouwfonds Veidekke AB involves exposure to the property market in Stockholm. This has resulted in an increase in the amount of capital invested in the property segment.

The competition case into the asphalt business in Mid-Norway is an event that involves a risk of exposure for Veidekke. It has also had significance for the reputation of the company. Under certain conditions, Veidekke has received full leniency. If these conditions are met, Veidekke will not be subject to penalties from the Competition Authority. In our opinion the media has not discovered any information beyond what we have informed the Competition Authority of. Furthermore, based on our analysis, it is unlikely that the risk exposure related to claims against previous deliveries, could have significant impact on the financial statements.

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Oslo, 10 August 2011  
Board of Veidekke ASA  
Martin Mæland  
Chairman

Gro Bakstad Annika Billström Jette W. Knudsen Peder Chr. Løvenskiold Hans von Uthmann

Steinar Krogstad Inge Ramsdal Lars Skaare

Terje R. Venold  
President and CEO





### CONSOLIDATED INTERIM ACCOUNTS (UNAUDITED)

- A. Financial accounts for Second Quarter**
- B. Segment accounts**
- C. Geographic segments**
- D. Statement of changes in equity**
- E. Notes to the interim accounts**

### DECLARATION BY THE BOARD OF DIRECTORS AND GROUP DIRECTOR

The Board of Directors and President and CEO have today treated and approved the interim, consolidated half year financial statement and report at 30 June 2011. The half year financial report has been prepared in accordance with the requirements in IAS 34 Interim Financial Reporting, which has been approved by the EU, as well as additional Norwegian requirements stipulated in the Securities Trading Act.

To the best of our knowledge and belief, the half year financial statement gives a true and fair view of the Group assets, liabilities and financial position, as well as the results of its operations, and the half year financial report reflects a true and fair view of important events during the accounting period and their influence on the half year financial statement, as well as the main risk and uncertainty factors the Group faces in the next accounting period and the major transactions of related parties.

Oslo, 10 August 2011  
 Board of Veidekke ASA  
 Martin Mæland  
 Chairman

Gro Bakstad Annika Billström Jette W. Knudsen Peder Chr. Løvenskiold Hans von Uthmann

Steinar Krogstad Inge Ramsdal Lars Skaare

Terje R. Venold  
 President and CEO

## A. FINANCIAL ACCOUNTS FOR THE SECOND QUARTER 2011

MNOK

PROFIT AND LOSS	Q2 2011	Q2 2010	1.1. – 30.6. 2011	1.1. – 30.6. 2010	2010	2009
Operating revenues	4 315.1	4 189.9	7 755.8	7 300.5	15 744.9	15 923.4
Operating expenses	-4 159.8	-3 972.0	-7 614.7	-7 027.0	-14 960.7	-14 994.9
<b>Operating profit before depreciation (EBITDA)</b>	<b>155.3</b>	<b>218.0</b>	<b>141.1</b>	<b>273.5</b>	<b>784.2</b>	<b>928.5</b>
Impairment of non-current assets	-	-	-	-	-13.5	-
Depreciation	-87.6	-86.7	-171.4	-171.5	-348.5	-335.6
<b>Operating profit (EBIT)</b>	<b>67.7</b>	<b>131.2</b>	<b>-30.3</b>	<b>102.0</b>	<b>422.2</b>	<b>592.9</b>
Share of profit associated companies and joint ventures	157.1	4.3	165.4	2.7	21.9	46.7
Financial income	115.8	8.3	123.3	15.4	66.6	65.8
Financial expenses	-3.4	-4.0	-8.9	-9.2	-28.7	-77.0
<b>Earnings before tax</b>	<b>337.2</b>	<b>139.8</b>	<b>249.5</b>	<b>110.9</b>	<b>482.0</b>	<b>628.4</b>
Income tax expense	-61.1	-35.0	-43.6	-27.7	-128.2	-118.5
<b>Earnings after tax</b>	<b>276.1</b>	<b>104.8</b>	<b>205.9</b>	<b>83.2</b>	<b>353.8</b>	<b>509.9</b>
of which earnings non-controlling interests	2.0	1.8	1.9	2.1	8.5	9.2
Earnings per share (NOK) *	2.1	0.8	1.5	0.6	2.6	3.7
*No dilution effect						
<b>EXTENDED PROFIT AND LOSS ACCOUNT ACCORDING TO IAS 1</b>	<b>Q2 2011</b>	<b>Q2 2010</b>	<b>1.1. – 30.6. 2011</b>	<b>1.1. – 30.6. 2010</b>	<b>2010</b>	<b>2009</b>
Earnings after tax	276.1	104.8	205.9	83.2	353.8	509.9
Other income and cost:						
Currency conversion differences	-14.3	3.9	-11.4	-5.5	3.9	-95.0
Fair value adjustment of financial assets	-10.7	-16.4	1.5	-27.6	-10.4	6.8
<b>Total comprehensive income</b>	<b>251.1</b>	<b>92.3</b>	<b>196.0</b>	<b>50.1</b>	<b>347.3</b>	<b>421.7</b>
of which non-controlling interests	2.0	1.8	1.9	2.1	8.5	9.2

STATEMENT OF CASH FLOWS	Q2 2011	Q2 2010	1.1. – 30.6. 2011	1.1. – 30.6. 2010
Earnings before tax	337.2	139.8	249.5	110.9
Tax paid	-52.6	-61.2	-97.3	-107.1
Depreciation/impairment	87.6	86.7	171.4	171.5
Other operational items	-723.8	-136.3	-879.4	-599.4
<b>Cash flow from operating activities</b>	<b>-351.6</b>	<b>29.0</b>	<b>-555.8</b>	<b>-424.1</b>
Purchase/sale of tangible non-current assets	-103.6	-112.2	-184.1	-186.2
Other investment activities	142.8	-22.4	86.0	-27.9
<b>Cash flow from investment activities</b>	<b>39.2</b>	<b>-134.6</b>	<b>-98.1</b>	<b>-214.1</b>
Change in accounts receivable	-31.7	-9.3	-16.0	-6.6
Change in interest-bearing debt	404.2	434.0	756.9	999.6
Dividend paid	-334.3	-334.3	-334.3	-334.3
Purchases own shares	-	-	-	-
Redemption of debt in sold companies	154.6	-	154.6	-
Other financial items	122.5	-4.6	117.3	-5.4
<b>Cash flow from financing activities</b>	<b>315.3</b>	<b>85.8</b>	<b>678.5</b>	<b>653.3</b>
<b>Change in cash and cash equivalents</b>	<b>2.9</b>	<b>-19.8</b>	<b>24.6</b>	<b>15.1</b>
Cash and cash equivalents at the beginning of the period	173.8	179.1	152.1	144.1
Exchange rate adjustment foreign liquid reserves	-0.4	-0.6	-0.4	-0.5
Cash and cash equivalents, 30 June	176.3	158.7	176.3	158.7

MNOK

<b>NET INTEREST-BEARING POSITION</b>	<b>As of 30.6.2011</b>	<b>As of 30.6.2010</b>	<b>As of 31.12.2010</b>	<b>As of 31.12.2009</b>
Cash and cash equivalents	176.3	158.7	152.1	144.1
Interest-bearing assets (long-term)	266.6	270.6	250.6	264.0
Interest-bearing liabilities	-1 321.1	-1 306.3	-564.2	-306.7
<b>Net interest-bearing position</b>	<b>-878.2</b>	<b>-877.0</b>	<b>-161.5</b>	<b>101.4</b>
<b>Change in net interest-bearing position (from 1 January)</b>	<b>-716.7</b>	<b>-978.4</b>	<b>-262.9</b>	<b>361.4</b>
<b>OTHER KEY FIGURES</b>				
Orders-on-hand, Construction (MNOK)	13 938	12 347	12 183	12 334
Equity ratio (%)	19.0	19.3	25.2	25.7
Average number of employees	6 149	5 981	6 036	5 925
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>As of 30.6.2011</b>	<b>As of 30.6.2010</b>	<b>As of 31.12.2010</b>	<b>As of 31.12.2009</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	543.2	526.4	558.1	523.0
Other intangible assets	37.2	26.7	38.2	26.7
Deferred tax assets	53.1	79.3	53.1	79.3
Buildings/land	480.6	512.9	483.6	510.5
Machinery etc.	1 150.5	1 232.1	1 207.4	1 206.2
Investments in associated companies and joint ventures	460.8	637.4	603.1	637.7
Financial assets	310.5	336.2	280.4	317.1
<b>Total non-current assets</b>	<b>3 035.9</b>	<b>3 351.0</b>	<b>3 223.9</b>	<b>3 300.5</b>
<b>Current assets</b>				
Non-residential and residential projects	3 283.6	1 910.9	1 973.5	1 909.2
Inventories	303.0	365.6	250.6	265.9
Accounts receivable and other receivables	3 194.2	3 128.4	2 471.2	2 240.5
Cash and cash equivalents	176.3	158.7	152.1	144.1
<b>Total current assets</b>	<b>6 957.1</b>	<b>5 563.6</b>	<b>4 847.4</b>	<b>4 559.7</b>
<b>Total assets</b>	<b>9 993.0</b>	<b>8 914.6</b>	<b>8 071.3</b>	<b>7 860.2</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	66.9	66.9	66.9	66.9
Other equity	1 766.6	1 624.8	1 912.3	1 919.5
Non-controlling interests	62.4	30.8	55.5	35.3
<b>Total equity</b>	<b>1 895.9</b>	<b>1 722.5</b>	<b>2 034.7</b>	<b>2 021.7</b>
<b>Long-term liabilities</b>				
Pension liability and deferred tax	243.1	321.0	275.1	424.0
Debt to credit institutions etc.	1 319.7	1 260.2	562.5	305.6
Other long-term liabilities	401.7	46.9	41.5	45.6
<b>Total long-term liabilities</b>	<b>1 964.5</b>	<b>1 628.1</b>	<b>879.1</b>	<b>775.2</b>
<b>Short-term liabilities</b>				
Debt to credit institutions etc.	1.4	46.1	1.7	1.1
Creditors, guarantee funds	3 624.4	3 753.6	3 234.4	3 336.3
Unpaid government charges, tax payable	489.9	393.8	403.0	436.6
Other short-term liabilities	2 016.9	1 370.5	1 518.4	1 289.3
<b>Total short-term liabilities</b>	<b>6 132.6</b>	<b>5 564.0</b>	<b>5 157.5</b>	<b>5 063.3</b>
<b>Total equity and liabilities</b>	<b>9 993.0</b>	<b>8 914.6</b>	<b>8 071.3</b>	<b>7 860.2</b>

**B. BUSINESS SEGMENT ACCOUNTS**

	<b>Q2 2011</b>	<b>Q2 2010</b>	<b>1.1. – 30.6. 2011</b>	<b>1.1. – 30.6. 2010</b>	<b>2010</b>	<b>MNOK 2009</b>
<b>CONSTRUCTION</b> (specification page 14)						
Operating revenues	3 671.6	3 294.2	6 727.9	6 080.9	12 749.0	12 094.9
Operating expenses	-3 566.1	-3 159.8	-6 551.0	-5 784.5	-12 081.4	-11 427.3
Depreciation/impairment	-42.0	-36.3	-81.6	-74.1	-155.9	-150.5
<b>Operating profit (EBIT)</b>	<b>63.5</b>	<b>98.0</b>	<b>95.3</b>	<b>222.3</b>	<b>511.7</b>	<b>517.1</b>
Share of profit associated companies and joint ventures	-	0.1	-0.1	-	1.8	2.7
Net financial items	9.5	11.7	23.4	26.7	54.6	85.9
<b>Earnings before tax (EBT)</b>	<b>73.0</b>	<b>109.8</b>	<b>118.6</b>	<b>249.0</b>	<b>568.1</b>	<b>605.7</b>
<b>Total assets business segment</b>	<b>5 807.8</b>	<b>5 666.8</b>	<b>5 807.8</b>	<b>5 666.8</b>	<b>5 464.8</b>	<b>5 885.0</b>
<b>PROPERTY</b> (specification page 15)						
Operating revenues	377.1	305.7	754.2	440.0	1 065.7	711.2
Operating expenses	-343.6	-290.6	-694.0	-431.0	-1 064.4	-726.7
Depreciation/impairment	-1.3	-1.9	-2.3	-3.6	-17.9	-6.2
<b>Operating profit (EBIT)</b>	<b>32.2</b>	<b>13.2</b>	<b>57.9</b>	<b>5.4</b>	<b>-16.6</b>	<b>-21.7</b>
Share of profit associated companies and joint ventures	143.9	3.9	165.0	4.3	23.6	2.9
Net financial items	0.7	-4.1	-1.2	-7.4	7.2	-55.1
<b>Earnings before tax (EBT)</b>	<b>176.8</b>	<b>13.0</b>	<b>221.7</b>	<b>2.3</b>	<b>14.2</b>	<b>-73.9</b>
<b>Total assets business segment</b>	<b>3 504.9</b>	<b>2 711.9</b>	<b>3 504.9</b>	<b>2 711.9</b>	<b>2 657.3</b>	<b>2 584.6</b>
<b>INDUSTRY</b>						
Operating revenues	826.9	849.2	1 137.9	1 101.5	3 075.6	2 968.0
Operating expenses	-729.9	-753.5	-1 126.7	-1 081.9	-2 817.9	-2 777.3
Depreciation/impairment	-44.1	-44.7	-87.1	-86.3	-172.2	-162.4
<b>Operating profit (EBIT)</b>	<b>52.9</b>	<b>51.0</b>	<b>-75.9</b>	<b>-66.7</b>	<b>85.5</b>	<b>28.3</b>
Share of profit associated companies and joint ventures	4.3	3.1	-1.6	-	-1.0	10.5
Net financial items	103.8	-6.5	97.4	-12.7	-20.9	-31.7
<b>Earnings before tax (EBT)</b>	<b>161.0</b>	<b>47.6</b>	<b>19.9</b>	<b>-79.4</b>	<b>63.6</b>	<b>7.1</b>
<b>Total assets business segment</b>	<b>1 695.1</b>	<b>2 206.0</b>	<b>1 695.1</b>	<b>2 206.0</b>	<b>1 559.8</b>	<b>1 705.4</b>
<b>OTHER OPERATIONS</b> <sup>1)</sup>						
Operating revenues	3.9	-16.5	7.9	3.5	45.5	288.9
Operating expenses	-26.2	-1.3	-50.7	-32.1	-101.1	-301.2
Depreciation/impairment	-0.2	-3.8	-0.4	-7.5	-16.0	-16.5
<b>Operating profit (EBIT)</b>	<b>-22.5</b>	<b>-21.6</b>	<b>-43.2</b>	<b>-36.1</b>	<b>-71.6</b>	<b>-28.8</b>
Share of profit associated companies and joint ventures	3.0	2.5	5.9	5.0	11.4	9.9
Net financial items	-1.6	2.0	-5.2	-1.7	-3.0	6.1
<b>Earnings before tax (EBT)</b>	<b>-21.1</b>	<b>-17.1</b>	<b>-42.5</b>	<b>-32.8</b>	<b>-63.2</b>	<b>-12.8</b>
<sup>1)</sup> Other operations include the Group's net financial items, central unassigned costs and earnings from the Group's operations outside Scandinavia.						
<b>GROUP ELIMINATIONS</b>						
Operating revenues	-245.6	-105.1	-455.9	-150.6	-639.4	-505.0
Operating expenses	245.7	115.1	458.9	160.6	646.4	505.0
Depreciation/impairment	-	-	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>0.1</b>	<b>10.0</b>	<b>3.0</b>	<b>10.0</b>	<b>7.0</b>	<b>-</b>
Share of profit associated companies and joint ventures	-	-	-	-	-	-
Net financial items	-	-	-	-	-	-3.0
<b>Earnings before tax (EBT)</b>	<b>0.1</b>	<b>10.0</b>	<b>3.0</b>	<b>10.0</b>	<b>7.0</b>	<b>-3.0</b>
<b>TOTAL VEIDEKKE GROUP SEGMENT ACCOUNT</b>						
Operating revenues	4 633.9	4 327.4	8 172.0	7 475.3	16 296.4	15 558.0
Operating expenses	-4 420.1	-4 090.1	-7 963.5	-7 168.9	-15 418.4	-14 727.5
Depreciation/impairment	-87.6	-86.7	-171.4	-171.5	-362.0	-335.6
<b>Operating profit (EBIT)</b>	<b>126.2</b>	<b>150.6</b>	<b>37.1</b>	<b>134.9</b>	<b>516.0</b>	<b>494.9</b>
Share of profit associated companies and joint ventures	151.2	9.6	169.2	9.3	35.8	26.0
Net financial items	112.4	3.1	114.4	4.9	37.9	2.2
<b>Earnings before tax (EBT)</b>	<b>389.8</b>	<b>163.3</b>	<b>320.7</b>	<b>149.1</b>	<b>589.7</b>	<b>523.1</b>
<b>Total assets segment</b>	<b>9 523.4</b>	<b>8 816.7</b>	<b>9 523.4</b>	<b>8 816.7</b>	<b>7 798.6</b>	<b>7 779.4</b>



## RECONCILIATION SEGMENT ACCOUNTS VERSUS FINANCIAL ACCOUNTS

	Q2 2011	Q2 2010	1.1. – 30.6. 2011	1.1. – 30.6. 2010	2010	MNOK 2009
<b>TOTAL VEIDEKKE GROUP SEGMENT ACCOUNT</b>						
Operating revenues	4 633.9	4 327.4	8 172.0	7 475.3	16 296.4	15 558.0
Operating expenses	-4 420.1	-4 090.1	-7 963.5	-7 168.9	-15 418.4	-14 727.5
Depreciation/impairment	-87.6	-86.7	-171.4	-171.5	-362.0	-335.6
<b>Operating profit (EBIT)</b>	<b>126.2</b>	<b>150.6</b>	<b>37.1</b>	<b>134.9</b>	<b>516.0</b>	<b>494.9</b>
Share of profit associated companies and joint ventures	151.2	9.6	169.2	9.3	35.8	26.0
Net financial items	112.4	3.1	114.4	4.9	37.9	2.2
<b>Earnings before tax (EBT)</b>	<b>389.8</b>	<b>163.3</b>	<b>320.7</b>	<b>149.1</b>	<b>589.7</b>	<b>523.1</b>
<b>Total assets segment</b>	<b>9 523.4</b>	<b>8 816.7</b>	<b>9 523.4</b>	<b>8 816.7</b>	<b>7 798.6</b>	<b>7 779.4</b>
<b>IFRIC 15 ADJUSTMENT <sup>1) 2)</sup></b>						
Operating revenues	-318.8	-137.5	-416.2	-174.8	-551.5	365.4
Operating expenses	260.3	118.1	348.8	141.9	457.7	-267.4
Depreciation/impairment	-	-	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>-58.5</b>	<b>-19.4</b>	<b>-67.4</b>	<b>-32.9</b>	<b>-93.8</b>	<b>98.0</b>
Share of profit associated companies and joint ventures	5.9	-5.3	-3.8	-6.6	-13.9	20.7
Net financial items	-	1.2	-	1.3	-	-13.4
<b>Earnings before tax (EBT)</b>	<b>-52.6</b>	<b>-23.5</b>	<b>-71.2</b>	<b>-38.2</b>	<b>-107.7</b>	<b>105.3</b>
<b>Total assets segment</b>	<b>469.6</b>	<b>97.9</b>	<b>469.6</b>	<b>97.9</b>	<b>272.7</b>	<b>80.8</b>

<sup>1)</sup> According to IFRS, income and earnings for housing projects for own account shall not be recognised in the income statement till the time when the apartment is delivered to the buyer (pass of legal title). In the internal monitoring of housing projects the reporting is done according to successive cost accounting. This means that revenue and earnings are recognised in accordance with the final forecast for the project, percentage of completion and percentage of sales. The principles of current income are assumed in the segment accounts of this report.

<sup>2)</sup> See also the accompanying notes, item 2 Accounting policies.

	Q2 2011	Q2 2010	1.1. – 30.6. 2011	1.1. – 30.6. 2010	2010	2009
<b>TOTAL VEIDEKKE GROUP</b>						
Operating revenues	4 315.1	4 189.9	7 755.8	7 300.5	15 744.9	15 923.4
Operating expenses	-4 159.8	-3 972.0	-7 614.7	-7 027.0	-14 960.7	-14 994.9
Depreciation/impairment	-87.6	-86.7	-171.4	-171.5	-362.0	-335.6
<b>Operating profit (EBIT)</b>	<b>67.7</b>	<b>131.2</b>	<b>-30.3</b>	<b>102.0</b>	<b>422.2</b>	<b>592.9</b>
Share of profit associated companies and joint ventures	157.1	4.3	165.4	2.7	21.9	46.7
Net financial items	112.4	4.3	114.4	6.2	37.9	-11.2
<b>Earnings before tax (EBT)</b>	<b>337.2</b>	<b>139.8</b>	<b>249.5</b>	<b>110.9</b>	<b>482.0</b>	<b>628.4</b>
<b>Total assets Group</b>	<b>9 993.0</b>	<b>8 914.6</b>	<b>9 993.0</b>	<b>8 914.6</b>	<b>8 071.3</b>	<b>7 860.2</b>

**Construction operations by country**

			1.1. – 30.6. 2011	1.1. – 30.6. 2010		MNOK 2009
<b>CONSTRUCTION NORWAY</b>	<b>Q2 2011</b>	<b>Q2 2010</b>			<b>2010</b>	<b>2009</b>
Operating revenues	2 381.2	2 258.6	4 437.6	4 290.9	8 666.2	8 121.4
Operating expenses	-2 323.0	-2 154.1	-4 322.3	-4 048.2	-8 139.9	-7 549.6
Depreciation/impairment	-31.3	-27.6	-60.0	-57.2	-119.4	-118.5
<b>Operating profit (EBIT)</b>	<b>26.9</b>	<b>76.9</b>	<b>55.3</b>	<b>185.5</b>	<b>406.9</b>	<b>453.3</b>
Share of profit associated companies and joint ventures	-	-	-0.1	-	1.1	1.3
Net financial items	8.1	10.4	20.6	23.4	45.2	69.1
<b>Earnings before tax (EBT)</b>	<b>35.0</b>	<b>87.3</b>	<b>75.8</b>	<b>208.9</b>	<b>453.2</b>	<b>523.7</b>
<b>Total assets business segment</b>	<b>4 245.9</b>	<b>4 124.3</b>	<b>4 245.9</b>	<b>4 124.3</b>	<b>4 077.6</b>	<b>4 451.8</b>
<b>CONSTRUCTION SWEDEN</b>						
Operating revenues	903.8	693.3	1 621.3	1 173.1	2 804.1	2 355.0
Operating expenses	-866.2	-672.6	-1 573.7	-1 134.6	-2 706.8	-2 299.4
Depreciation/impairment	-8.7	-6.7	-17.6	-12.8	-28.3	-22.3
<b>Operating profit (EBIT)</b>	<b>28.9</b>	<b>13.9</b>	<b>30.0</b>	<b>25.7</b>	<b>69.0</b>	<b>33.3</b>
Share of profit associated companies and joint ventures	-	0.1	-	-	-	-
Net financial items	-0.2	-0.1	-0.4	-	2.7	3.1
<b>Earnings before tax (EBT)</b>	<b>28.7</b>	<b>13.9</b>	<b>29.6</b>	<b>25.7</b>	<b>71.7</b>	<b>36.4</b>
<b>Total assets business segment</b>	<b>824.9</b>	<b>708.6</b>	<b>824.9</b>	<b>708.6</b>	<b>561.7</b>	<b>566.2</b>
<b>CONSTRUCTION DENMARK</b>						
Operating revenues	386.6	342.3	669.0	616.9	1 278.7	1 618.5
Operating expenses	-376.9	-333.1	-655.0	-601.6	-1 234.7	-1 578.3
Depreciation/impairment	-2.0	-2.0	-4.0	-4.1	-8.2	-9.7
<b>Operating profit (EBIT)</b>	<b>7.7</b>	<b>7.2</b>	<b>10.0</b>	<b>11.1</b>	<b>35.8</b>	<b>30.5</b>
Share of profit associated companies and joint ventures	-	-	-	-	0.7	1.4
Net financial items	1.6	1.4	3.2	3.3	6.7	13.7
<b>Earnings before tax (EBT)</b>	<b>9.3</b>	<b>8.6</b>	<b>13.2</b>	<b>14.4</b>	<b>43.2</b>	<b>45.6</b>
<b>Total assets business segment</b>	<b>737.0</b>	<b>833.9</b>	<b>737.0</b>	<b>833.9</b>	<b>825.5</b>	<b>867.0</b>
<b>TOTAL CONSTRUCTION</b>						
Operating revenues	3 671.6	3 294.2	6 727.9	6 080.9	12 749.0	12 094.9
Operating expenses	-3 566.1	-3 159.8	-6 551.0	-5 784.5	-12 081.4	-11 427.3
Depreciation/impairment	-42.0	-36.3	-81.6	-74.1	-155.9	-150.5
<b>Operating profit (EBIT)</b>	<b>63.5</b>	<b>98.0</b>	<b>95.3</b>	<b>222.3</b>	<b>511.7</b>	<b>517.1</b>
Share of profit associated companies and joint ventures	-	0.1	-0.1	-	1.8	2.7
Net financial items	9.5	11.7	23.4	26.7	54.6	85.9
<b>Earnings before tax (EBT)</b>	<b>73.0</b>	<b>109.8</b>	<b>118.6</b>	<b>249.0</b>	<b>568.1</b>	<b>605.7</b>
<b>Total assets business segment</b>	<b>5 807.8</b>	<b>5 666.8</b>	<b>5 807.8</b>	<b>5 666.8</b>	<b>5 464.8</b>	<b>5 885.0</b>

## Property development by country

	Q2 2011	Q2 2010	1.1. – 30.6. 2011	1.1. – 30.6. 2010	2010	MNOK 2009
<b>PROPERTY NORWAY</b>						
Operating revenues	217.5	119.4	444.2	216.5	572.4	349.1
Operating expenses	-197.9	-107.0	-403.8	-199.7	-528.3	-349.0
Depreciation/impairment	-1.3	-1.8	-2.3	-3.5	-17.8	-6.1
<b>Operating profit (EBIT)</b>	<b>18.3</b>	<b>10.6</b>	<b>38.1</b>	<b>13.3</b>	<b>26.3</b>	<b>-6.0</b>
Share of profit associated companies and joint ventures	10.5	4.1	30.2	4.6	21.2	3.7
Net financial items	1.8	-4.2	1.4	-6.7	9.0	-45.6
<b>Earnings before tax (EBT)</b>	<b>30.6</b>	<b>10.5</b>	<b>69.7</b>	<b>11.2</b>	<b>56.5</b>	<b>-47.9</b>
<b>Total assets business segment</b>	<b>1 790.3</b>	<b>1 634.2</b>	<b>1 790.3</b>	<b>1 634.2</b>	<b>1 642.3</b>	<b>1 675.3</b>
<b>PROPERTY SWEDEN</b>						
Operating revenues	159.4	186.3	309.5	223.4	472.4	359.3
Operating expenses	-143.4	-182.2	-286.5	-228.7	-466.0	-342.2
Depreciation/impairment	-	-0.1	-	-0.1	-0.1	-0.1
<b>Operating profit (EBIT)</b>	<b>16.0</b>	<b>4.0</b>	<b>23.0</b>	<b>-5.3</b>	<b>6.3</b>	<b>17.0</b>
Share of profit associated companies and joint ventures	133.4	-0.2	134.8	-0.3	2.4	6.1
Net financial items	-0.3	1.1	-0.9	1.4	2.1	-1.9
<b>Earnings before tax (EBT)</b>	<b>149.1</b>	<b>4.9</b>	<b>156.9</b>	<b>-4.2</b>	<b>10.8</b>	<b>21.2</b>
<b>Total assets business segment</b>	<b>1 508.2</b>	<b>812.8</b>	<b>1 508.2</b>	<b>812.8</b>	<b>791.4</b>	<b>619.8</b>
<b>PROPERTY DENMARK</b>						
Operating revenues	0.2	-	0.5	0.1	20.9	2.8
Operating expenses	-2.3	-1.4	-3.7	-2.7	-70.1	-35.5
Depreciation/impairment	-	-	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>-2.1</b>	<b>-1.4</b>	<b>-3.2</b>	<b>-2.6</b>	<b>-49.2</b>	<b>-32.7</b>
Share of profit associated companies and joint ventures	-	-	-	-	-	-6.9
Net financial items	-0.8	-1.0	-1.7	-2.1	-3.9	-7.6
<b>Earnings before tax (EBT)</b>	<b>-2.9</b>	<b>-2.4</b>	<b>-4.9</b>	<b>-4.7</b>	<b>-53.1</b>	<b>-47.2</b>
<b>Total assets business segment</b>	<b>206.3</b>	<b>264.9</b>	<b>206.3</b>	<b>264.9</b>	<b>223.6</b>	<b>289.5</b>
<b>TOTAL PROPERTY DEVELOPMENT</b>						
Operating revenues	377.1	305.7	754.2	440.0	1 065.7	711.2
Operating expenses	-343.6	-290.6	-694.0	-431.0	-1 064.4	-726.7
Depreciation/impairment	-1.3	-1.9	-2.3	-3.6	-17.9	-6.2
<b>Operating profit (EBIT)</b>	<b>32.2</b>	<b>13.2</b>	<b>57.9</b>	<b>5.4</b>	<b>-16.6</b>	<b>-21.7</b>
Share of profit associated companies and joint ventures	143.9	3.9	165.0	4.3	23.6	2.9
Net financial items	0.7	-4.1	-1.2	-7.4	7.2	-55.1
<b>Earnings before tax (EBT)</b>	<b>176.8</b>	<b>13.0</b>	<b>221.7</b>	<b>2.3</b>	<b>14.2</b>	<b>-73.9</b>
<b>Total assets business segment</b>	<b>3 504.9</b>	<b>2 711.9</b>	<b>3 504.9</b>	<b>2 711.9</b>	<b>2 657.3</b>	<b>2 584.6</b>

C. GEOGRAPHIC SEGMENTS	Q2 2011	Q2 2010	1.1. – 30.6. 2011	1.1. – 30.6. 2010	2010	2009
<b>NORWAY</b>						
Operating revenues	3 309.2	3 177.1	5 795.8	5 539.8	12 021.2	11 073.2
Earnings before tax (EBT)	226.6	145.4	165.4	140.7	573.3	482.9
<b>SWEDEN</b>						
Operating revenues	969.6	828.9	1779.7	1 323.6	3 031.1	2 575.3
Earnings before tax (EBT)	177.8	18.8	186.5	21.4	82.5	57.6
<b>DENMARK</b>						
Operating revenues	386.8	342.3	669.5	616.9	1 299.6	1 620.6
Earnings before tax (EBT)	6.4	6.2	8.3	9.7	-9.9	-1.6
<b>OTHER</b>						
Operating revenues	-31.7	-20.9	-73.0	-5.1	-55.5	288.9
Earnings before tax (EBT)	-21.0	-7.1	-39.5	-22.8	-56.2	-15.8





**D. STATEMENT OF CHANGES IN EQUITY**

	Controlling interest							Non-controlling interests	Total
	Share capital	Nom. Value own shares	Other equity*	Foreign currency differences	Other revenue reserves	Fair value Reserves **	Total equity due to equity holders of Veidekke		
<b>Equity at 31 December 2008</b>	<b>68.0</b>	<b>-1.1</b>	<b>304.8</b>	<b>22.0</b>	<b>1 746.0</b>	<b>-50.7</b>	<b>2 089.0</b>	<b>36.8</b>	<b>2 113.9</b>
Implementation of IFRIC 15				-10.6	-130.3		-140.9		-140.9
<b>Equity at 1 January 2009</b>	<b>68.0</b>	<b>-1.1</b>	<b>304.8</b>	<b>11.4</b>	<b>1 615.7</b>	<b>-50.7</b>	<b>1 948.1</b>	<b>24.9</b>	<b>1 973.0</b>
Total profit				-95.0	502.0	5.4	412.4	9.2	421.6
Cancellation of own shares	-1.1	1.1					-		-
IFRS 2 – Share-based transactions employees					-21.0		-21.0		-21.0
Change in non-controlling interests								-0.1	-0.1
Change in accounting of Seby AS					-10.4		-10.4	9.4	-1.0
Options agreement acquisition of minority shares in Seby					-9.2		-9.2		-9.2
Step acquisition – consolidation point					0.7		0.7		0.7
Dividends					-334.3		-334.3	-8.0	-342.3
<b>Equity at 31 December 2009</b>	<b>66.9</b>	<b>0.0</b>	<b>304.8</b>	<b>-83.6</b>	<b>1 743.5</b>	<b>-45.3</b>	<b>1 986.3</b>	<b>35.3</b>	<b>2 021.7</b>
<b>Equity at 1 January 2010</b>	<b>66.9</b>	<b>0.0</b>	<b>304.8</b>	<b>-83.6</b>	<b>1 743.5</b>	<b>-45.3</b>	<b>1 986.3</b>	<b>35.3</b>	<b>2 021.7</b>
Total profit				-5.5	81.1	-27.6	48.0	2.1	51.1
Change in non-controlling interests								0.6	0.6
IFRS 2 – Share-based transactions employees					-8.3		-8.3		-8.3
Dividends					-334.3		-334.3	-7.2	-314.5
<b>Equity at 30 June 2010</b>	<b>66.9</b>	<b>0.0</b>	<b>304.8</b>	<b>-89.1</b>	<b>1 482.0</b>	<b>-72.9</b>	<b>1 691.7</b>	<b>30.8</b>	<b>1 722.5</b>
<b>Equity as of 1 January 2011</b>	<b>66.9</b>	<b>0.0</b>	<b>304.8</b>	<b>-83.6</b>	<b>1 743.5</b>	<b>-45.3</b>	<b>1 986.3</b>	<b>35.3</b>	<b>2 021.7</b>
Total profit				3.9	345.3	-10.4	338.8	8.5	347.3
Change in non-controlling interests					1.5		1.5	19.0	20.5
IFRS 2 – Share-based transactions employees					-13.2		-13.2		-13.2
Dividends					-334.3		-334.3	-7.3	-341.6
<b>Equity as of 31 Desember 2010</b>	<b>66.9</b>	<b>0.0</b>	<b>304.8</b>	<b>-79.7</b>	<b>1 742.8</b>	<b>-55.7</b>	<b>1 979.1</b>	<b>55.5</b>	<b>2 034.7</b>
<b>Equity as of 1 January 2011</b>	<b>66.9</b>	<b>0.0</b>	<b>304.8</b>	<b>-79.7</b>	<b>1 742.8</b>	<b>-55.7</b>	<b>1 979.1</b>	<b>55.5</b>	<b>2 034.7</b>
Total profit				-11.4	204.0	1.5	194.1	1.9	196.0
Change in minority								7.3	7.3
IFRS 2 – Share-based transactions employees					-5.5		-5.5		-5.5
Dividends					-334.3		-334.3	-2.3	-336.6
<b>Equity as of 30 June 2011</b>	<b>66.9</b>	<b>0.0</b>	<b>304.8</b>	<b>-91.1</b>	<b>1 607.0</b>	<b>-54.2</b>	<b>1 833.4</b>	<b>62.4</b>	<b>1 895.9</b>

\* Fully paid capital over and above nominal value of shares.

\*\* Changes in the fair value of available for sale financial instruments and instruments.

There have been no purchases of own shares in 2011.

## E. NOTES TO THE INTERIM ACCOUNTS

### 1. General information

Veidekke is a Scandinavian construction and property development company with its headquarters in Oslo. The consolidated accounts for the second quarter of 2011 include Veidekke ASA and its subsidiaries and the Group's share of associated companies and joint ventures. At the end of the second quarter of 2011, the Group consisted of the same entities as reported in the annual accounts for 2010, with the exception of some purchases/sales carried out in Q2 2011. See Note 7 and 8 for discussion of business combinations in 2011.

### 2. Accounting principles

The Group's financial reporting is carried out in accordance with International Financial Reporting Standards (IFRS) approved by the EU. The quarterly accounts have been drawn up in accordance with IAS 34 Interim Financial Reporting and the Stock Exchange Rules.

The quarterly accounts have been drawn up in accordance with the same accounting policies as the annual accounts for 2010. No new accounting principles have been implemented in 2011 which have significant effect on Veidekke's Group accounts.

IFRIC 15, which impacts Veidekke's accounting of apartments which are sold for its own account, was implemented in 2010. The new accounting rule clarifies which activities come under the rules for construction contracts (IAS 11) and which activities are to be treated like sales of goods (IAS 18), and the point in time at which revenue and earnings from property development projects are to be recognised in the accounts. As a consequence of this principle, revenue and earnings from a developer's sale of housing unit(s) shall not be recognised until the time at which the unit(s) has been contractually delivered to the buyer (pass of legal title).

Veidekke has chosen to maintain current project reporting in line with the end prognosis of projects, rate of completion and sales rate, in the segment

accounts. This is to provide as correct a picture as possible of current value creation in the segment of property development and ensure conformity with the Group's internal management reporting.

The interim financial statements do not include all information required in an annual report and should therefore be read in conjunction with the Group's financial accounts for 2010, which can be obtained by contacting the company or online at [www.veidekke.com](http://www.veidekke.com).

### 3. Segment reporting

The Group's segments are based on its business segments: Construction, Property Development and Industry. Segmental results for the second quarter of 2011 can be found in the table on page 12.

### 4. Estimates

Construction and property development projects form a large part of Veidekke's operations. The accounting of project activities is, to a large degree, based on estimates. The material assessments made in the application of the Group's accounting policies and the most important sources of uncertainty in the estimates are the same for the second quarter of 2011 as those presented in the annual accounts for 2010.

### 5. Acquisition of businesses and investments

Owing to climatic conditions, the Group's asphalt and aggregate operations are subject to seasonal fluctuations. Most of the production takes place between April and October, and turnover from these operations therefore accrues during these months. However, expenses relating to operations and maintenance of the production organisation and depreciation are spread over the whole year. As a result, there will normally be significant fluctuations in the quarterly accounts for the industry division, and the reports for the first, second and third quarters therefore also include figures for a rolling 12-month period for the Group and for the industry division.

	12 months rolling at 30 June 2011	12 months rolling at 30 June 2010	MNOK 2010
<b>INDUSTRY</b>			
Turnover	3 112.0	2 918.4	3 075.6
Earnings before tax	162.9	43.7	63.6
<b>GROUP</b>			
Turnover	16 993.1	15 521.8	16 296.4
Earnings before tax	761.3	601.2	589.7

## 6. Fixed assets

<b>PROPERTY, OTHER INTANGIBLE ASSETS, MACHINERY, ETC.</b>	<b>Q2 2011</b>	<b>Q2 2010</b>	<b>Accumul- ated Q2 2011</b>	<b>Accumul- ated Q2 2010</b>
<b>Book value at start of period</b>	<b>1 784.0</b>	<b>1 729.5</b>	<b>1 729.2</b>	<b>1 743.4</b>
Additions	120.3	111.8	208.0	188.2
Additions, acquisition of operations	9.0	23.8	65.5	23.8
Depreciation	-87.6	-86.7	-171.4	-171.5
Currency conversion differences	-5.5	-4.3	-3.9	-7.4
Disposals non-current assets/sale of operations	-151.9	-2.4	-159.1	-4.8
<b>Book value at end of period</b>	<b>1 668.3</b>	<b>1 771.7</b>	<b>1 668.3</b>	<b>1 771.7</b>
Other intangible assets	37.2	26.7	37.2	26.7
Property	480.6	512.9	480.6	512.9
Machinery, etc.	1 150.5	1 232.1	1 150.5	1 232.1
<b>Book value at end of period</b>	<b>1 668.3</b>	<b>1 771.7</b>	<b>1 668.3</b>	<b>1 771.7</b>

  

<b>GOODWILL</b>	<b>Q2 2011</b>	<b>Q2 2010</b>	<b>Accumul- ated Q2 2011</b>	<b>Accumul- ated Q2 2010</b>
<b>Book value at start of period</b>	<b>589.0</b>	<b>521.5</b>	<b>558.1</b>	<b>523.0</b>
Additions	-	5.4	29.5	5.4
Depreciation	-	-	-	-
Currency conversion differences	-5.2	-0.5	-3.8	-2.0
Disposals	-40.6	-	-40.6	-
<b>Book value at end of period</b>	<b>543.2</b>	<b>526.4</b>	<b>543.2</b>	<b>526.4</b>

## 7. Acquisition of operations and investments

In the fourth quarter of 2010, a letter of intent to acquire a 51% stake in the plant contracting company Albert Kr. Hæhre AS was signed. A due diligence was completed in the second quarter of 2011, but the parties did not reach consensus on a final purchase agreement. The transaction was therefore not completed.

On 31 May 2011, Veidekke bought the remaining 50% of the shares in Bouwfonds Veidekke AB, a company that was established in 2005. Through a management agreement, Veidekke Bostad was responsible for project acquisition, development, implementation and management. Veidekke Bostad bought the shares for 241 MNOK, of which 134 MNOK will be paid by an approved regulation of one of the larger projects. As

a result of the transaction, Bouwfonds Veidekke AB is consolidated as a wholly-owned subsidiary rather than as a joint venture, as before. In turn, this has resulted in an increase in Veidekke's balance sheet by 805 MNOK, which is primarily financed through seller credits. Seller credits amount to 380 MNOK, and are classified under the item other liabilities. The acquisition means that Veidekke strengthens its presence in the Stockholm area, where it expects strong growth ahead. The excess value is linked to parcels of land located in central Stockholm. The property portfolio in Bouwfonds Veidekke AB is expected to convert to 1 600 units.

Veidekke Bouwfonds AB group had a turnover of 86 MNOK in 2010 and a net profit of 11.6 MNOK.

**Excess value analysis of Bouwfonds Veidekke AB**

	<b>Book value acquired operations</b>	<b>Fair value adjustment</b>	<b>Balance acquisition <sup>1)</sup></b>
Cash and cash equivalents	20.2		20.2
Residential projects	533.1	275.5	808.6
Accounts and other receivables	84.9		84.9
Other long-term liabilities	-380.3		-380.3
Other short-term liabilities	-51.8		-51.8
<b>Other identified assets and liabilities</b>	<b>206.1</b>	<b>275.5</b>	<b>481.6</b>
Goodwill at time of acquisition		0.0	0.0
Value of shares already owned by Veidekke (50 %)		240.6	240.8
Agreed purchase price for 50 % of shares			240.8
<b>Total</b>			<b>481.6</b>
Purchase price for shares			240.8
Agreed deferred payment			-133.6
Cash received			-20.2
<b>Net cash outflow</b>			<b>87.0</b>

<sup>1)</sup> Excess value analysis is ongoing.

The acquisition means that Veidekke's original ownership accounts are valued at fair value (IFRS3) The transaction has a positive effect on earnings in the financial statements equal to 137 MNOK in the second quarter of 2011. This is entered into the accounts under earnings from joint ventures. The effect of the transaction on segment accounts results is 133 MNOK.

**8. Sale of operations and investments**

In March 2011 Veidekke signed an agreement for the sale of the Company's recycling operations. Completion of the sale required approval from the Competition Authorities, which was first presented in June 2011. Veidekke had operated recycling activities in Norway, with focus on treatment of industrial waste in eastern and western Norway. These operations were removed from Veidekke's Group accounts at the end of June 2011. Turnover for the first half of the year was 245 MNOK (202 MNOK) with an earnings before tax of 14 MNOK (-1 MNOK). In 2010 the operations had a turnover of 410 MNOK and reported profit before tax of 21 MNOK in 2010. Compensation for the shares was 181 MNOK. The transaction is recorded in the second quarter of 2011 with a gain of 109 MNOK. The gain is included under financial income. For the Group, the transaction resulted in a positive cash flow effect of 335 MNOK.

**9. Financial instruments**

There were no material changes during the period related to financial risk and the Group's use of financial instruments. Further details can be found in the annual report for 2010.

**10. Special items for 2010**

On 19 February 2010, Parliament adopted a new pension scheme (early retirement pension) for the private sector with effect from 2010. In the accounts for 2010, previous year's pension allocations were reversed (income) totalling of 82 MNOK. Of this, 66 MNOK related to Construction Norway, 13 MNOK to Industry segment, while the remaining 3 MNOK have been reversed under Property development Norway and Other segments. Revenue recognised was mainly recognised in Q1 2010 (95 MNOK).

**11. Norwegian Competition Authority case**

In January 2010, on the basis of a request from Veidekke, the Competition Authority initiated an investigation into possible price-fixing in Veidekke's asphalt business. This case involves a risk of exposure for Veidekke. Under certain conditions and in accordance with applicable competition laws, Veidekke will obtain full leniency. Based on our preliminary assessments, it is unlikely that claims for earlier deliveries will have a



significant impact on the accounts. The case has significance for Veidekke's reputation. For further information, please see the report for the fourth quarter of 2010 and the annual report for 2010.

### 12. Dividends

Proposed dividends are first recognised as a liability upon approval by the General Assembly. For the fiscal year 2010, a dividend of Kr 2.50 per share was proposed, which totals 334 MNOK. This was adopted at the Annual General Meeting held on 4 May 2011 and is thus accounted for in the second quarter of 2011.

### 13. Post balance sheet events

No events have occurred since the balance sheet date that would have had any significant effect on the submitted accounts.

### 14. Deferred income recording on projects for own account within housing development according to IFRIC 15

The Group has implemented, on 1 January 2010, accounting principle IFRIC 15 which governs the accounting of contracts for the construction of real estate. As a result of this regulatory change, income and gains from the sale of housing for a company's own account shall not be entered into accounts before the property has been contractually delivered to the buyer (pass of legal title). As part of Veidekke's internal follow-up on projects of this type, measurements are conducted in line with successive income reporting. This means that revenue and earnings are recognised in accordance with the final forecast for the project, percentage of completion and percentage of sales. Our segment reporting follows these principles.

### Overview of operating revenue and earnings before tax (EBT) recognised under the segment accounts

MNOK

OPERATING REVENUES	Q2 2011	Q2 2010	2010	2009
Accumulated operating revenues from projects not delivered to buyer at start of period.	864,2	248,9	763,2	211,7
Additions purchase of companies (Bouwfonds Veidekke AB)	88,5		88,5	
+ Operating revenues from projects not delivered to buyer in the period	318,5	191,2	594,2	242,0
- Operating revenues from projects delivered to buyer in the period	0,0	-53,6	-178,4	-67,2
+/- Currency conversion differences	-23,4		-19,6	
<b>Accumulated operating revenues from projects not delivered to buyer at end of period</b>	<b>1 247,8</b>	<b>386,5</b>	<b>1 247,8</b>	<b>386,5</b>
<b>EARNINGS BEFORE TAX</b>				
Accumulated earned income before tax on projects not delivered to buyer at start of period	162.1	47.5	143.2	32.8
Additions purchase of companies (Bouwfonds Veidekke AB)	8.8		8.8	
+ Earnings before tax from projects not delivered to buyer in the period	65.5	31.6	115.5	46.9
- Earnings before tax from projects delivered to buyer in the period	-12.9	-8.1	-44.4	-8.7
+/- Currency conversion differences	-3.4		-3.0	
<b>Accumulated earned income before tax on projects not delivered to buyer at end of period</b>	<b>220.1</b>	<b>71.0</b>	<b>220.1</b>	<b>71.0</b>

Statement is to be understood such that the rates as of 30 June 2011 are an earned income of 1 247.8 MNOK and a profit before tax of 220.1 MNOK on sold flats under construction. These results are recorded as income in the segment reporting, but can not be recognised in accordance with IFRS. Revenues will first be recognised in the financial statements at the time of handover of individual apartments.

## INFORMATION ABOUT THE COMPANY

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Business registration number: 917103801  
 Founded: 1936  
 Headquarters: Skabos vei 4, Skøyen, 0278 Oslo

Veidekke's Articles of Association and the company's policy for corporate governance are accessible at [http://en.veidekke.com/investor-relations/corporate\\_governance/](http://en.veidekke.com/investor-relations/corporate_governance/)

### The Board of Directors consists of:

Martin Mæland (chairman)  
 Gro Bakstad  
 Annika Billström  
 Jette W. Knudsen  
 Peder Chr. Løvenskiold  
 Hans von Uthmann  
 Steinar Krogstad, employee representative  
 Inge Ramsdal, employee representative  
 Lars S. Skaare, employee representative

### Corporate management team:

Terje R. Venold	President and CEO
Dag Andresen	Executive Vice President, responsible for construction operations in Norway
Arne Giske	Executive Vice President, responsible for property operations in Scandinavia
Per-Ingemar Persson	Executive Vice President, responsible for construction operations in Sweden and Denmark and industry operations
Jørgen Wiese Porsmyr	Executive Vice President, CFO
Bente Lillestøl	Executive Vice President, responsible for HR, HSE and Environment
Kai Krüger Henriksen	Executive Vice President, for communication and contact with the authorities

### Investor Relations:

Financial director Jørgen G. Michelet  
 Telephone: +47 21 05 77 22  
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### Financial calendar:

*Publication of the quarterly financial statements in 2011:*  
 Q3 2011: 3 November 2011  
 Q4 2011: 16 February 2012

