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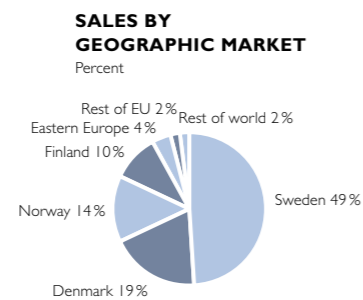
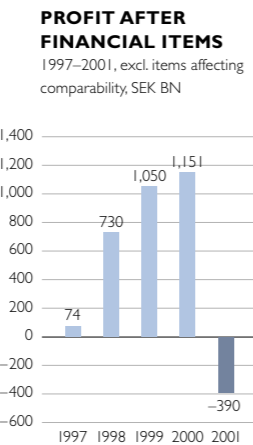
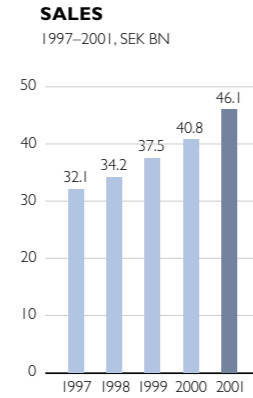
FINANCIAL INFORMATION 2002

- April 3 Annual General Meeting
- May 3 Interim report, January–March
- August 21 Interim report, January–June
- November 4 Interim report, January–September

The above reports will be sent automatically to shareholders who wish to receive them. Others can order them from: NCC AB, SE-170 80 Solna, Tel: +46 8 585 510 00, Fax +46 8 85 77 75, e-mail: info@ncc.se or Internet: www.ir.ncc.se/english NCC's Stakeholder Report can also be ordered from the above sources. The real estate specification is available on: www.ir.ncc.se/english NCC AB (publ) Corp. Reg. No. 556034-5174. Registered Head Office: Solna.

TOMORROW'S ENVIRONMENTS FOR WORKING, LIVING AND COMMUNICATIONS

- NCC is one of the leading construction and property-developing companies in the Nordic region. The Group had annual sales of SEK 46 billion in 2001, with 28,000 employees.
- NCC constructs roads and civil engineering facilities, telecommunications infrastructure, housing, offices and other buildings. It also produces building materials and is one of the largest suppliers of aggregates, asphalt and ready-mixed concrete in the Nordic region. In selected markets outside the Nordic region, the Group engages in large-scale, technologically advanced civil engineering projects. NCC specializes in property development, meaning the identification, development and sale of real estate projects. The Group also offers machinery-rental services.
- NCC's vision is that the customer should be able to expect a bit more from NCC when it comes to developing future environments for work, living and communications. We shall operate as a young, exciting company that is distinguished by its customer focus, simple straightforward solutions and responsible action.



NCC's GEOGRAPHIC FOCUS – THE NORDIC MARKET



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responsibility

Building the environments of the future entails a major responsibility. Responsible enterprise creates value for customers and enables us to meet the financial expectations of our owners.

focus

Focusing on a successful business approach means assigning priority to profitability rather than volume. Our competitive edge is developed in close cooperation with customers. Our main focus is to devote all our time and resources to satisfying our customers' needs in the best possible manner.

simplicity

Simplicity means minimizing all forms of bureaucracy that restrict the business and do not generate added value for our customers. Simple, straightforward solutions boost our efficiency. Doing business with NCC must be as simple as possible.

2001 – NEW LEADERSHIP AND RESTRUCTURING

- The number of Members of NCC's Board elected by the Annual General Meeting was reduced from nine to five. Tomas Billing was appointed new Chairman.
- In May, Alf Göransson was appointed President and Chief Executive Officer of NCC, succeeding Jan Sjöqvist. Alf Göransson took office on September 17. A new Executive Management Group was appointed during the autumn.
- During the year, an agreement was reached with Vasakronan regarding the sale of 50 percent of Kista Science Tower, which was the largest project in progress in the NCC Group during 2001.
- During 2001, NCC concluded agreements with Tele2, 3G Infrastructure Services (3GIS) and Hi3G regarding the build-out of infrastructure for third-generation mobile telecommunications (UMTS, 3G).
- A comprehensive restructuring and action program was introduced during autumn 2001 to improve the NCC Group's profitability. A new Group structure was introduced as of January 1, 2002, resulting in shorter decision-making paths and geographic coordination. It is estimated that a total of approximately 2,500 employees will leave NCC due to these measures.
- NCC will gradually become a leaner, sharper and more profitable company, with its main focus on the Nordic market.

KEY FIGURES

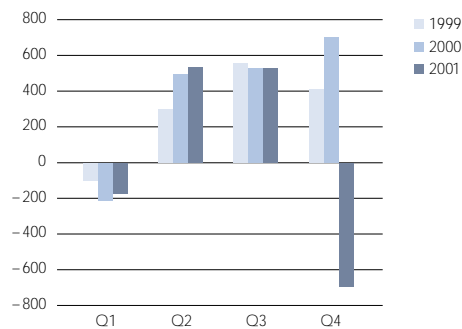
	2001	Pro forma 2000
Orders received, SEK M	50,647	46,316
Sales, SEK M	46,058	40,808
Operating profit (EBIT), SEK M ¹⁾	204	1,509
Profit/loss after financial items (EBT), SEK M ¹⁾	-390	1,151
Earnings per share after full tax, SEK ¹⁾	-5.75	7.45
Cash flow before financing, SEK M	-746	-2,356 ²⁾
Dividend per share, SEK	2.25	4.50
Return on shareholders' equity, % ¹⁾	neg	8.4
Equity/assets ratio, %	19	27
Number of employees	28,170	25,192

¹⁾ All earnings figures, plus the return ratios, are shown excluding items affecting comparability. Items affecting comparability were negative in an amount of SEK 1,740 M in 2001 and positive in an amount of SEK 912 M in 2000.

²⁾ Not pro forma. For information regarding pro forma calculations, see Report of the Board of Directors on page 38.

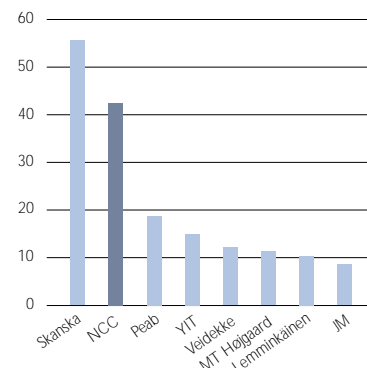
OPERATING PROFIT (EBIT)

Excluding items affecting comparability, SEK M



NCC's COMPETITORS IN THE NORDIC MARKET

2001, sales, SEK BN



NCC's main competitors during 2001 were the major Nordic construction companies, Skanska, Peab, JM, Veidekke, Lemminkäinen, YIT and MT Højgaard.

Source: NCC's estimates.

A LEANER BUT SHARPER NCC

NCC is on the way to becoming a more focused and more profitable company, as reflected in our vision in which we firmly state that our main market is the Nordic region. At the same time, we will become sharper. The customer should be able to expect a bit more from NCC when it comes to developing future environments for work, living and communications. During 2002, this vision will serve as the foundation for profitable growth in selected market segments.

While NCC is becoming a slightly smaller company, at least in the short term, we have raised the objective for our profitability from a return of 12 percent on shareholders' equity after tax to 15 percent. During the past twelve years, NCC has managed to produce a return of 12 percent in only one year. It may therefore seem unduly bold to set a higher level of ambition at a time like this. However, the failure to achieve our objectives was the starting point we used when we evaluated the Group's business in the autumn of 2001. At the end of 2001, this process led to decisions to substantially restructure the business, write down assets and sharpen the focus of our business concept; it also enabled us to see that the profitability target not only should – but could – be raised.

Raising the profitability target is possible because NCC does not only consist of loss-making units or ones with low profitability – it also has operations with a healthy earnings capacity that are active in sectors where the potential for future growth is deemed to be very good. The measures that have now been taken consist of liquidating or closing down operations that have a weak potential or which can be developed better with an owner other than NCC. Much of this work has already been done. The cost-cutting measures will be implemented before the end of 2002 and impact fully on earnings as of 2003.

FOCUS FIRST ON CONSOLIDATION – THEN ON PROFITABLE GROWTH

Examples of operations that have been closed down or downsized include civil engineering operations in western Denmark, portions of the civil engineering and tunnel operations conducted in Norway, a large part of the building services business in Sweden, unprofitable units in the Swedish construction sector and building operations in Poland. In addition, corporate costs have been halved and two decision-making levels in the organization have been removed.

NVS, a heating and plumbing installation company that was sold to a group of investors, is an example of units that have been divested. Using Altima, the machinery-rental company, as



President and Chief Executive Officer Alf Göransson introduced a comprehensive process of change within the NCC Group during autumn 2001. In the short term, NCC will become a smaller company in terms of sales and a leaner company in terms of focus. At the same time, the Group will become sharper and more profitable.

a base, we are investigating opportunities to participate in a necessary structural transformation of this company's sector. Our concrete business is being evaluated and may be sold. Efforts to sell our managed properties are continuing and we intend to have sold them within a period of two years.

The costs of the restructuring program amount to SEK 1.2 billion. The workforce is being reduced by nearly 10 percent, or about 2,500 employees. In addition, a number of employees will leave the Group due to the sale of NVS and other possible divestments.

This wide-ranging action program will result in a leaner but sharper NCC. Following our comprehensive analysis of NCC's operations in autumn 2001, we now know our strengths and weaknesses, and where we have the greatest opportunities to conduct profitable business. Among other measures, we will develop our housing and property-development operations, primarily in expanding regions in the Nordic countries, further streamline our building operations and expand the value chain in what we call NCC Roads – for example, through increased activity in such areas as highway maintenance, road marking

and traffic safety. During 2002 we will concentrate on what we do best and consolidate our market position. When this process is complete, we will focus on growth in the Nordic region, which is absolutely necessary in order to achieve our profitability target and sustainable profitability.

NCC is largely a construction company, but the building of an office property, for example, is only part of the process that creates value. One way to develop NCC is to enter the value chain as early as possible. This value chain extends from the time a project is conceived until tenants move in and begin to use the premises.

NCC Property Development has been skillful in adopting this approach. The business area's work starts with an idea, continues with the acquisition of land, project engineering of an area, urban-planning work, building blueprints, construction and leasing and ends with a sale to an investor or a user.

“Open-book” business relationships, such as those reflected in NCC’s partnering concept, are an example of how the Group will become “sharper.” The Group’s scope will be reduced in the short term, so that it can then grow in profitable sectors.

OPEN-BOOK BUSINESS APPROACH

The value of a project increases for each phase that is completed, and we want to convince our customers of the benefits of this approach through what we call partnering. By participating in our customers’ projects at an earlier stage than the actual building process, we can jointly contribute values and qualities that cannot be achieved in a traditional customer-supplier relationship. NCC’s wealth of knowledge in the project-development field could be of great value to our customers and I am convinced that our customers’ total costs will be reduced if our know-how is utilized as earlier as possible in a project.

This broader approach is well established in American and UK markets, and one that our company in Denmark is applying with great success. I believe that the entire Nordic market needs

a more open relationship with customers – one that is based on trustful cooperation. Partnering involves reporting the costs of a project openly and working with the customer to achieve a better and less costly end result. The customer and NCC become partners and agree on a price ceiling. If the assignment costs less, we share the “profit” in a manner determined in advance. Both parties also gain by avoiding the usual discussions regarding changes in the original plans. The customer and NCC have a shared interest in both reducing the costs and risks and increasing user value. Quite simply, it is a matter of focusing on the customer. The customer pays only for the values that we create – not for our presence.

OUR VALUES ARE RESPONSIBILITY, SIMPLICITY AND FOCUS

There has been a great deal of less-than-flattering talk about the construction industry in recent months. We in NCC have acknowledged our participation in asphalt cartels in parts of Sweden. In doing so, we have wanted to make it clear that we do not accept the lack of ethical standards and business morals that were a prerequisite for the collusion.

NCC is a company that wants to welcome competition, not abolish it. There are three key words on the cover of this year’s Annual Report: *Responsibility*, *Simplicity* and *Focus*. These words describe in brief how we intend to behave in our relations with customers, employees and all other interested parties who are affected by our actions.

This also involves being self-critical, learning from our mistakes and making sure that they are not repeated. I am convinced that this is necessary if NCC is to meet the financial objectives that we have set.

A construction company is, in the highest degree, involved and participates in protecting, preserving and improving the environments in which we operate in the home, at work and elsewhere. As part of this program we have shifted responsibility for environmental and quality matters farther out within our organization – closer to customers – where this responsibility can be put to greater use. From a practical viewpoint, this shows that NCC takes all environmental and quality-related matters very seriously.

NCC’s employees have had a difficult year. A large number have left the Company as a consequence of the restructuring program. The criticism that has been directed against the industry and NCC also hurts the individual employee despite the fact that only a few persons account for the problems that have come to light. I want to express great gratitude for the loy-



All the site managers who supervise individual projects are an important part of NCC's "backbone". Tord Lundin (right) is one of the Group's approximately 1,500 site managers in Sweden. CEO Alf Göransson (left) visits an average of one worksite a week.

ality and positive spirit that employees have shown in spite of these circumstances.

At the same time I am convinced that we, as a company, have been strengthened by the setbacks and have been welded more closely together. We must walk tall and let the world know all the things we are good at – not shy away and hide because of the problems we have to deal with. Let us infuse our customers and other stakeholders with the pride we feel in our professionalism, our expertise and our company.

OUTLOOK

In total, NCC's result after net financial items for 2001, which was marked by restructuring measures, write-downs and provisions, amounted to a loss of SEK 2.1 billion. Net sales and orders received increased and the order backlog at the beginning of 2002 was 19 percent higher than a year earlier. As a result of the actions taken and based on the business conditions anticipated for 2002, we expect to achieve earnings of at least SEK 1

billion after net financial items. The long-term profitability target is a return of 15 percent on shareholders' equity after tax. We have not determined exactly when this target is to be met. First, we have to deliver the profit promised for 2002. Moreover, it is completely clear that not only customers should be able to expect a little bit more of NCC. This must also apply to shareholders.

Solna, February 2002

Alf Göransson
President and Chief Executive Officer

FOCUS ON PROFITABILITY



Attractive residential area. At the Tuborg district in Denmark, NCC transformed an industrial site into a modern housing environment. The development of this area, which is characterized by close proximity to the sea and pioneering design, was the result of NCC's innovativeness. The apartments were completed in August 2001.

VISION

The customer should be able to expect a bit more from NCC when it comes to developing future environments for work, living and communications.

We shall operate as a young, exciting company that is distinguished by its customer focus, simple, straightforward solutions and responsible action.

STRATEGIC ORIENTATION

NCC's future strategic orientation involves a focus on the Nordic market. Profitability – with a concentration on core operations – will be given priority ahead of volume. Major emphasis will be assigned to adding value, assuming increased responsibility and participating in the customer's value chain. Financial risks will be reduced. Over the long term, growth is essential for stable profitability.

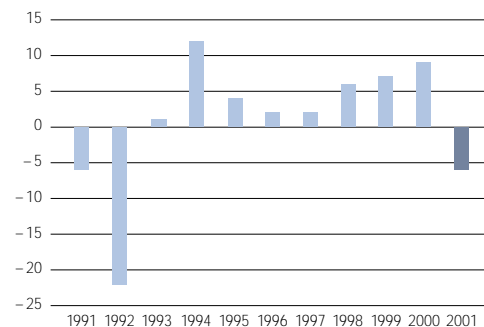
PROCESS OF CHANGE TO INCREASE PROFITABILITY

NCC's profitability has been unsatisfactory for a long time. During the past twelve years, the objective the Company has set for return on shareholders' equity, which corresponds to 12 percent after taxes, has been met only once. At the same time, this objective has been lower than that set by other companies in the industry. This indicates that NCC is suffering from structural problems with respect to tied-up capital, costs and the focus of operations.

In 2001, against the background of its unsatisfactory profitability, a radical process of change was begun within NCC. Alf Göransson took office as the new CEO in September and work on developing a comprehensive restructuring program was begun during the autumn. The first tangible steps in a long series of changes were taken in October, when the Head Office organization was reduced sharply. A new Group structure (see page 7) was adopted in November, following which the program of change has gradually been implemented and secured in the organization. The 2002 fiscal year will be characterized by restructuring. It is expected that the full effect of the cost-savings will be felt in 2003.

RETURN ON EQUITY AFTER FULL TAX

1991–2001, percent

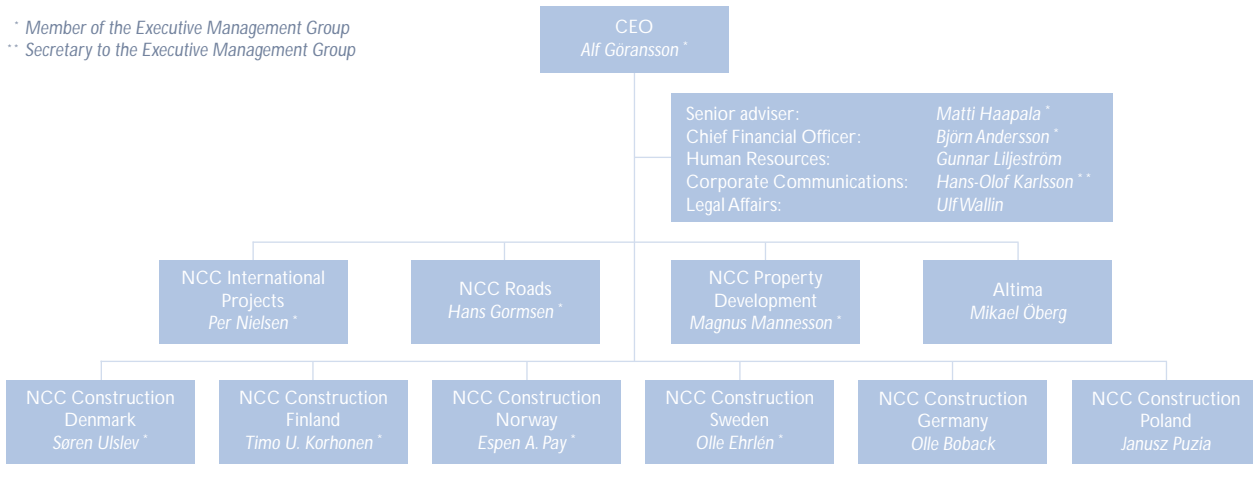


The process of change consists of two major steps, the first being a number of defensive measures designed to consolidate operations, and the second involving more proactive measures. Initially, the changes will result in NCC becoming a leaner and more selective company with the Nordic region as its domestic markets, but also a sharper and more profitable company.

The cost-cutting measures that are being implemented and the proactive measures that will be introduced during 2002 will form a foundation for raising NCC's financial objective from a return of 12 percent on shareholders' equity after taxes to 15

GROUP STRUCTURE

* Member of the Executive Management Group
 ** Secretary to the Executive Management Group



NCC's new Group structure reduces decision-making paths and increases geographic proximity. NCC Construction includes the former Contracting, Housing, Telecom and Service business areas. The regional managers within NCC Construction report directly to the country president. The regional managers within NCC Roads report directly to the business area president. Within certain areas, the new organization removes two decision-making levels. The total number of regions has been reduced; for example, from 23 to six in Sweden (excluding Housing).

percent. An equity/assets ratio of 30 percent is another key target, as is a positive cash flow.

NEW GROUP STRUCTURE

A new organizational structure, with new business areas, smaller corporate offices and fewer staff positions, was introduced as of January 1, 2002. The number of staff positions at the Group and business area level has been halved. The former Contracting, Housing, Telecom and Service business areas are being coordinated under Construction Sweden, Construction Norway, Construction Denmark, Construction Finland, Construction Germany and Construction Poland. NCC Industry has been restructured to form NCC Roads, which also includes paving and road-marking operations. NCC International comprises large Nordic and international civil engineering projects. Machinery operations, formerly a part of NCC Industry, have been placed in a separate company, Altima, with a view to increasing the percentage of external customers. NCC Property Development continues to be organized as before.

FOCUS ON THE NORDIC MARKET

NCC's domestic market is the Nordic region. Other markets are being evaluated and some parts of operations are being closed down. Since Poland is no longer a domestic market for NCC, the building operations conducted in that country have

been liquidated and housing operations are being phased out gradually. No expansion will take place in Germany. International business is being concentrated in a few civil engineering segments where NCC has leading-edge expertise and where the experience it has gained from earlier operations can be used.

UNPROFITABLE OPERATIONS/GEOGRAPHIC AREAS BEING PHASED OUT OR RESTRUCTURED

Unprofitable offices are being closed down or restructured in all Nordic countries. The number of regions is being reduced in several countries, which is helping to reduce corporate overheads.

A number of parts of NCC's Norwegian civil engineering business have been unprofitable in recent years. Accordingly, a restructuring program that will adapt the cost structure in Norway to the reduced volume of business was introduced at the end of 2001. Parts of NCC's Danish civil engineering operations have also been experiencing serious profitability problems for a number of years. This applies in particular to the units on the islands of Jutland and Fyn and the liquidation of these operations was therefore begun at the beginning of 2002. In Finland, the civil engineering operations conducted by NCC were of a limited volume and unprofitable. They were closed down at the beginning of 2002.

Certain geographical areas in Sweden have been marked by losses or very low profitability for a number of years. A number



Many parts of the NCC Group are attractive and have favorable future prospects. These are the areas that will be assigned priority and developed within Nordic growth regions. Property development, housing development and building operations are examples of such activities.

of restructuring measures – particularly in the building sector – have been implemented in the past two years. During 2002 the civil engineering and building service operations, in particular, are being restructured. Building service operations are being reduced by two thirds and the remaining segments are being integrated in Construction Sweden, with a focus on growth areas.

Operations in the telecommunications sector are concentrated in Sweden. Activities in Norway and Finland are being phased out. Facility Management is being liquidated completely.

DIVESTMENT OF NON-CORE OPERATIONS

NCC will focus on its core businesses. NVS, a subsidiary that is active in the installation market, was sold at the beginning of 2002. Other sectors that are not considered to be core NCC businesses will be evaluated and possibly divested. The feasibility of divesting the concrete business is being evaluated. With Altima as a base, the possibility of NCC participating in a structural deal in the Nordic machinery rental sector is being explored. Property management has not been a core NCC business for a number of years. The intention is to sell the holding of managed properties within two years.

SELECTIVE TENDERING POLICY

Profitability is to be given priority ahead of volume. This could mean that NCC will refrain from bidding for more projects in the future. A positive cash flow and careful management of the various risks associated with a project are important requirements in the bidding process. Proactive efforts are being made in segments where NCC's market position is strong, where the Group has a competitive edge and where the level of profitability is healthy.

PROACTIVE PROGRAMS IN PROFITABLE SEGMENTS

Several parts of NCC are attractive and have favorable future prospects. These will be given priority. One such segment is NCC's concept for total-package housing projects, which will be developed in growth regions in the Nordic countries. Property Development is another successful area. This will continue along the same lines as today, but primarily in the Nordic region. Following their restructuring, the Nordic building operations have a healthy and profitable core. The streamlining of roads operations within NCC Roads will result in NCC covering a larger portion of the customers' value chain, a chain that can be further expanded.

Partnering differs from traditional forms of contracting pri-

marily in that it involves cooperation with the customer rather than the traditional relationship between buyer and supplier. The basic elements in partnering are that the company and customer jointly establish a price ceiling, and that – based on this price – the partners agree on a structure of incentives designed to minimize project costs. The partners’ work on the project is conducted with “completely open books” and they share any surplus generated, as well as any loss. The main advantage for the customer is that the final cost is normally lower since, from an early stage of the project, the partners work together towards the achievement of joint goals. NCC has for some time conducted successful partnering projects, primarily in its building operations in Denmark, and such projects accounted for nearly one third of the year-end order backlog in Denmark.

LIMITING FINANCIAL RISKS

The financial risks to which NCC was exposed increased in 2001, due primarily to a negative cash flow, losses from business operations and restructuring costs. The action program that was begun in autumn 2001 involves active risk-management work in both individual projects and the Group as a whole (also see “Report of the Board of Directors,” pages 38–43). Measures to limit financial risks include being more selective in bidding for contracts, selling managed properties and other operations, tying up less capital in housing and property-development projects, and being “restrictive” in making acquisitions. One feature of efforts to limit financial risk is a monitoring of the various bonus systems for employees, where, for example, bonuses in the future will be linked more clearly to profitability and cash flow.

NCC’s VALUES

During 2001, a comprehensive internal program was conducted to identify the values that should apply for the NCC Group. These values can be summarized in terms of *focus*, *simplicity* and *responsibility*.

Focus means that everything starts with the customer and that the customer must have all our attention. Achieving focus requires concentrating on the transaction at hand and the customer. *Simplicity* means not making things unnecessarily difficult and bureaucratic. *Responsibility* means making sure that something happens, taking action and not waiting for someone else to act. NCC must demonstrate to its customers that the Company and its employees assume responsibility for the products and services that are delivered.

Underlying these three concepts are three other values that constitute the foundation for all corporate activity: *honesty*,

respect and reliability. NCC must always do business in a proper manner so that the customer can rely on the information NCC provides. Unfortunately, deficiencies in this respect came to light within NCC’s paving operations during 2001, after an independent inquiry confirmed that unlawful cartel operations had been conducted in the Company’s name.

Accordingly, a comprehensive action program will be implemented during 2002 to ensure that all NCC employees adhere to the Group’s values. The program includes an internal training course in corporate culture, ethical behavior and business morals for all NCC employees. The compulsory training in the field of competition legislation is being increased for both managers and other relevant employees. The present handbook on competition rules and regulations is being developed to constitute a compliance program containing binding instructions for all units within the Group regarding their responsibility to report any violations of the Competition Act. In scheduled career-development interviews with employees, managers must regularly follow up that the Competition Act is being followed, thus making compliance with the law an integral part of each manager’s employment contract.

CLEAR LEADERSHIP AS A MEANS OF CHANGING BEHAVIOR

The major process of change that NCC introduced in 2001 requires a change in behavior in many respects. It imposes high demands on leadership, its clarity and the confidence shown in it. The new organization that was introduced in 2002 shortens decision-making paths and defines areas of responsibility more clearly.

FINANCIAL OBJECTIVES

The basic long-term financial objective for the NCC Group is to achieve a 15-percent return on shareholders’ equity after tax. The equity/assets target of 30 percent is to be achieved by reducing total assets and increasing profitability. Cash flow should be positive. The dividend policy is that at least half of profit after taxes will be distributed to shareholders.

	Financial objectives	Actual				
		1997	1998	1999	2000	2001
Return on shareholders’ equity after full tax, % ¹⁾	15	2	6	7	9	neg
Equity/assets ratio, %	30	33	34	34	27	19
Cash flow, SEK M	Positive	4,223	592	-605	-2,356	-746

¹⁾ Excluding items affecting comparability.

NCC SHARE OUTPERFORMED THE INDEX

On average, the NCC share performed significantly better than the Stockholm Exchange during 2001. At year-end, the stock market price per Series B share was SEK 70. NCC's total market capitalization at the end of 2001 amounted to SEK 7.3 billion. Regularly updated share-price information and ownership statistics are available on NCC's website for investors: www.ir.ncc.se/english.

Nordstjernan shares were initially listed on the Stockholm Exchange's O List in 1988 and on the Exchange's A List in 1989. The shares were renamed NCC in 1991. One Series A share carries ten voting rights and a Series B share carries one voting right. During 2001, an average of 16,118 Series A shares and 95,092 Series B shares were traded per day. The number of NCC shareholders at the end of 2001 was 24,858 (25,591).

The highest price paid per Series B share during 2001 was SEK 85, and the lowest price was SEK 55. At year-end, the market price was SEK 70 (69), corresponding to a one-percent increase during 2001. The Stockholm Exchange as a whole (according to the AFV General Index) declined by 17 percent during the year. The sector index (AFV Construction and Real Estate Index) declined by 17 percent. At year-end, the weighting of Series B NCC shares in the AFV General Index was 0.26 percent and the weighting in the Construction and Real Estate Index was 7.45 percent.

During 2001, 26.8 million (33.9) NCC shares were traded on the OM Stockholm Exchange, corresponding to 26 percent (32) of the total number of NCC shares issued (excluding repurchased shares). The price of NCC shares fluctuated less than the General Index. The beta value for 2001 was 0.55, mean-

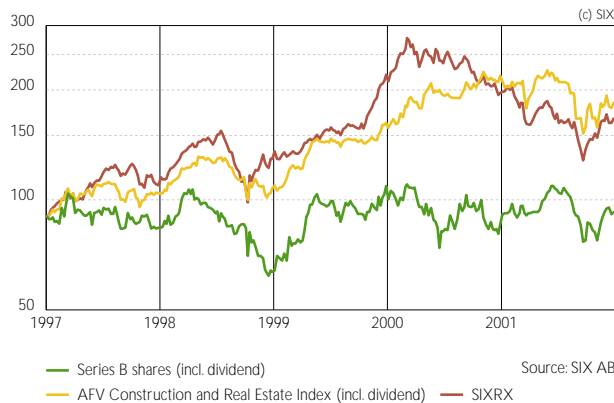
ing that volatility in the price of NCC shares was 45 percent less than the volatility reflected in the General Index during the year.

The 2001 Annual General Meeting renewed the Board's authorization to repurchase a maximum of 10 percent of the total number of Company shares. The main intention is to use the repurchased shares to cover the Company's obligations under the options program for senior NCC executives, which was also in effect during 1999–2001 (also see page 66). The program has been discontinued, as of 2002. NCC has repurchased a total of 3,474,589 Series B shares. During 2001, 699,300 shares were repurchased during the month of January. No further repurchases were made after that time. Less the repurchased shares, the total number of shares outstanding at year-end was 104,961,233.

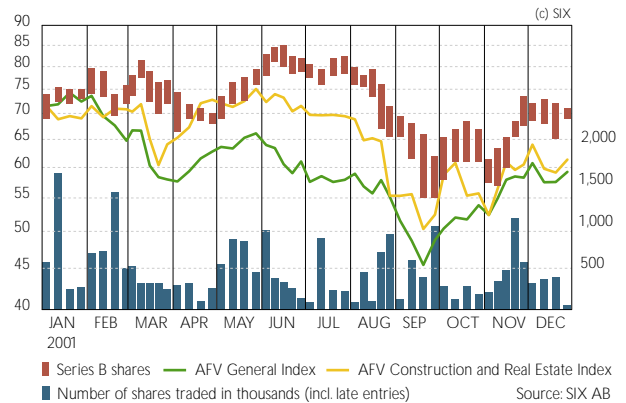
According to a decision made at the 1996 Annual General Meeting, a paragraph was added to the Articles of Association enabling holders of Series A shares to convert their Series A shares to B shares. During 2001, 653,264 Series A shares were converted to Series B shares. Written requests regarding the conversion of shares must be submitted to the Board of Directors, which must make its decisions regarding possible conversions no later than during December each year.

The Board of Directors proposes that a dividend of SEK 2.25 (4.50) be paid per share for 2001. NCC's dividend policy is to distribute approximately half of profit after taxes to shareholders. The total return (dividend plus share price performance) for NCC B shares was approximately 8 percent in 2001, compared with the stock-exchange average (Six Return Index) of minus 15 percent.

TOTAL RETURN INCLUDING DIVIDEND 1997–2001



SHARE PRICE AND TRADING VOLUME IN 2001



SHARE DATA

	2001	2000
Profit after full tax, SEK	-21.60	14.00
Shareholders' equity, SEK	69.75	93.90
Dividend, SEK	2.25 ¹⁾	4.50
Market price/visible shareholders' equity, %	100	73

¹⁾ The Board of Directors' proposal to the Annual General Meeting.

SERIES A AND B SHARES

	Series A shares	Series B shares	Total A and B shares
No. of shares held on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares during 2000	-665,914	665,914	
Shares repurchased during 2000	0	-2,775,289	
No. of shares held on Dec. 31, 2000	62,445,768	43,214,765	105,660,533
Conversion of Series A to Series B shares during 2001	-653,264	653,264	
Shares repurchased during 2001	0	-699,300	
No. of shares held on Dec. 31, 2001	61,792,504	43,168,729	104,961,233
Number of voting rights	617,925,040	43,168,729	661,093,769
Percentage of voting rights	93	7	100
Closing price, Dec. 28, 2001	69	70	
Market capitalization, SEK M	4,264	3,022	7,347

OWNERSHIP STRUCTURE AT DECEMBER 31, 2001

Shareholder	No. of Series A shares	No. of Series B shares	Percentage [*] Share capital	Votes
Nordstjernan AB	32,467,500	2,862,740	33.7	49.5
LE Lundbergföretagen AB	10,721,140	3,242,860	13.3	16.7
Robur mutual funds	6,445,620	4,988,761	10.9	10.5
Nordea mutual funds	395,200	4,107,300	4.3	1.2
Svenska Handelsbanken	1,400,993	1,017,705	2.3	2.3
Skandia	1,313,175	965,824	2.2	2.1
Alecta	1,024,091	953,351	1.9	1.7
HQ.SE mutual funds	0	1,482,650	1.4	0.2
Swedish Industrial Association	984,856	396,948	1.3	1.5
Third AP Fund	673,000	425,000	1.0	1.1
The Knowledge Foundation	600,000	375,000	0.9	1.0
Investor	0	950,000	0.9	0.1
Baltic Sea Foundation	0	922,973	0.9	0.1
Fourth AP Fund	673,000	175,000	0.8	1.0
SHB mutual funds	376,576	465,700	0.8	0.6
Second AP Fund	336,500	383,500	0.7	0.6
FPG/AMFK	248,700	330,700	0.6	0.4
SPP Livförsäkring AB	74,000	413,195	0.5	0.2
Lundberg, Fredrik, via companies	301,540	74,464	0.4	0.5
Futuris mutual fund	0	335,200	0.3	0.1
Total, largest 20 shareholders	58,035,891	24,868,871	79.0	91.5
Others	3,756,613	18,299,858	21.0	8.5
Total	61,792,504	43,168,729	100	100
Repurchased shares		3,474,589	3.3	0.5
Total number of shares	61,792,504	46,643,318		

^{*} Calculated after a deduction for repurchased shares.

Source: VPC and SIS Ågarservice.

TEN LARGEST CHANGES IN SHAREHOLDINGS DURING 2001

Shareholder	No. of Series A shares	No. of Series B shares	Percentage Share capital	Votes
First AP-fonden [*]	-673,000	-175,000	0.8	-1.0
Investor	0	801,400	0.8	0.1
Svolder [*]	0	-615,600	-0.6	-0.1
Confederation of Swedish Enterprises (formerly Swedish Employers' Confederation) [*]	0	-600,000	-0.6	-0.1
Odin mutual funds (Norway) [*]	0	-587,800	-0.6	-0.1
SPP Livförsäkrings AB	74,000	413,195	0.5	0.2
Nordea mutual funds	0	486,000	0.5	0.1
Nordstjernan	436,000	0	0.4	0.7
Futuris mutual fund	0	335,200	0.3	0.1
Trivise mutual fund	0	280,000	0.3	0.0

^{*} Entire holding was divested during 2001.

Source: VPC, SIS Ågarservice and NCC.

DISTRIBUTION OF SHARES BY HOLDING

No. of shares held	No. of shareholders	Percentage of total shareholders	No. of shares	Percentage of share capital
1-1,000	22,394	90.1	5,293,239	4.9
1,001-10,000	2,182	8.8	5,912,112	5.5
10,001-100,000	209	0.9	5,907,366	5.4
100,001-	73	0.2	91,323,112	84.2
Total	24,858	100	108,435,829	100.0

Source: VPC, SIS Ågarservice and NCC.

GEOGRAPHIC DISTRIBUTION OF SHAREHOLDINGS

Country	Percent of share capital, %	Change, percentage points
Sweden (incl. all holders of < 500 shares)	97.8	1.7
- of which, closely held companies (such as Nordstjernan)	36.4	0.7
- of which, mutual funds (such as Robur, Nordea)	18.8	0.9
- of which, exchange-listed companies (such as Lundbergföretagen)	16.6	0.7
- of which, private individuals	7.1	-0.2
Switzerland	0.8	0.4
Luxembourg	0.7	0.2
United Kingdom	0.4	-1.1
United States	0.3	0

Source: VPC, SIS Ågarservice and NCC.

CHANGES IN SHARE CAPITAL

	No. of shares	Share capital, SEK M
1988 Start of year	6,720,000	672
Split 1:4	20,160,000	-
Directed placement, in connection with acquisition of ABV	16,259,454	407
1991 Conversions of debentures	1,449,111	36
1993 Conversions of debentures	468,928	11
Directed placement in connection with purchase of minority-held NK shares	1,838,437	46
1994 New issue	19,841,991	496
Conversions of debentures	13,394,804	335
1997 Directed placement, in connection with acquisition of Siab	28,303,097	708
2001 Year-end	108,435,822	2,711

NCC'S DEVELOPMENT CONCEPT CREATES VALUE

At the core of NCC's business is a well-established development concept that captures much of the Group's expertise and experience. Taking a project all the way from idea to completion – and generating a healthy return in the process – demands knowledge of all phases of the construction process. The foundation for a successful project, and the first step in the development concept, is a creative idea.



1

CREATIVE IDEAS

The ability to cultivate and develop ideas that make efficient use of land areas in strategic locations is a prerequisite for a successful project. After developing a project idea, NCC takes action at an early stage to acquire land and development rights at attractive prices. The period from idea to completion often amounts to six to eight years. NCC's experience and creativity provide the prerequisites for growth and profitability.

2

CONTACTS WITH AUTHORITIES

NCC must often secure the support of public authorities to guide the project through the political process. In addition to resulting in satisfied customers and financial profits, construction and real estate projects must also benefit society. Naturally, building permits are always necessary, but sometimes a concession is also required for implementing a project.

3

FINANCING

NCC often conducts housing and real estate projects on a proprietary basis. Very large civil engineering projects, however, also require external financing, which is often arranged in partnership with international consortia. This allows NCC to share the project risk and facilitates implementation of large projects. NCC's specialist financial competencies are concentrated in a corporate finance function.

4

PROJECT PLANNING

Efficient project planning and an accurate investment budget form the basis for a project's profitability. A major aim in project planning is to maximize revenues while minimizing risks. NCC optimizes its revenues by satisfying its customers' requirements and exceeding their expectations. The process of minimizing the risks associated with a project begins with identifying the factors that may lead to cost overruns. Subsequently, thorough planning can eliminate most project risks.



5

PRODUCTION

Production encompasses all construction work – from the groundbreaking stage to a turnkey property – and can include everything from land remediation to IT installations. In many cases, the soil or adjacent waterways must be remediated, since many of the well-situated sites that become available were previously industrial sites. This is followed by foundation-engineering work, which varies according to the local conditions. In one of the largest projects, where the soil quality was that of loose clay, NCC stabilized the ground with the help of 60 kilometers of lime concrete piles driven 20 meters into the ground to prevent the adjacent subway viaduct from moving while the work was conducted. When the foundation work is completed, apartments, offices or other buildings, such as hospitals and schools, are constructed. In many cases, construction also includes the installation of broadband and radio masts for telecommunications, which NCC also provides.



6

SALE

A sale may take place at any time from the planning stage to project completion. NCC's aim for all property sales is to realize the best return on the capital invested. In efforts to ensure the best possible sales price, NCC utilizes an extensive network of investors, property users and brokers.

7

SERVICE

When construction has been completed, NCC offers various service solutions linked to the property or infrastructure. NCC focuses primarily on customers who desire assistance in servicing offices and IT infrastructure.

When a creative idea is combined with NCC's extensive experience, the result is a successful project with a satisfied customer and a healthy return on the investment. In this manner, NCC's development concept provides the conditions for creating value for all of the Group's stakeholders.

KNOWLEDGE REDUCES RISKS AND CREATES VALUE

Knowledge, work processes and relationships are valuable assets. While they are difficult to quantify and do not appear in the balance sheet, these “soft” values are applied in day-to-day work by all employees and in various ways. Knowledge and expertise are crucial for reducing risks and creating customer value, which, in the final analysis, is the basis for profitability and hence shareholder value.

The values that are reported as assets in the balance sheet can be regarded as describing the financial resources available to a company for creating not only customer value but also value for shareholders and other stakeholders. To effectively convert its balance-sheet resources into future revenues, a company must utilize and nurture its soft values. Examples of soft values include new ideas and concepts, the establishment of efficient work and skills-development processes, and the enhancement and protection of the corporate brand.

Since autumn 2001, NCC has been engaged in a comprehensive restructuring process whereby an even stronger focus than before has been placed on NCC’s most fundamental responsibility – creating value for the customer. Any activities that do not create customer value will be discontinued or remodeled. A knowledge-driven organization such as NCC creates customer value primarily through the development and effective use of the Company’s know-how. NCC’s know-how is concentrated in the line organization, the various country organizations and the central staff functions, or – as structured knowledge – in various types of support systems.

Developing the Company’s soft values is also a way of reducing risks. For the most part, this is achieved through various types of management systems, work tools and processes. Since this so-called “structural and process capital” is independent of individual skills, it is not tied to individual employees. Described in simple terms, the structural capital is what remains after the employees have gone home for the day. Quality systems, purchasing systems, IT systems, environmental management systems and idea-generating activities are a few examples. The task of binding the knowledge that exists in the organization to structures and processes is addressed in cooperation with employees from various parts of the Group. Resources from Research & Development also frequently play a role. Well-established management systems reduce the risks in building production, resulting in more efficient work and reduced costs. Defects in building construction normally account for about 5–10 percent of the total production cost, and the majority of defects result from recurring problems.

KNOW-HOW CREATES CUSTOMER VALUE

During 2001, NCC had approximately 28,000 employees, the majority of whom were skilled craftsmen, while about one third were salaried employees (see table). The largest proportion of salaried employees was in Finland. Nine out of ten employees were men.

Distribution of workforce by Nordic country

	Sweden	Denmark	Norway	Finland
Average number of employees in 2001 (approx.)	14,000	5,000	3,500	2,500
– of whom, salaried employees, %	42	34	34	43
– of whom, skilled craftsmen, %	58	66	66	57
– of whom, women, %	9	12	5	12
– of whom, younger than 35 years, %	23	38	34	32
– of whom, older than 56 years, %	27	12	16	5
Number of newly recruited technicians with academic qualifications, 2001	100	9	18	21

The proportion of salaried employees is higher in Sweden and Finland, which partly reflects different production philosophies. In Denmark and Norway, the number of NCC-employed skilled craftsmen is higher, while the proportion of project management assignments is higher in Sweden and Finland. Employees under the age of 46 account for two thirds of the workforce in Denmark. In Sweden, the proportion of older employees is higher, which is partly the result of the large-scale workforce cutbacks implemented at the beginning of the 1990s, combined with various labor laws specific to Sweden.

During autumn 2001 and the early part of 2002, the number of salaried employees was reduced in order to cut Group-wide costs. As a result, many highly competent employees had to leave the Group. However, this was regarded as unavoidable in view of the changes that needed to be made in the organization (read more on pages 6–9). The corporate structure was also changed to reduce the number of levels of management, in order to shorten decision-making paths. The new structure requires clear leadership and increases the potential to provide support to all employees. In a change process, it is of the utmost importance that employees have a clear picture of the new structure, as well as the plans and objectives that exist within the company. Accordingly, the measures that were initiated at the beginning of 2001 to crystallize out and strengthen NCC’s corporate culture were intensified toward the end of the year and in the early part of 2002.

Following an independent inquiry that confirmed suspicions that NCC had participated in an illegal cartel in the asphalt sector, the Group initiated a far-reaching internal action program at the beginning of 2002 to ensure that executives at all levels comply with NCC’s prevailing rules and regulations. The measures include compulsory training in competition legislation, and



Active product development provides customer value. NCC has a long track record of developing and refining products for paving work.

an in-house program to increase understanding of ethical standards and business morals. In addition, NCC's current rules with respect to competition legislation have been developed to form a compliance program, featuring mandatory provisions to the effect that each employee is obliged to immediately report any suspected breaches of competition legislation.

In parallel with the change process, new resources are needed to meet the demands of customers. Regeneration and skills enhancement are essential to ensure competitiveness in the construction industry of the future, which will be characterized by rapid technical advances and constantly changing work situations. The responsibility for developing employee skills is synonymous with the responsibilities to customers and shareholders. It will be impossible to create customer value and, ultimately, shareholder value unless NCC's employees possess the right skills and know-how. However, NCC as the employer does not bear sole responsibility. Employees too have a personal responsibility for their own development. NCC's strategy for becoming a successful and profitable company includes creating a corporate culture that attracts young people, and investing in and encouraging continuous competence development.

TRAINING STATISTICS – 2001

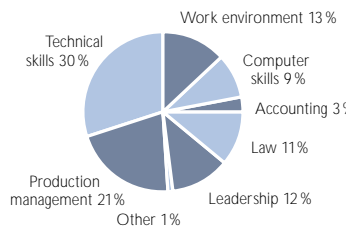
During 2001, the number of training days totaled 21,000, which means the level has been stable in the past three years. The number of days per salaried employee was 4.5 and 1.0 per skilled worker. However, a shift was noted with respect to training subjects. The relative importance of computer training declined, mainly because

considerable investments have already been made in fundamental computer training, which means the basic level of computer skills is good. NCC has also focused on interactive, Web-based computer training that results in a Computer Driving License.

Increases were noted in technical, legal and leadership training, which fully matches the focus on core competencies. Areas where training efforts are declining include systems training courses in the environmental and quality field, although NCC has already built up fundamental competencies in this area that are being intensified through on-the-job learning. This provides scope for a more clear-cut focus on courses in leadership, corporate culture and NCC's values.

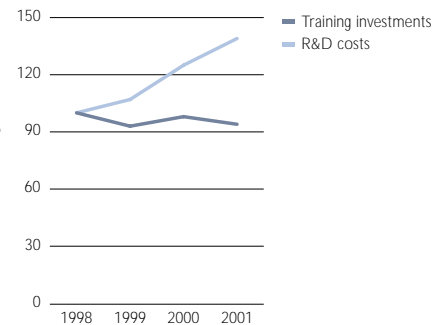
The age distribution of NCC employees is relatively even, but with a weighting towards older employees, which means that a generation shift will become a reality within ten years. This generation shift will apply throughout the industry and extensive recruitment efforts will become necessary to offset the numbers retiring from production.

DISTRIBUTION OF SKILLS-ENHANCING INVESTMENTS



INVESTMENTS IN SKILLS ENHANCEMENT

Index with 1998 as the base year, %



Personnel survey All employees in Sweden

Percent	1998	1999	2000	2001
Control				
we have clearly defined goals	50	→ 50	↗ 53	↗ 54
we follow up achievement of these goals	39	↗ 40	↘ 39	↘ 38
Leadership style				
I am well informed	47	↗ 49	↗ 58	↗ 59
my unit takes good care of its employees	38	↗ 39	↗ 46	↗ 48
my manager is open and honest	62	↗ 63	↗ 65	↗ 67
Influence				
management listens to new ideas	53	→ 53	↗ 54	↗ 55
we have regular meetings	42	↗ 46	→ 46	↘ 45
Attitude to NCC				
I am proud of working at NCC	63	↘ 60	↘ 52	↗ 56
I would happily stay in NCC's employment	70	↗ 73	↘ 66	↗ 70



The use of IT in modern, sophisticated buildings. A number of IT-based support tools are being used in the construction and leasing of Kista Science Tower. For example, the use of simulations made the design phase more efficient. Prospective tenants can also take a virtual visit to the premises on www.kistasciencetower.com.

CONTROL SYSTEMS AND WORK PROCESSES

REDUCE COSTS

Work on control systems and work processes has a single focus – the generation of customer value. NCC’s systems and processes enhance the capacity of the value-creating parameters – price and utility – to result in satisfied customers, assuming that the relationship between them is correct. Lower costs, which facilitate lower prices, are achieved primarily by reducing the incidence of problems in production and operation. Utility is created by responding to customer demand by developing products that offer a high level of functionality and quality. During autumn 2001, the corporate functions for purchasing, quality and the environment were discontinued with the aim of moving work processes relating to these issues closer to projects and customers, thereby also reducing costs. For several

years, environment and quality-related programs have been a requirement for business operations relating to all of NCC’s products and processes. Coordination managers have been appointed for environment, quality, R&D and IT. The Executive Management Group has specially scheduled meetings that focus on development matters of strategic importance.

Information technology is a strategic support resource in both production and development work. The foundation for effective use of IT is a stable infrastructure in the form of a homogeneous, Group-wide IT platform, the creation of which within NCC has had the effect of reducing the number of workstation problems, thereby enhancing internal efficiency. Another central process is NCC’s project-management tool, which ensures that information about a project is accessible in a database and therefore available to a large number of users.

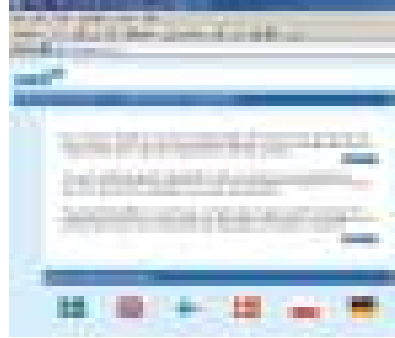
The SeeMee website has been established in order to increase the internal mobility of employees. Via SeeMee, NCC employees in Sweden can enter their CV, declare an interest in moving to a different job within the Company and apply for vacancies. At the beginning of 2002, some 800 personnel profiles were entered in SeeMee, which has been in operation since the beginning of 2001. The system is to be introduced in Denmark and Finland during 2002. There are also plans to launch an external version of the system during spring 2002, so that prospective employees can express an interest.

In addition to performing tasks of a day-to-day nature, IT can also be used as a predictive tool. By using various simulation models, for example, construction projects can be tested on a small scale, which helps to eliminate faulty design.

Purchasing, which was previously concentrated in a corporate staff, is integrated in accordance with the new Group structure. Purchasing activities relating to the choice of product ranges and suppliers, as well as the purchase of specialist expertise, will continue to have the same high priority but will now be conducted closer to production. The total number of suppliers was reduced during 2001, leading to a decrease in purchasing-related overheads. A large portion of the profitability of small-scale projects lies in efficient coordination and knowledge of the local market. Beginning in 2002, a purchasing committee will operate at Group management level, focusing on reducing the Group's costs for materials.

Environmental work occupies a natural, prominent position within NCC, partly due to the encroachment on the environment caused by major construction projects. A well-designed environmental management system is not only a requirement from customers but is also an effective risk-limitation tool. Using various simulation models, analyses and measurements, such parameters as the effect on groundwater, energy consumption and environmental impact can be measured and evaluated. A key objective of NCC's environmental work has been to reduce energy consumption in, for example, residential buildings and commercial premises. Environmental activities can also create new value in the form of, for example, NCC's expertise in the area of remediating "sick" industrial land, which can then be used as an attractive residential site – such as the Hammarby Sjöstad waterfront development in southern Stockholm. A more comprehensive account of environmental activities is provided in NCC's Stakeholder Report, which accompanies the Annual Report.

A large group of employees have many years' experience of working in the construction industry in general and at NCC in



The SeeMee website has been developed to increase internal mobility among NCC employees. NCC's employees in Sweden can use SeeMee, which has been running since year-end 2001, to submit their skills profiles, apply for relocating within the Company or apply for vacant positions.

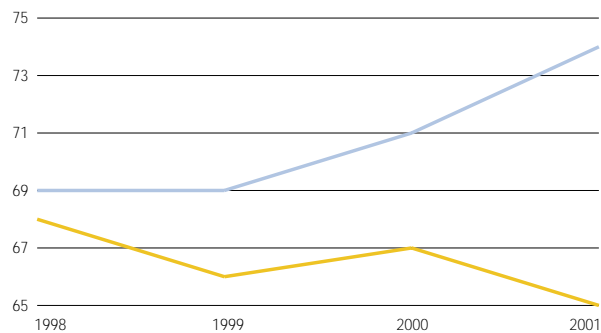
particular. During their occupational careers, these employees have solved many of the problems they encountered by applying good ideas and ingenious solutions. A well-developed "suggestion-box" system has been in operation at NCC for many years in order to capitalize on good ideas from employees. If an idea leads to increased efficiency and cost savings, it earns a reward in the form of a share of the cost savings achieved.

VALUES CHARACTERIZE BRAND

Customer relations are of paramount importance, since they are the foundation of future business. Since the brand is a focal point for the values that NCC creates for customers, it is a vital value parameter in customer-focused efforts. Image surveys performed previously show that the level of knowledge about NCC is high and that the Group has hundreds of advocates in various markets. Surveys carried out within NCC Property Development and NCC Industry have been summarized in a Customer Satisfaction Index, the results of which point to a substantial improvement. Customer satisfaction creates a strong brand for NCC.

Tenant ranking of landlords

Customer Satisfaction Index, percent



Source: Real Estate Barometer, CFI Group.

NCC's corporate culture is based on three core values: honesty, respect and trust. An in-depth evaluation project initiated at the beginning of 2001 and based on interviews with employees in various countries and at various levels of the Group, resulted in responsibility, simplicity and focus being defined as the core values that specifically characterize NCC. These three words form the core of the relations and brands that exist within the NCC Group.

One method used by NCC to develop relations is to work from a stakeholder perspective. The responsibility and capacity to create value is reinforced by analyzing and communicating NCC's relations with its stakeholders and the Company's approach to working with these relations. In the Stakeholder Report for 2001, which accompanies the Annual Report, NCC describes what characterizes the Company's relations with stakeholders, the value of these relations and how it approaches value creation.

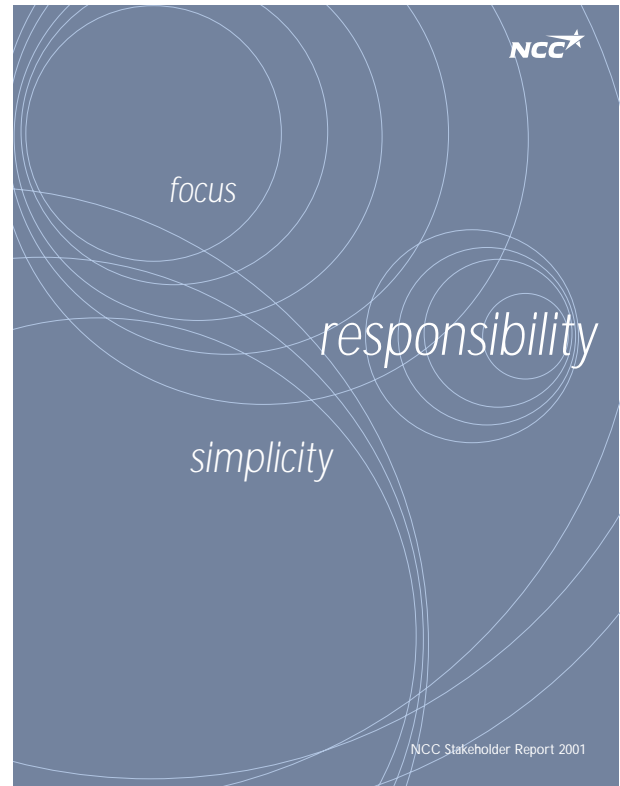
RESEARCH AND DEVELOPMENT – STRATEGIC TOOLS

Research and development are strategic tools for all of NCC's products and processes. R&D creates new value for existing products and increases their value-added component. For example, prospective investors or tenants in a property-development project can visit their future premises when the project is still at the concept stage, with the aid of 3D modeling and virtual reality. Simulations also allow risks and opportunities to be identified. In addition to development work its own production, NCC is involved in a number of external projects, and each year about ten graduate students in industry-related disciplines are active within the Group. NCC's own internal technical consulting unit, NCC Technology, is a strategically important development resource.

FINANCIAL EXPERTISE FOR MORE PROFITABLE BUSINESS

Financial expertise is a prerequisite for being able to conduct complicated, costly investment projects in a successful manner. NCC possesses qualified specialized expertise in many areas, which is concentrated in a corporate finance function. The finance unit's principal focus is to provide direct commercial support – on normal market terms and subject to a clear and consistent policy – that contributes to a more profitable business, and to actively manage financial risks.

■ **NCC Treasury AB** coordinates and manages the Group's financial flows and related risks. The unit is also responsible for managing NCC's borrowing and serves as the Group's internal



Responsibility requires knowledge. For the second consecutive year, NCC has summarized and reported its stakeholder relations in the Stakeholder Report. The report may be regarded as NCC's attempt to illustrate its stakeholder relationships and outline their strengths and weaknesses.

bank. NCC has for some time had an established investor program in Finland and Sweden. In 2001 NCC was the first foreign industrial company to be introduced in the Norwegian market for commercial paper.

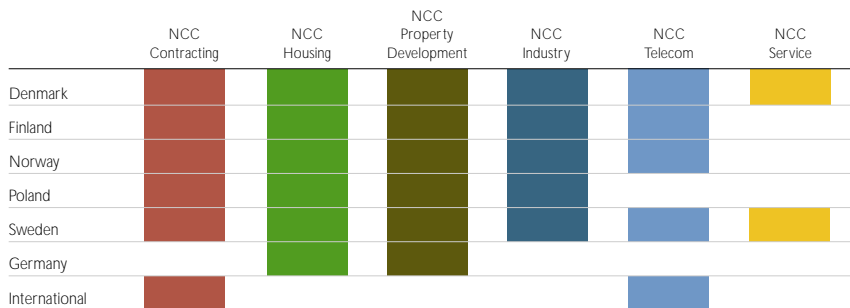
■ **NCC Structured Finance** is a specialized business-support unit that works on custom-tailored financing solutions – linked to the products and services that the Group offers – for NCC's customers. It offers a broad spectrum of financial solutions that also include pure contributions and conditional loans from the European Union, for example.

■ **NCC RM/Insurance** is the Group unit responsible for risk management and insurance programs. A Group insurance company, NCC Insurance AB, handles the greater part of the Group's insurance claims. NCC has a long-established reinsurance company, NCC Re, that distributes risks and channels some of them into the open market.

BUSINESS AREAS 2001

- During 2001, NCC conducted its operations via six business areas (a new structure was introduced at the beginning of 2002 – see pages 6–9).
- In 2001, the NCC Group’s direction was mainly determined via the six business areas, combined with coordination of operations within each individual market.
- In addition to their own staff resources, the business areas received support from Corporate staffs. Following the coordination and downsizing of NCC’s staff resources during the second half of 2001, certain functions have been transferred to operational units, effective 2002. These functions include purchasing, environment, quality and business development.

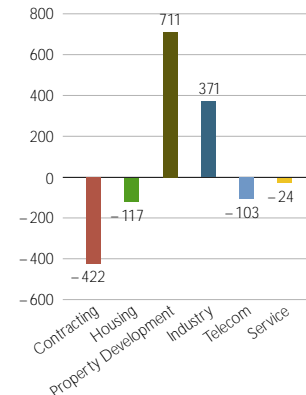
GROUP STRUCTURE, NCC 2001



Construction-related operations were conducted in Sweden, Norway, Denmark, Finland, Poland and Germany in 2001. Large-scale civil engineering projects were also undertaken in Central America, Russia and China. In addition to the Nordic region and Germany (Düsseldorf and Berlin), real estate operations were conducted in Belgium (Brussels), Poland (Warsaw) and Hungary (Budapest). The Industry business area conducted operations in the Nordic region, as well as Poland, the Baltic region and Russia (St. Petersburg).

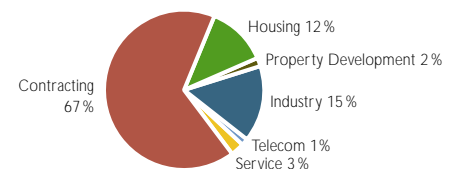
PROFIT/LOSS AFTER FINANCIAL ITEMS 2001

Excl. items affecting comparability, SEK M



SALES BY BUSINESS AREA 2001

Percent



STABLE NORDIC MARKET FOR BUILDING CONSTRUCTION



Close proximity to the market. NCC's head office in Denmark, which was completed in October 2001, is situated centrally in the Tuborg district. This facilitates close contact with both users and customers.

NCC Contracting constructs buildings and plant in the Nordic and Baltic Sea region, where it also provides operation and maintenance services in the civil engineering sector. International project operations are conducted in prioritized markets. As of 2002, NCC Contracting is part of NCC Construction, while international projects are organized in a separate business area, NCC International Projects.

ORGANIZATION

During 2001, NCC Contracting's operations were divided between different countries – Sweden, Norway, Denmark, Finland and Poland – and also between different specialist units, such as NCC International, which conducted international project operations, NCC BOT, which handled privately financed projects, and NCC Tunnelling, which focused on tunnel construction. For organizational purposes, the subsidiaries Hercules, which specializes in foundation work, Däldehög, which constructs gasoline stations, and NCC Technology, which acts as technical consultant to the Group, were also included in NCC Contracting.

MARKET TREND

Demand for NCC Contracting's products and services is largely dependent on the general economic trend. Demand is also influenced by public-sector investment, which sometimes tends to increase when a country's economic activity in other areas declines.

While business conditions in the Nordic construction sector were relatively stable during 2001, measured in terms of total investment in new construction, clear signs of a slowdown became apparent toward the end of the year. In general, construction activity was greater in metropolitan and growth areas compared with other parts of the Nordic countries. Building construction was strong in all markets for most of the year, although demand stagnated during the autumn, with the exception of the Danish market. Demand for road and civil-engineering construction, which has been declining for several years in Norway and Denmark, remained low in 2001. The Polish construction market stagnated during the year, due to a slowdown in the development of the Polish economy. It is estimated that construction investments will increase in 2002, particularly in Norway.

CUSTOMERS

NCC Contracting's largest customers are government enterprises, such as the national road administrations, rail administrations and civil aviation boards, as well as municipalities. Other major customers are industrial companies and major property-management companies.

COMPETITORS

NCC Contracting's competitors are the major Nordic construction companies, such as Skanska, Peab, YIT, MT Højgaard and Veidekke, the public road administrations' own construction units, and small, local contractors and niche companies. The structure of the Danish construction market changed during 2001, as a result of the merger of Denmark's two largest construction companies – Monberg & Thorsen and Højgaard & Schultz – to form MT Højgaard and the acquisition of H. Hoffman & Sønner by Veidekke of Norway.

Nordic market for construction contracts 2002

Percent, forecast	DK	FI	NO	SE
Roadwork and civil engineering	+3 ↗	+1 →	+14 ↗	+3 ↗
Residential construction	+4 ↗	+1 →	+4 ↗	+1 →
Other buildings, incl. industrial	-3 ↘	-8 ↘	+1 →	±0 →
Total market trend	0	-3	+5	+1

Source: NCC.

SWEDEN

During 2001, operations in Sweden accounted for slightly more than 50 percent of NCC Contracting's sales. Demand for civil engineering projects remained low during the year, although the market for other non-residential building was stronger than in 2000. This was reflected in the profitability of these two operating segments and in the trend towards stronger demand in growth regions. During the year, NCC Contracting's earnings were adversely affected by such factors as considerable write-downs and provisions, mainly for civil engineering projects (see Report of the Board of Directors, pages 38–43). The building construction area showed a positive trend in metropolitan areas, although a slowdown was noted towards the end of the year. A program of closures and restructuring measures was initiated in areas showing no growth or weak profitability. For example, operations in the Dalarna region and in Gävleborg County were discontinued during the year.

The largest single ongoing civil engineering project in Sweden is the Southern Link tunnel project in Stockholm, which is scheduled for completion during 2002. NCC's share of this project corresponds to approximately SEK 700 M. Major orders secured by NCC during the year included the contracts for one of the stages of the Göta Tunnel in Gothenburg, with an order value of SEK 260 M, and project development of the Scandic Hotel in Alvik, outside Stockholm, for SEK 300 M. The construction of Kista Science Tower outside Stockholm, on behalf of NCC Property Development, is the largest individual building project in Sweden. Production costs for this project, which was started up in summer 2000 and is scheduled for completion during 2003, total approximately SEK 1.6 billion.

FINLAND

The market climate in Finland has been closely linked to the business trend for IT and telecom products, specifically to the fortunes of Nokia. Accordingly, this resulted in a slowdown of growth during 2001, which contributed to weaker demand for office premises.

NCC is one of the largest construction companies in Finland, focusing primarily on building and residential construction, which account for more than 90 percent of total sales in the Finnish market. Since the civil engineering operations that had previously been conducted in Finland had been showing poor profitability, a phase-out of these activities was initiated towards the end of the year. In the building construction segment, NCC Finland has cooperated successfully with NCC Property Development in the past few years in the development



Adapted to customer requirements. Newly built property for the Chalmers University of Technology in Gothenburg. This glass building reflects a different style of architecture in terms of both the interior and the exterior. The building, erected on an inner courtyard, contains training premises, restaurants and lecture halls.

of a concept for the creation of Business Parks. Several such projects are under way in the Helsinki region, Tampere and Oulu. The largest projects in progress include a shopping mall in Leppävaara, with a total order value of approximately SEK 800 M for NCC, and the Mylly shopping mall in Turku, with an order value of slightly more than SEK 600 M for NCC.

DENMARK

The Danish civil engineering market remained weak during the year. Due to the weak profitability shown by civil engineering operations, a phase-out program was introduced towards the end of the year. The market for building construction was favorable and NCC was successful in this segment during 2001. NCC strengthened its position in the Danish market during the year, largely due to the introduction of new concepts and forms of cooperation, such as partnering (see pages 8 and 68). Major orders secured in the building segment during 2001 included Bruun's Galleri in Århus, worth approximately SEK 700 M. This project, developed in cooperation with NCC Property Development, comprises some 90,000 square meters of commercial space scheduled for completion during 2003. Construction of a Marriot Hotel, in a consortium owned equally by NCC and MT Højgaard, is another major project, with a total order value of approximately SEK 1 billion.

A successful brand-building campaign was implemented during the year in order to strengthen the NCC name. Since



NCC is the technical lead company in a consortium commissioned to expand the subway network in Singapore. This is an example of a demanding international infrastructure project in which NCC's expertise in tunnel construction has created customer value.

operations in Denmark have grown rapidly during the past few years as a result of several mergers, the NCC name is less well known than the names of the acquired Danish companies.

NORWAY

The Norwegian civil engineering market has been in decline for the past few years and remained weak in 2001. This market trend has contributed to the profitability problems experienced by NCC's civil engineering operations. During autumn 2001, NCC implemented a comprehensive analysis of all of the projects conducted in the past four to five years. This analysis formed the basis of a restructuring and downsizing of Norwegian civil engineering operations, a process initiated at the beginning of 2002. A number of changes were introduced at the end of 2001, including a reduction of tunneling operations, a closure of unprofitable units, a new organization with fewer levels and a more selective policy for submitting tenders. Major projects included the municipal office building in Vest-Agder, with an order value of SEK 136 M. During the year, NCC Norway also secured a contract valued at SEK 325 M for the rebuilding and development of two furnace halls at Elkem Aluminium Mosjoen in Norway.

POLAND

NCC's main project in Poland involves construction of the first phase of the privately financed A2 highway between the German border and Warsaw. The order value of the construction portion is approximately SEK 5.4 billion, of which NCC's share

amounts to about SEK 2.4 billion. The construction part of this assignment is being carried out by the A2 Bau Development GmbH consortium, which is owned in equal portions by NCC and Austrian company Strabag. The French company EGIS, which operates most of the major highways in France, is participating as road operator. Construction started in September 2001 and the project is scheduled for completion during 2004.

During 2001, an 87-percent holding was acquired in Hydrobudowa, a Polish civil engineering company specializing in marine facilities, bridges and foundation work.

INTERNATIONAL OPERATIONS

NCC's international project operations, mainly involving underground and hydroelectric power assignments, were mainly active in Central Europe, Russia, Central America, Singapore and China during the year. During 2001, work was begun on a dam project and a water supply project in the Dominican Republic, with a combined order value of SEK 0.7 billion. An additional order, for a water supply expansion project worth approximately SEK 0.9 billion, was secured in the region. This contract, which is expected to be registered in order bookings during 2002, is contingent upon a comprehensive environmental impact assessment.

In Saint Petersburg, Russia, NCC is participating in the development of the Southwestern Wastewater Treatment Plant, a Russian water-treatment project. The intention is to use private financing, known as a PPP solution, to implement the project. The project is expected to be included in order bookings during 2002.

In Singapore, NCC is the technical lead company in an international consortium commissioned to expand the subway system, a project valued at approximately SEK 2 billion. NCC's share of the project is worth about SEK 700 M.

NCC owns 44 percent of A-Train, which holds the concession to operate the Arlanda Express train service between Stockholm City and Arlanda up to and including 2040. The other owners of A-Train are Alstom (29 percent), Vattenfall (20 percent) and Mowlem (7 percent). An upward trend for passenger growth was interrupted during September as a consequence of the terror attacks in the US. NCC intends to divest its A-Train holding in due course. While the Arlanda Express has gradually increased its market share, it is calculated that it will take several more years for A-Train to generate a positive contribution to earnings.

OPPORTUNITIES AND RISKS

NCC's ability to offer its customers optimal solutions is enhanced through a combination of project development, negotiated purchasing and partnering. Partnering, which is a unique

concept for cooperation between the different partners involved in a construction project, was originally developed in the UK and has been introduced by NCC in Denmark. The experience gained to date is now being passed on to other Nordic countries.

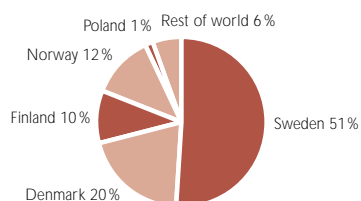
All operations involving tenders are exposed to the risks associated with a fixed price. The financial risks are minimized through such methods as internal assessments of tenders. So-called "zero recognition" is a system used in major projects, whereby no surplus from a project is reported until it is 50-percent complete (also see Accounting Principles on page 51). Financing in local currencies is one of the methods used to manage currency risks.

Other risks, such as contract risks, and technical and production-related risks, are best managed and minimized through early cooperation with the customer and other players. Environmental risks are handled by applying the special environmental management system developed within NCC.

Comments on results are presented in the Report of the Board of Directors on pages 38–43.

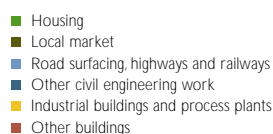
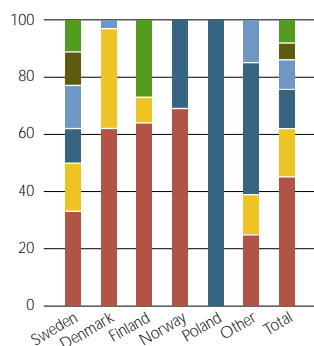
GEOGRAPHIC MARKETS

Sales, percent



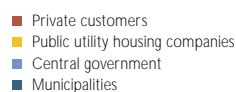
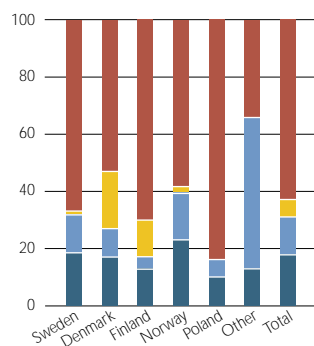
PRODUCT MIX

Sales, percent



CUSTOMER MIX

Sales, percent



NCC CONTRACTING

SEK M	pro forma	
	2001	2000
Orders received	35,983	33,999
Order backlog	23,611	20,195
Profit/loss after financial items, EBT	-364	21
Capital employed at year-end	4,877	3,948
Cash flow	1,785	-519
Ratios		
Operating margin, %	-1.3	-0.2
Net margin, %	-1.1	0.1
Return on capital employed, % ^{1,2)}	neg	4.8
Other		
Average number of employees	17,825	17,256

INCOME STATEMENT	pro forma	
	2001	2000
Net sales	33,585	28,921
Production expenses	-31,594	-26,829
Gross profit	1,991	2,092
Selling and administrative expenses	-2,391	-2,098
Shares in results of associated companies	-44	-64
Capital gain/loss on sales of Group companies	5	-1
Capital loss on sales of associated companies	-1	
Gain on sales of properties	18	3
Operating profit/loss, EBIT	-422	-68
Financial items	58	89
Profit/loss after financial items, EBT	-364	21

BALANCE SHEET	pro forma	
	2001	2000
Properties classed as fixed assets	198	254
Tangible and intangible fixed assets	1,493	1,544
Shares and participations	292	412
Properties held for future development	458	532
Interest-bearing receivables	815	1,084
Interest-free receivables	9,623	8,018
Liquid assets	4,324	2,878
Total assets	17,203	14,722
Shareholders' equity	2,334	2,588
Minority interests	68	8
Interest-bearing liabilities and provisions	2,650	1,881
Interest-free liabilities and provisions	9,338	8,071
Project invoicing not yet worked up	2,813	2,174
Total equity and liabilities	17,203	14,722

¹⁾ Calculation of ratios is based on a balance sheet in which taxable interest-free Group contributions are eliminated against the resulting equity and deferred tax liability in the Group.
²⁾ Return figures are based on average capital employed.

FOCUS ON TOTAL-PACKAGE PROJECTS



The Tuborg Nord housing project in Denmark, which was completed in August 2001, is an example of an NCC project conducted on a total-package basis. The apartments were architect designed and hallmarked throughout by well-conceived solutions – from the building foundations right up to the knobs on kitchen cabinet doors.

NCC Housing initiates, develops and implements housing projects in selected markets. During 2001, NCC Housing reported 27,000 housing starts based on a total-package undertaking, meaning that NCC develops a project from the idea stage until its sale. Effective 2002, NCC Housing is part of NCC Construction.

OPERATIONS

NCC Housing develops housing projects in metropolitan parts of the Nordic and Baltic Sea region. In Sweden, Finland and Norway, NCC Housing is active in several different cities.

NCCs position in housing markets

Market	Number of housing starts, total 2001	NCC's total-package projects 2001	Development rights, NCC Housing*	
			2001	2000
Sweden	21,000	1,260	13,450	10,600
– of which, Stockholm region	7,000	670	7,500	5,400
Finland	37,000	730	2,250	2,300
– of which, Helsinki region	11,000	730	2,250	2,300
Norway	25,000	90	2,200	2,100
– of which, Oslo region	7,000	90	1,850	1,800
Denmark	16,000	380	450	500
– of which, Copenhagen region	4,000	380	450	500
Berlin	25,000	240	1,100	1,200
Warsaw	15,000	0	550	600
Total	139,000	2,700	20,000	17,300

* In addition, there are approximately 3,000 development rights in other business areas.

In 2001, NCC Housing conducted proprietary building operations in Stockholm, Berlin/Brandenburg and the Helsinki region. In other markets, NCC Contracting produced the housing projects developed by NCC Housing.

The profitability of a housing project depends on a number of factors, primarily the choice of city and location. The business concept applied for the project is another important factor. Work on business concepts includes selecting the appropriate target group, design, form of access and price.

The total-package approach generates many benefits, including environmental and quality gains. It also provides potential for improving profitability. Compared with contract assignments, this approach substantially improves NCC Housing's ability to determine the timing of project starts. The time from idea to sale generally varies from two to four years, occasionally more.

MARKETS

Annual production in NCC Housing's six main capital cities totals approximately 65,000 residential units, while production in the four main Nordic countries amounts to about 100,000. In 2002, increased demand is expected in Stockholm and Oslo, while a decline is anticipated in Warsaw. In the other capital cities, no significant changes in market conditions are expected.

COMPETITORS

NCC Housing's largest competitors are companies that develop housing in essentially the same way as the business area. The Swedish market is dominated by a few large players, mainly Skanska and JM. In other high-priority markets, considerably more small and large players are active.

RISKS AND OPPORTUNITIES

Access to development rights (see glossary, page 68) in attractive locations is a prerequisite for the success of a housing-development project. At the same time, this requires investments that tie up capital, since land ownership is a precondition for being granted development rights, which entails the risk that demand will weaken. During 2000–2001, NCC made net investments totaling approximately SEK 600 M in development rights. It is estimated that NCC had access to such a large number of development rights at the end of 2001 that the rate of increase can now be moderated. In Norway and Denmark in particular, additional development rights will be required in the future, however, to secure long-term development. During recent years, competition for developable land has been particularly intense in these markets, resulting in rising prices.

PROJECTS IN PROGRESS

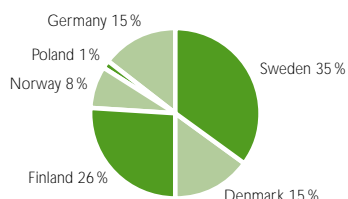
The most exclusive and eye-catching projects account for only a small proportion of total production. During 2001, the market for top-of-the-range housing weakened, thus increasing the time required for completing sales to this segment.

The best profitability is generated from those projects in capital cities in which NCC builds almost an entire urban district and which can involve several years of production. Frösunda-Solna, close to Stockholm, where production started in 1996 and is expected to continue until 2005, is an example of such a project. In total, NCC Housing is developing about 1,500 housing units in Frösunda.

Comments on results are presented in the Report of the Board of Directors on pages 38–43.

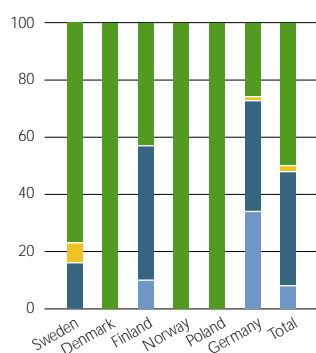
GEOGRAPHIC MARKETS

Sales, percent



PRODUCT MIX

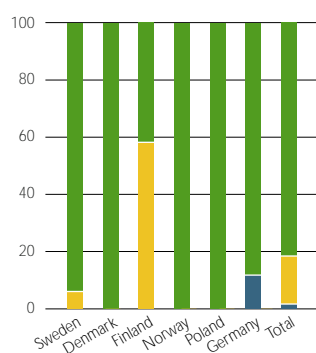
Sales, percent



■ Housing, proprietary production
■ Housing, repair and renovation
■ Housing, other new production
■ Other

CUSTOMER MIX

Sales, percent



■ Private customers
■ Public utility housing companies
■ Municipalities

NCC HOUSING

SEK M	2001	2000
Orders received	6,542	6,055
Order backlog	5,553	5,023
Profit/loss after financial items, EBT	-308	155
Capital employed at year-end	4,803	2,806
Cash flow	-382	-866
Ratios		
Operating margin, %	-1.9	3.9
Net margin, %	-5.0	2.9
Return on capital employed, % ^{1,2)}	neg	10.9
Other		
Average number of employees	2,044	2,104

INCOME STATEMENT

	2001	2000
Net sales	6,189	5,366
Production expenses	-5,776	-4,737
Gross profit	413	629
Selling & administrative expenses	-523	-430
Shares in results of associated companies	10	5
Capital gain on sales of properties	15	18
Revaluation of properties held for future development	-32	-15
Operating profit/loss, EBIT	-117	207
Financial items	-191	-52
Profit/loss after financial items, EBT	-308	155

BALANCE SHEET

	2001	2000
Properties classed as fixed assets	197	245
Tangible and intangible fixed assets	145	117
Shares and participations	174	40
Properties held for future development	2,952	2,647
Interest-bearing receivables	12	38
Interest-free receivables	3,157	1,654
Liquid funds	185	478
Total assets	6,822	5,219
Shareholders' equity	275	703
Interest-bearing liabilities and provisions	4,272	2,143
Interest-free liabilities and provisions	1,866	2,075
Project invoicing not yet worked up	409	298
Total equity and liabilities	6,822	5,219

¹⁾ Calculation of ratios is based on a balance sheet in which taxable interest-free Group contributions are eliminated against the resulting equity and deferred tax liability in the Group.

²⁾ Return figures are based on average capital employed.

FROM UNDEVELOPED LAND TO ATTRACTIVE REAL ESTATE PROJECT



The right location attracts. This office hotel in the Airport Business Plaza business park, close to Helsinki Airport, is an example of how a property-development project in an attractive location provides potential for a high return.

NCC Property Development offers high-quality, well-situated working environments to tenants and attractive commercial properties to investors. During recent years, the business area has successfully repositioned its operations away from real estate management and towards property development.

OPERATIONS

NCC Property Development's core business is property development, a process that encompasses all stages of the process, from an idea to the sale of projects. The projects are implemented in close cooperation with NCC Contracting (as of 2002, NCC Construction).

VALUE-GENERATING PROPERTY DEVELOPMENT

NCC has long-standing experience and considerable expertise in property development. By conducting operations in several markets, NCC has a broad portfolio of planned and ongoing projects that are subject to different market conditions. Such a portfolio spreads the risks and provides opportunities to engage in projects at a lower leasing rate in certain markets at the same time as fully leased projects are conducted in others.

As part of ongoing analytical work, submarkets are identi-

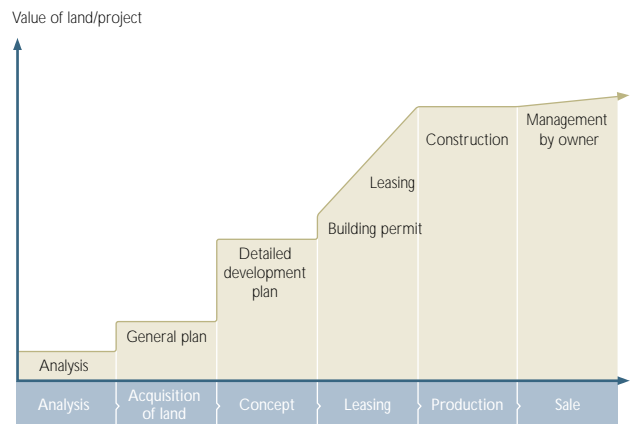
fied on the basis of various parameters. Growth, one of the most important parameters, is affected by such factors as infrastructure changes, changes in the supply of services and investments in education and research.

In connection with the acquisition of land for future development, work on the formulation of a general plan and a detailed development plan that supports the future strategy is initiated. This process is conducted in cooperation with the municipality concerned. Concurrently, work is conducted to formulate the concept/focus of the particular property. Among other considerations, the future target groups and the demands that will be placed in terms of service content and architecture are identified.

To secure knowledge about factors determining growth in submarkets and other trends that will have a tangible impact on the contents of the property, NCC engages in strategic cooperation with property-analysis companies. Once the concept has been established, leasing activities can begin. NCC largely uses its own leasing organization, which provides knowledge of how the decision-making process functions among potential tenants. At the same time, ongoing discussions are held with prospective long-term owners – investors.

A sale can be made at any stage, beginning when a project concept becomes a reality through acquisition of land or receipt of a building permit, right up until full or partial leasing. The property-development process normally takes between three and seven years from idea to completion, depending on such factors as the geographic planning conditions and the size and complexity of the property.

Value generation in a property development project



NCC's property development process.

CUSTOMERS

There are several different categories of investors, meaning buyers of properties. They include insurance companies and property funds that purchase properties as a financial investment, companies that intend to use the acquired property in their own operations and real estate companies that use the acquired property in their own long-term management activities.

COMPETITORS

NCC Property Development competes with other construction companies that engage in property development, as well as real estate companies that develop land holdings and add value to existing properties, in addition to managing properties.

MARKETS

NCC Property Development is active in all Nordic countries as well as Belgium, Germany, Poland and Hungary. The main prioritized markets in Sweden are Stockholm, Malmö/Lund, Gothenburg and Uppsala. In the other Nordic countries, operations are conducted in Oslo, Copenhagen, Aarhus and Helsinki.

During the first half of 2001, the rental and investment trends were strong in most markets. During the autumn, the rental market slackened in several capital cities, while the investor market remained strong, with the exception of Stockholm (see table).

PROJECTS IN PROGRESS

Projects in progress are projects for which construction has started. At year-end, the book value of projects in progress was SEK 4.2 billion, compared with SEK 2.4 billion in 2000.

NCC's total project portfolio includes projects for which construction has started, projects for which a construction decision has been made but construction has not commenced, and projects for which no decision regarding construction has been made and no activities at all have been conducted (although the land is owned). The total project portfolio, which is an indication of future prospects, was worth SEK 18.1 billion on December 31, 2001, compared with SEK 15.4 billion at year-end 2000.

A quarterly updated compilation of projects in progress is available on NCC's website www.ir.ncc.se/english.

The largest project in progress is Kista Science Tower, which was started up in summer 2000. Occupancy is expected to commence in November 2002 and completion is scheduled for 2003. During 2001, 50 percent of the project was sold to Vasakronan, under an agreement that includes an option to sell the remaining 50 percent on completion. In February 2002, approximately 16 percent of the property's total floor space had been leased.

The Centralhuset property in Gothenburg has 25,000 square meters of rentable floor space and contains such premises as a 300-room hotel, offices, restaurants, stores and various travel

Real estate markets 2001

Figures and projections apply to Q4 2001	Annual rent/m ²	Required yield, %	Investor market	Trend in past quarter	Rental market	Trend in past quarter	Vacancy rate, %
Stockholm CBD (Central Business District)	SEK 4,600	6.5	Weak	→	Weak	↘	3.6
Stockholm, prime location	SEK 3,300	6.5–7.0	Weak	→	Weak	↘	3.9
Stockholm, inner suburbs	SEK 2,200	7.0–8.0	Weak	→	Weak	↘	6.7
Gothenburg, prime location	SEK 2,300	6.5	Weak	→	Weak	→	3.1
Malmö, prime location	SEK 1,900	6.75	Weak	→	Weak	↘	5.8
Helsinki, CBD	EURO 313	7.0–7.25	Stable	→	Weak	↘	1.3
Helsinki, prime location	EURO 212	8.0–9.0	Stable	→	Weak	↘	1.7
Helsinki, business parks	EURO 212	8.5–9.0	Stable	→	Mixed	↘	2.5
Copenhagen, CBD	DKK 1,750	6.25–7.0	Stable	→	Weak	→	3.7
Copenhagen, prime location	DKK 1,750	6.25–7.0	Stable	→	Weak	→	3.7
Denmark/Copenhagen, other	DKK 1,400	7.0–8.0	Stable	→	Weak	→	4.5
Oslo, CBD	NOK 3,500	7.5–8.0	Stable	→	Weak	↘	5.0
Oslo, prime location	NOK 2,200	8.0–8.5	Stable	→	Weak	↘	5.0
Brussels, prime location	EURO 248	6.5–7.0	Stable	→	Stable	→	7.4
Berlin, prime location	EURO 337	5.25–5.5	Stable	→	Weak	↘	6.6
Düsseldorf, prime location	EURO 307	5.5	Stable	→	Stable	→	4.2
Warsaw, prime location	EURO 377	10.0	Stable	↗	Stable	→	15.9
Budapest, prime location	EURO 215	9.0–9.5	Stable	↗	Weak	→	18.5

Source: Jones Lang Lasalle.

services. The business area's investment totals approximately SEK 600 M and occupancy will occur in November 2003.

In Aarhus, Denmark, construction of one of Denmark's largest building project, Bruun's Galleri, commenced in spring 2001. The property contains 29,500 square meters of retail space, including a supermarket, five large specialist retailers, about 70 smaller stores, a movie theater and an indoor car park. The rights to this project have been sold to Steen & Strøm of Denmark, which is both an investor and a building proprietor.

Project portfolio, December 31, 2001

SEK M	Year of completion				Total
	2000	2001	2002	2003	
Book value on completion	362	1,587	1,935	3,053	6,937
Book value, December 31, 2001	362	1,402	1,463	984	4,211
Rate of completion,					
December 31, 2001, %	100	88	76	32	61
Leasing rate, December 31, 2001, %	100	59	47	27	45
Estimated operating net	36	169	162	258	625
Yield, %	9.9	10.6	8.4	8.5	9.0

A quarterly updated compilation of projects in progress is available on NCC's website www.ir.ncc.se/english.

The anticipated yield in projects in progress – operating net as a percentage of estimated book value on completion – for 2001 was 9.0 percent. Taking into account the present yield requirement in the markets of interest to NCC, this indicates substantial earnings potential.

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The holding of properties held for development consists of undeveloped land (including land options) with related development rights and developed properties (project properties)

intended for future development. At year-end, the total book value was SEK 1,435 M (1,244). A list of properties held for future development is presented in the "Real Estate Specification."

NCC also owns a number of properties that will not be used for proprietary projects. These properties will be sold in their current condition, in certain cases after additional planning work. These properties, of which most were added in connection with NCC's major corporate acquisitions during the 1990s, had a book value of SEK 338 M at year-end, including SEK 233 M in Sweden. According to independent valuations, their year-end market value was SEK 372 M. It is estimated that essentially all of these properties will have been sold by the end of 2003. During 2001, 23 Swedish development properties were sold for SEK 89 M, resulting in a gain of SEK 56 M. The selling price exceeded the market value at the beginning of 2001 by 19 percent.

The total holding of land (including land options) with related rights for the development of 710,000 square meters of commercial floor space during the years immediately ahead corresponds to a total project volume of SEK 10.7 billion.

A portion of the properties held for development comprise developed properties for which NCC engages in planned demolition, refurbishment or extension in order to change the area of use, increase the degree of utilization, improve availability or increase the property value in some other manner. The rental revenues and operating net from this type of properties will fluctuate considerably during the project period. The property could be completely empty during the most intensive period of construction, while a substantial flow of revenues may be generated during the planning and project-design period prior to the start of construction.

Managed properties as of December 31, 2001

SEK M	Number of units	Rentable floor space	Rental revenues ¹⁾	Operating net ¹⁾	Book value	Market value	Yield, %	Vacancy rate, %
Stockholm	13	147	234	132	1,953	2,521	6.8	3.9
Gothenburg	5	22	25	13	179	237	7.3	5.0
Malmö/Lund	8	90	72	39	600	689	6.5	6.2
Other locations	23	87	68	37	645	678	5.8	9.5
Total Sweden	49	347	400	222	3,377	4,125	6.6	5.4
Copenhagen	9	26	19	10	207	215	5.0	0.0
Oslo	2	7	5	4	38	44	9.4	0.0
Other locations	8	21	9	6	71	71	8.0	7.4
Total	68	401	433	241	3,693	4,453	6.5	5.1

¹⁾ Pertains to rental revenues and operating net for properties remaining at year-end 2001.

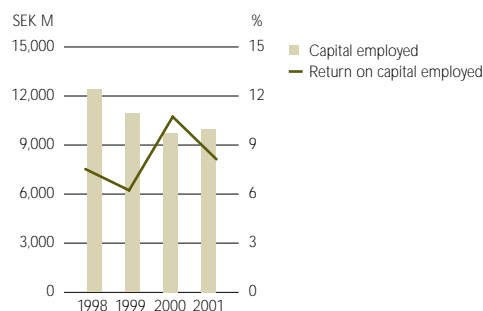
An independent valuation of Swedish managed properties was conducted at year-end 2001. According to this valuation, the year-end market value was SEK 4.1 billion. The surplus value of SEK 750 M is attributable to a small number of properties concentrated in Stockholm. A complete real estate specification is available on NCC's website www.ir.ncc.se/english.

MANAGED PROPERTIES

Managed properties consist of NCC's holding of proprietarily developed properties completed in 1999 or earlier, plus acquired managed properties. The latter category pertains to properties that were purchased in connection with the acquisition of companies – ABV in 1988, Rasmussen & Schøltz in 1996 and Siab in 1997.

The portfolio of managed properties has been reduced sharply during the past five years, from SEK 14.0 billion to SEK 3.7 billion. The remaining holding of 68 managed properties with a total surplus value of approximately SEK 750 M will be sold in full, at a pace permitted by the prevailing market conditions. In all essential respects, it should be possible to complete these sales within a period of two years.

CAPITAL EMPLOYED AND PROFITABILITY



NCC PROPERTY DEVELOPMENT

SEK M	2001	2000
Profit after net financial items, EBT	615	772
Capital employed at year-end	8,987	9,335
Gross investments	3,117	3,186
Sales of properties ³⁾	3,126	5,201
Cash flow	272	1,698
Ratios		
Return on capital employed ^{1,4)}	8	11
Visible yield		
– excl. administrative costs	7.2	7.3
– incl. administrative costs	6.0	6.2
Vacancy rate, rents, % ²⁾	4	4
Vacancy rate, floor space, % ²⁾	6	7
Equity/assets ratio, %	38	35
Other		
Average number of employees	221	211

¹⁾ Return figures are based on average capital employed.

²⁾ Vacancy rates refer to the situation at December 31.

³⁾ Including worked up contracting revenues.

⁴⁾ The calculation of ratios is based on a balance sheet in which taxable interest-free Group contributions are eliminated against the resulting equity and deferred tax liability in the Group.

Comments on results are presented in the Report of the Board of Directors on pages 38–43.

INCOME STATEMENT	2001	2000
Property development		
Sales revenues	2,184	3,028
Book value	-1,598	-2,602
Sales expenses	-33	-24
Other operating revenues	144	84
Other operating expenses	-280	-138
	417	348
Associated and other companies	4	39
Property revaluation	-24	-8
Profit from property development (A)	397	379
Sales of managed properties		
Sales revenues	942	2,173
Book value	-751	-1,860
Sales expenses	-30	-66
	161	247
Associated and other companies	9	158
Profit, property sales (B)	170	405
Property management		
Rental revenues	522	622
Other revenues	4	10
Operating, maintenance and leasing costs	-225	-250
Operating net	301	382
Depreciation according to plan	-52	-68
Administrative costs	-50	-60
	199	254
Associated and other companies	-19	-26
Property revaluation	-36	-36
Profit, real estate management (C)	144	192
Profit before net financial items, EBIT (A–C)	711	976
Net financial items	-96	-204
Profit after net financial items, EBT	615	772
BALANCE SHEET	2001	2000
Managed properties	3,693	4,314
Investments in progress	4,042	2,654
Properties held for future development	1,435	1,244
Properties classed as fixed assets	9,170	8,212
Tangible and intangible fixed assets	54	54
Shares and participations	279	382
Interest-bearing receivables	234	399
Interest-free receivables	1,002	2,004
Liquid assets	409	266
Total assets	11,148	11,317
Shareholders' equity	4,152	3,787
Interest-bearing liabilities and provisions	4,842	5,391
Interest-free liabilities	2,154	2,139
Total liabilities and shareholders' equity	11,148	11,317

LEADER IN NORDIC ASPHALT AND AGGREGATES MARKET



Experience paves the way. NCC has long-standing experience of producing road materials, such as aggregates and asphalt, in its own plants.

In 2001, NCC Industry was the leading supplier of asphalt, aggregates, rental machinery and ready-mixed concrete in the Nordic region (see table). As of 2002, most of NCC Industry is integrated in NCC Roads, while machinery operations are part of Altima, an independent company.

PRODUCTS

■ **Asphalt** – NCC has its own asphalt plants that produce standard and specialty products for various types of paving. Recycled asphalt is used in the manufacture of new products. In 2001, NCC Industry conducted paving work in all of its markets, with the exception of Sweden, where this operation is conducted by NCC Contracting. As of 2002, paving operations are conducted by NCC Roads.

■ **Aggregates** – The raw materials are extracted from and processed in NCC's own gravel pits and rock quarries, or through recycling. Gravel products and aggregates are basic materials used in all construction and civil engineering operations and are one of the key raw materials in the production of asphalt and concrete.

■ **Machinery rental** – NCC rents out machinery and equipment, mainly for construction and civil engineering projects. The business area also offers solutions for temporary premises, lifts, electricity and energy, among other applications.

■ **Ready-mixed concrete** – NCC's own plants manufacture standard and specialty concrete products. Ready-mixed concrete is used in the forming of building and civil engineering structures.

■ **Traffic safety** – In certain submarkets, NCC supplies products and services in the traffic safety area, such as road signs and markings.

MARKETS

In 2001, NCC Industry was active in Sweden, Denmark, Norway, Finland, Poland, Estonia, Latvia, Lithuania and Russia (St. Petersburg area). Aggregates are exported, mainly from Norway and Sweden to countries around the Baltic Sea. Demand for the business area's products is mainly affected by the general conditions in construction markets.

CUSTOMERS

Customers within the NCC Group account for 23 percent of the business area's sales and other building and civil engineering companies, as well as private industrial companies, for 43 percent. Central government, local authorities and other public sector customers, who commission NCC for such assignments as the paving of state or municipal highway networks and who rent temporary school premises and other equipment from NCC Machinery, constitute another large customer category, accounting for approximately 34 percent of total sales.

OPPORTUNITIES AND RISKS

Demand for asphalt, aggregates and ready-mixed concrete is extremely seasonal, since a large part of the operations require

Five largest Nordic players in various segments 2001

	Asphalt	Aggregates	Ready-mixed concrete	Machinery
NCC (figures pertain to market position)	1	1	4	2
Skanska	■	■		
Lemminkäinen	■			
Production units within government road administrations in Sweden, Norway and Finland	■	■		
Veidekke (Bautas/Stavdal)	■			■
CRH		■	■	
HeidelbergCement		■	■	
Unicon Beton			■	
RMC			■	
Cramo				■
Peab (Lambertsson)				■

ing these materials cannot be conducted during the winter half of the year. Accordingly, NCC Industry generates most of its revenues from May through October. As a result, a loss is normally reported for the first half of the year, while profits are shown during the third and fourth quarter.

Since NCC Industry conducts 63 percent of its operations outside Sweden, its earnings are affected by currency movements (for definitions, see page 44).

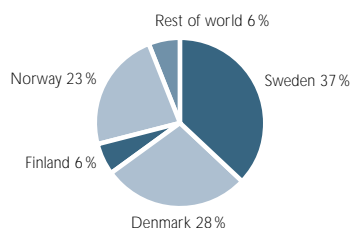
Purchases of raw materials are the largest cost items for asphalt and ready-mixed concrete operations. Raw materials account for approximately one third of the total cost for laid asphalt and about half of the cost of delivered ready-mixed concrete. The principal raw materials are bitumen, an oil-based product, and aggregates, which are used in the production of asphalt, and cement and aggregates, which are used in the production of ready-mixed concrete. Gravel and aggregates account for 95 percent of the contents of asphalt and concrete. Investments in machinery and equipment constitute the largest cost item for aggregates and machinery-rental operations. In order to obtain competitive and stable purchasing prices for bitumen and cement, NCC focuses on international coord-

ination of purchasing agreements and on establishing long-term relationships with international suppliers. In order to secure a sustainable, stable supply of aggregates, NCC Industry owns most of the facilities required to satisfy the Group's own requirements.

Comments on results are presented in the Report of the Board of Directors on pages 38–43.

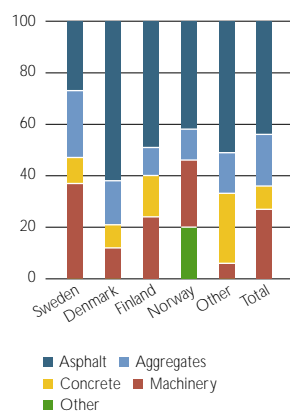
GEOGRAPHIC MARKETS

Sales, percent



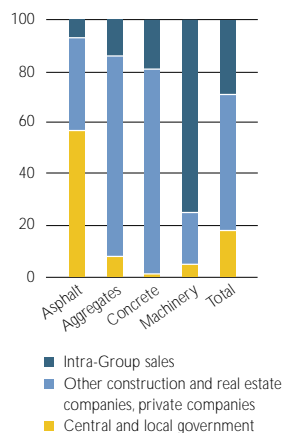
PRODUCT MIX

Sales, percent



CUSTOMER MIX

Sales, percent



NCC INDUSTRY

SEK M	2001	pro forma 2000
Profit after net financial items, EBT	132	290
Capital employed at year-end	5,701	5,687
Cash flow	565	-1,840
Ratios		
Operating margin, %	4.8	7.2
Net margin, %	1.7	4.2
Return on capital employed, % ^{1,2)}	6.9	10
Other		
Average number of employees	4,566	4,727

INCOME STATEMENT

	2001	pro forma 2000
Net sales	7,792	6,909
Production expenses	-6,914	-6,011
Gross profit	878	898
Selling & administrative expenses	-619	-612
Shares in results of associated companies	78	90
Capital gain on sales of associated companies		121
Gain on sales of properties	46	3
Write-down of properties	-12	
Operating profit, EBIT	371	500
Financial items	-239	-210
Profit after financial items, EBT	132	290

BALANCE SHEET

	2001	pro forma 2000
Properties classed as fixed assets	881	870
Tangible and intangible fixed assets	3,990	4,402
Shares and participations	329	172
Materials and inventories	528	573
Interest-bearing receivables	43	359
Interest-free receivables	1,562	1,466
Liquid assets	382	233
Total assets	7,715	8,075
Equity	1,498	1,027
Minority interests	27	11
Interest-bearing liabilities and provisions	3,813	4,329
Interest-free liabilities and provisions	2,377	2,708
Total equity and liabilities	7,715	8,075

¹⁾ Calculation of ratios is based on a balance sheet in which taxable interest-free Group contributions are eliminated against the resulting equity and deferred tax liability in the Group.

²⁾ Return figures are based on average capital employed.

INFRASTRUCTURE FOR TOMORROW'S TELECOMMUNICATIONS



The size and complexity of base stations for third-generation mobile systems (3G) vary. In this case, a customer in Bergshamra, outside Norrtälje, required a high mast.

NCC Telecom designs, constructs and maintains base stations for mobile systems (3G), preferably on a turnkey basis. As of 2002, NCC Telecom is part of NCC Construction.

OPERATIONS

NCC Telecom accepts turnkey responsibility for the development and construction of telecommunications infrastructure. Its operations consist of project management, project planning, construction and maintenance of mobile base stations.

NCC Telecom's knowledge-oriented organization purchases the necessary construction services, primarily from within the NCC Group, thus generating potential business for the entire Group.

NCC has conducted successful telecommunications operations for more than ten years in both Sweden and Denmark, having built a total of about 5,000 GSM and NMT base stations.

The build-out of third-generation (3G) mobile networks (UMTS) commenced in Sweden during 2001. During the year, three major contracts were secured for the build-out of 3G, with Tele2, 3G Infrastructure Services AB (3GIS) and Hi3G. In Denmark, 3G licenses were awarded in September. In Norway and Finland, licenses had been awarded earlier, but as of early 2002, build-out had yet to begin on a wide scale.

NCC Telecom mainly conducts projects under turnkey contracts, as well as on a general contract or subcontract basis. Overall project-management activities include responsibility for coordination of design, project planning, site acquisition, construction and installation. NCC Sitemaster, an in-house developed, computer-based support system, has been used in several countries.

During 2001, NCC Telecom conducted operations in Sweden, Norway, Denmark and Finland, and also participated in international projects. As of 2002, the operations are mainly concentrated in Sweden.

MARKET

The business area's share of the mobile networks market in Sweden and Denmark was about 20 percent in 2001.

Since NCC is an independent supplier of telecom-related services, it works with all players – network owners, operators and system suppliers – in the mobile telephony market.

Established NCC customers include Tele2, Teracom, Telia, Orange, Sonofon, Colt and Banverket (the Swedish Railway Administration). New partnerships secured during 2001 included those with 3G Infrastructure Services (3GIS) and Hi3G. Competitors consist of other Nordic construction and civil engineering companies, plus a few specialized companies.

RISKS AND OPPORTUNITIES

One risk for telecom operations is that the Nordic build-out of third-generation mobile networks will be further delayed due to global economic conditions and general uncertainty in the industry.

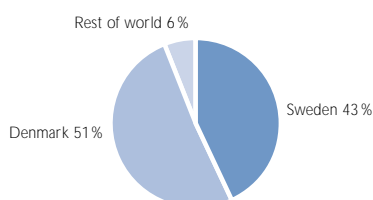
The market trend to date has resulted in a revision of previous assessments of market growth and volumes for NCC's telecom operations in the Nordic region. Volumes in the years ahead are expected to be lower than the annual figure of SEK 2 to 4 billion previously forecast.

Longer term, however, there is reason for more optimistic views of the market for mobile telecommunications.

Comments on results are presented in the Report of the Board of Directors on pages 38–43.

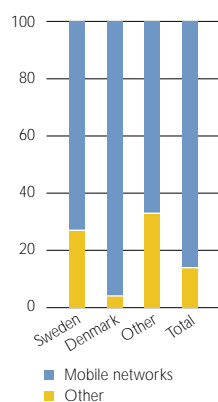
GEOGRAPHIC MARKETS

Sales, percent



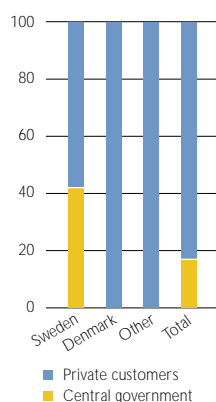
PRODUCT MIX

Sales, percent



CUSTOMER MIX

Sales, percent



NCC TELECOM

SEK M	pro forma	
	2001	2000
Orders received	482	208
Order backlog	286	14
Loss after financial items, EBT	-109	-10
Capital employed at year-end	71	13
Cash flow	-1	
Ratios		
Operating margin, %	-43.3	-5.4
Net margin, %	-45.8	-4.9
Return on capital employed, % ^{1,2)}	neg	neg
Other		
Average number of employees	159	

INCOME STATEMENT	pro forma	
	2001	2000
Net sales	238	203
Production expenses	-238	-181
Gross profit	0	22
Selling and administrative expenses	-103	-33
Operating loss, EBIT	-103	-11
Financial items	-6	1
Loss after financial items, EBT	-109	-10

BALANCE SHEET	pro forma	
	2001	2000
Tangible and intangible fixed assets	2	4
Shares and participations		3
Interest-bearing receivables		4
Interest-free receivables	247	90
Liquid funds	19	20
Total assets	268	121
Shareholders' equity	8	23
Interest-bearing liabilities and provisions	128	
Interest-free liabilities and provisions	126	98
Project invoicing not yet worked up	6	
Total equity and liabilities	268	121

¹⁾ The calculation of key ratios is based on a balance sheet in which taxable interest-free Group contributions are eliminated against the resulting equity and deferred tax liability in the Group.

²⁾ Return figures are based on average capital employed.

SERVICE FOR SELECTED CUSTOMERS



Building services are offered to customers who are about to initiate refurbishment projects or are looking for building services connected to the operation of properties. In a project at Hammarbyhamnen in Stockholm, for example, building services are included in a total-package offering.

NCC offers and develops service concepts on behalf of selected customers, mainly in Sweden. As of 2002, NCC Service is part of NCC Construction. A forceful restructuring program was introduced at the end of 2001.

OPERATIONS

During the year, NCC Service focused primarily on developing service concepts on behalf of selected customers, mainly in the Swedish market. During spring 2001, the operations were also introduced in Denmark. Widespread strategic work was conducted during the spring to ascertain the feasibility of establishing Facility Management operations. In connection with the restructuring process introduced during the autumn, a decision was made not to proceed with this establishment.

ORGANIZATION

During the year, Building Services was organized in eight districts and some 40 branches. Operations were characterized by a process of consolidation and focusing on profitable locations, and a forceful downsizing program was initiated at the end of the year (also see page 7).

MARKET

The market for building services expanded slightly during 2001. During the year, NCC worked on the basis of annual contracts both with insurance companies and with major property owners. NCC also endeavored to secure nationwide service agreements with property owners and tenants in order to provide a general solution for buildings in a number of locations. However, the majority of assignments during 2001 were still conducted on an individual basis.

CUSTOMERS

During the year, Building Services had many customers, the largest of which were insurance or real estate companies.

COMPETITORS

Building Services has two categories of competitors: the building services units of other major contracting companies, and local construction companies. The latter category is the larger, and it is difficult to compete with the companies concerned, since they operate in local networks and have lower overall costs due to their small size. NCC has endeavored to meet the competition by offering services that local contractors can seldom provide and by highlighting its financial strength.

PRODUCTS AND SERVICES

Building Services offers the services that are required for a refurbishment project or a building services assignment. NCC provides assistance with everything from project engineering to fully planned service schemes. One of NCC's competitive advantages is that its employees are trained to function in the sensitive environments in which its operations are conducted.

A project conducted in Jönköping provides one example of the types of assignments conducted by Building Services. This involved the rebuilding of a city district containing old wooden buildings that had burned down during the year. The project required painstaking and meticulous restoration and construction work in a vulnerable environment. Another example involves retail chains that have decided to develop nationwide supermarket concepts in cooperation with NCC.

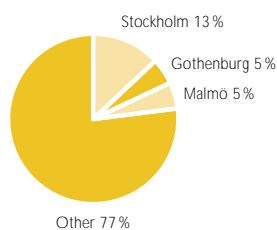
RISKS AND OPPORTUNITIES

Since individual assignments within the Building Services unit tie up only a limited amount of capital, the risk involved is relatively small. On the other hand, every assignment involves a business risk. The opportunities that exist occur mainly in the "nationwide customers" segment, in which NCC has the capacity to accept assignments that cover extensive geographic areas and which transcend national boundaries.

Comments on results are presented in the Report of the Board of Directors on pages 38–43.

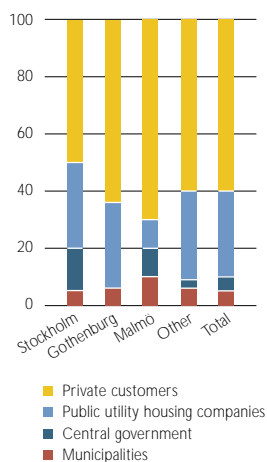
GEOGRAPHIC MARKETS

Sales, percent



CUSTOMER MIX

Sales, percent



NCC SERVICE

SEK M	pro forma	
	2001	2000
Orders received	1,409	1,242
Order backlog	187	154
Loss after financial items, EBT	-24	-5
Capital employed at year-end	125	
Cash flow	57	
Ratios		
Operating margin, %	-1.7	0.0
Net margin, %	-1.7	-0.4
Return on capital employed, % ^{1,2)}	neg	
Other		
Average number of employees	1,098	971

INCOME STATEMENT	pro forma	
	2001	2000
Net sales	1,392	1,157
Production expenses	-1,350	-1,107
Gross profit	42	50
Selling & administrative expenses	-66	-50
Operating loss, EBIT	-24	0
Financial items		-5
Loss after financial items, EBT	-24	-5

BALANCE SHEET

	2001
Fixed assets	1
Tangible and intangible fixed assets	1
Interest-free receivables	350
Liquid funds	55
Total assets	407
Shareholders' equity	80
Interest-bearing liabilities and provisions	30
Interest-free liabilities and provisions	296
Project invoicing not yet worked up	1
Total equity and liabilities	407

¹⁾ The calculation of key ratios is based on a balance sheet in which taxable interest-free Group contributions are eliminated against the resulting equity and deferred tax liability in the Group.

²⁾ Return figures are based on average capital employed.

NCC GROUP FIVE-YEAR REVIEW

INCOME STATEMENT, SEK M	PRO FORMA ¹⁾				
	1997	1998	1999	2000	2001
Net sales	32,077	34,160	37,460	38,728	46,058
Production expenses	-29,026	-30,832	-33,446	-34,641	-42,330
Gross profit	3,051	3,328	4,014	4,087	3,728
Selling and administrative expenses	-2,502	-2,587	-3,062	-3,457	-4,034
Result from sales of properties	-63	323	163	640	595
Result from participations in associated companies	20	-158	66	23	34
Result from sales of Group companies	105	1	7	-1	8
Result from sales of associated companies	-2	194	50	271	13
Write-downs/reversal of write-downs of properties			31	-60	-140
Items affecting comparability ²⁾	-449		201	912	-1,740
Operating profit/loss	160	1,101	1,470	2,415	-1,536
Net financial items	-535	-371	-219	-262	-594
Profit/loss after net financial items	-375	730	1,251	2,153	-2,130
Tax	79	-184	-408	-655	-121
Minority interests	-4	-3	-5	-4	-18
Net profit/loss	-300	543	838	1,494	-2,269
BALANCE SHEET, SEK M					
Buildings and land	10,262	9,150	7,991	6,931	6,394
Investments in progress	856	1,060	1,958	2,677	4,050
Tangible and intangible fixed assets	2,750	2,784	4,195	6,570	6,175
Shares and participations	2,222	2,090	1,354	1,217	1,228
Properties held for future development	899	1,154	1,870	3,152	3,335
Interest-bearing receivables	1,412	1,618	1,138	1,389	1,265
Interest-free receivables	6,334	7,468	8,153	12,550	13,701
Liquid assets	3,609	3,135	2,371	2,207	3,164
Total assets	28,344	28,459	29,030	36,693	39,312
Shareholders' equity ⁵⁾	9,237	9,671	9,795	9,922	7,322
Minority interests	25	25	30	20	94
Interest-bearing liabilities and provisions	8,956	8,381	8,803	11,714	14,736
Interest-free liabilities and provisions	10,126	10,382	10,402	15,037	17,160
Total equity and liabilities	28,344	28,459	29,030	36,693	39,312
RATIOS					
Return on equity ³⁾ , %	2	6	7	9	neg
Return on capital employed ³⁾ , %	4	7	8	9	2
Equity/assets ratio, %	33	34	34	27	19
Share of risk-bearing capital ⁴⁾ , %	33	35	36	30	20
Interest-bearing liabilities/total assets, %	32	29	30	32	37
OTHER					
Average number employees	22,434	21,645	24,122	25,192	28,170

¹⁾ Pro forma accounts for 1997, in which Slab is merged with NCC.

²⁾ 1997: costs related to the merger of NCC and Slab. 1999: sale of shares in Neptun Maritime (renamed Silja Abp) and BPA. 2000: Refund from Alecta. 2001: restructuring costs.

³⁾ Excluding items affecting comparability.

⁴⁾ Risk-bearing capital is defined as the sum total of shareholders' equity, minority interests and deferred tax liabilities.

⁵⁾ Adjustments have been made in accordance with the Financial Accounting Standards Council's RR9 recommendation regarding income tax: see Notes 22 and 25.

KEY FIGURES, SEK M	PRO FORMA				
	1997	1998	1999	2000	2001
Operating profit/loss (EBIT)	160	1,101	1,470	2,415	-1,536
Operating profit/loss (EBIT), excl. items affecting comparability	609	1,101	1,269	1,503	204
Profit/loss after net financial items (EBT)	-375	730	1,251	2,153	-2,130
Profit/loss after net financial items (EBT), excl. items affecting comparability	74	730	1,050	1,241	-390
Shareholders' equity	9,237	9,671	9,795	9,971	7,322
Capital employed at year-end	18,218	18,077	18,628	21,705	22,153
Capital employed, average	20,430	17,745	18,974	19,797	22,998
Net debt	3,935	3,627	5,296	8,118	10,306
Gross investments in properties, Property Development	694	1,135	1,853	3,056	3,055
Sales of properties, Property Development	6,227	2,219	2,142	3,845	1,965
Gross investments in other fixed assets	569	1,001	2,365	3,493	1,943
DATA PER SHARE					
Shareholders' equity, SEK	85.20	89.20	90.30	93.90 ¹⁾	69.75
Profit/loss after full tax, SEK	-2.80	5.00	7.70	14.00	-21.60
Profit/loss after full tax excl. items affecting comparability, SEK	1.40	5.00	6.40	8.00	-5.75
Market price, NCC series B shares, SEK	83.50	61.50	98.00	69.00	70.00
Dividend, SEK	1.50	2.50 ²⁾	4.00 ³⁾	4.50	2.25 ⁴⁾
Cash flow before financing, SEK	38.94	5.46	-5.58	-22.00	-7.11
P/E ratio after full tax	neg	12	13	5	neg
P/E ratio after full tax, excl. items affecting comparability	61	12	15	9	neg
Direct return, %	1.8	8.9	11.2	6.5	3.2
Direct return, excl. extra dividend, %	1.8	4.1	4.1	6.5	3.2
Stock exchange price/visible equity, %	98	69	108	73	100
Number of shares					
average during the year, millions	108.4	108.4	108.4	107.0	105.0
at year-end, millions	108.4	108.4	108.4	105.7	105.0
Market value, SEK M	8,960	6,669	10,564	7,353	7,347

¹⁾ Adjustments have been made in accordance with the Financial Accounting Standards Council's RR9 recommendation regarding income tax; see Notes 22 and 25.

²⁾ In addition, Hufvudstaden shares with a value of SEK 3 per NCC share were spun off.

³⁾ In addition, an extraordinary dividend of SEK 7 per share was paid.

⁴⁾ Board of Directors' proposal to the Annual General Meeting.

For accounting principles, see pages 49–52.

REPORT OF THE BOARD OF DIRECTORS

GROUP

Orders received and order backlog. Orders received during the January – December period amounted to SEK 50,647 M (pro forma: 46,316)¹⁾, up 9 percent compared with 2000. Adjusted for exchange-rate effects, the increase was 4 percent. Property-development projects accounted for SEK 2,388 M (1,114) of total orders received and proprietary housing-development projects for 2,931 M (3,332). The order backlog on December 31 was approximately SEK 31 billion, a rise of 19 percent compared with about SEK 26 billion at year-end 2000. Exchange-rate effects accounted for 4 percentage points of the increase in the order backlog. The favorable level of orders received during 2001 and the healthy order backlog provide a solid foundation for operations in 2002.

Net sales. Consolidated net sales totaled SEK 46,058 M (pro forma: 40,808), 13 percent higher than in 2000. Adjusted for exchange-rate effects, the increase was 8 percent.

Earnings. As a result of the comprehensive review of the NCC Group conducted during autumn 2001, wide-ranging restructuring measures have been introduced. A provision of SEK 1,192 M was posted for restructuring costs during 2001 (see table). As a result of

the review of operations, goodwill was written down by SEK 219 M, of which civil engineering operations in Denmark accounted for half of the write-down. A more cautious accounting method for recognizing profit in major contracting projects and housing production has been introduced, for which SEK 329 M was charged against earnings. The total charge for restructuring costs, write-down of goodwill and changed accounting methods amounts to SEK 1,740 M. These charges are classified as items affecting comparability in the year-end accounts.

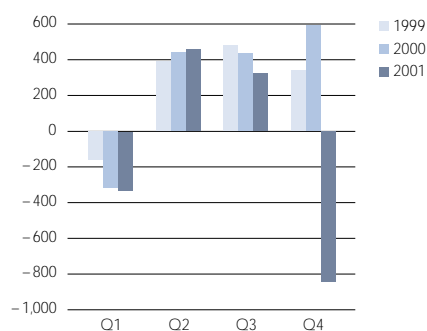
The Group's operating profit (EBIT) excluding items affecting comparability amounted to SEK 204 M (1,503). Earnings were charged with SEK 825 M for write-downs and provisions. The Contracting (building and civil engineering operations) and Housing (housing development) business areas accounted for most of the write-downs, or approximately SEK 700 M. The Sonnengarten housing project in Germany was the largest individual write-down. The figures for 2000 included items affecting comparability in a positive amount of SEK 912 M (refund of surplus contributions from Alecta).

The result after financial items was a loss of SEK 390 M (profit: 1,241), excluding items affecting comparability. The earnings decline was mainly attributable to write-downs and provisions. Including items affecting comparability, the loss amounted to SEK 2,130 M (profit: 2,153). The deterioration in earnings consisted of negative items affecting comparability of SEK 1,740 M, as well as SEK 825 M for provisions and project write-downs charged against continuing operations. Net financial items amounted to an expense of SEK 594 M (expense: 262). The deterioration was due to an increase in tied up capital, mainly for housing operations.

Earnings per share. The full-year loss after tax amounted to SEK 2,269 M (profit: 1,494), corresponding to a loss of SEK 21.60 per share (earnings: 14.00). The full-year loss did not have a positive effect on tax costs during the year, because approximately SEK 780 M of the loss was not tax deductible (for example, amortization and write-downs of goodwill and losses incurred in countries where NCC does not expect to generate any taxable profits in the near future). In addition, tax costs for 2001 also included provisions that are mainly related to aircraft leasing (total of approx. 280). Due to anticipated Swedish legislation that will result in capital gains on sales of shares no longer being taxable, regulations imposing new limits for utilizing capital losses during 2001 were introduced, which resulted in tax receivables amounting to approximately SEK 110 M being expensed.

PROFIT/LOSS AFTER FINANCIAL ITEMS

Excl. Items affecting comparability SEK M



¹⁾ Pro forma. The acquisition of Rieber Roads, which became effective on November 1, 2000, is included pro forma for full-year 2000. This mainly affects NCC Industry. In order to facilitate comparisons with previous years, comparative figures (pro forma) are presented for the Group and each business area as if the changes had been implemented on January 1, 2000.

ITEMS AFFECTING COMPARABILITY DURING 2001 (changed accounting principles, write-down of goodwill and restructuring costs)

SEK M	Contracting	Housing	Industry	Telecom	Service	Other	Group
Changed accounting principles	-88	-241					-329
Write-down of goodwill	-120		-99				-219
Restructuring costs	-937	-13	-133	-13	-68	-28	-1,192
Total items affecting comparability	-1,145	-254	-232	-13	-68	-28	-1,740

Revaluation of properties. In connection with year-end, an independent valuation of NCC's Swedish real estate portfolio was commissioned. According to this valuation, the year-end market value of managed properties in Sweden was slightly more than SEK 4.1 billion, compared with SEK 5.2 billion at the end of 2000. The hidden reserve (market value less book value) in the portfolio of Swedish managed properties amounted to approximately SEK 750 M (950), of which Stockholm accounted for the predominant proportion. Compared with 2000, the hidden value has declined by approximately SEK 170 M, due to sales of properties, mainly of Gullbergsvass in Gothenburg.

Including properties located outside Sweden, whose value has not been subject to independent appraisal, NCC estimates that the total market value of the real estate portfolio was approximately SEK 4.5 billion at year-end. The year-end book value of the portfolio was SEK 3.7 billion (4.3).

The year-end accounts also include write-downs of those properties whose book value exceeds the estimated market value. This valuation includes the Group's entire holding of properties, not only properties within NCC Property Development. The revised values of properties had a negative impact on earnings of SEK 140 M (negative: 60), of which managed properties accounted for SEK 77 M (44) and other properties for SEK 63 M (16).

BUSINESS AREAS

During 2001, NCC was divided into six business areas: NCC Contracting, NCC Housing, NCC Property Development, NCC Industry, NCC Telecom and NCC Service.

Effective 2002, NCC has a changed Group structure. Accounts for 2001 in accordance with the new structure will be presented prior to the publication of the first-quarter report for 2002.

NCC Contracting. Orders received by NCC Contracting rose 6 percent to SEK 35,983 M (33,999). All units showed increases in orders received, with the exception of Finland and specialist operations. The order backlog on December 31 was SEK 23.6 billion, 17 percent higher than year-end 2000.

Net sales rose by 16 percent to SEK 33,585 M (28,921). The increase derived mainly from the high order backlog at the beginning of the year. The largest sales increases were noted by building operations in Denmark and Norway.

The operating result (EBIT) amounted to a loss of SEK 422 M (loss: 68), excluding items affecting comparability. The earnings decline was mainly due to write-downs amounting to SEK 395 M, most of which relating to major civil engineering projects in Nordic operations. Due to the focus on volume and the resulting profitability problems that marked previous operations, a major restructuring program is currently under way, particularly within civil engineering operations. Building operations in such countries as Sweden and Denmark showed favorable growth and earnings trends as a consequence of the restructuring measures implemented earlier. NCC's share in the results of the associated company A-Train amounted to a loss of SEK 32 M (loss: 84).

NCC Housing. Orders received amounted to SEK 6,542 M (6,055). The order backlog on December 31, 2001 was approximately SEK 5.6 billion, compared with SEK 5.0 billion at year-end 2000.

The number of total-package housing starts during the year was 2,700 (2,900). At December 31, 2001, NCC Housing owned development rights corresponding to approximately 20,000 apartments, an increase of about 2,700 during the year. Two thirds, or about 13,500, of these development rights were in Sweden, with the Stockholm region accounting for slightly more than half, or approximately 7,500.

Net sales amounted to SEK 6,189 M (5,366), up 15 percent. The increase was attributable to organic growth in the Finnish market and to the acquisition of units in Denmark. Adjusted for exchange-rate effects, sales rose by 9 percent.

The operating result (EBIT) amounted to a loss of SEK 117 M (profit: 207), excluding items affecting comparability. Earnings were charged with approximately SEK 330 M for write-downs of projects and land held for future development. The Sonnengarten housing project in Germany, whose completed, fully rented apartments are once again consolidated in NCC's balance sheet after the external partner failed to fulfill his obligations, accounted for most of the write-downs, or approximately SEK 220 M. Business conditions in the Berlin area deteriorated due to a weaker investor market for residential properties compared with other investment opportunities. This had an adverse impact on NCC's volume and profit margin in Germany. Sales of single-family housing units directly to consumers remained favorable. In Stockholm and Helsinki, the business area's largest individual markets, profitability was favorable. However, Polish operations reported losses. Tied up capital rose during the year and capital employed amounted to SEK 4,546 M (2,806) at year-end.

As of December 31, 2001, NCC applies a changed method for the continuous recognition of profit from its proprietary housing projects. The negative effect of this change, which is booked as an item affecting comparability, amounted to SEK 241 M. If the method had taken effect on January 1, 2001, the operating loss for full-year 2001 would have been SEK 86 M higher.

NCC Property Development. Sales within NCC Property amounted to SEK 865 M (907) and mainly derived from rental revenue.

Operating profit (EBIT) amounted to SEK 711 M (976). The decrease in earnings was due to a lower level of earnings from property management and lower capital gains on sales of managed properties. The sale of the East India Dock managed property in London, which generated a gain of SEK 283 M, accounted for most of the profit in 2000.

■ *Property development.* Sales volume in project-development operations amounted to SEK 2,184 M (3,028), resulting in operating profit of SEK 397 M (379) after administrative costs and other items. Sales of projects at an early stage of development contributed to the increase in profit, despite the lower total sales volume.

Construction-initiated projects amounted to SEK 6.9 billion (5.8) on December 31, in terms of total project costs. Costs incurred in all initiated projects amounted to SEK 4.2 billion (2.4), corresponding to 61 percent (41) of the total project costs. The leasing rate was 45

percent (32). The balance of the project portfolio deteriorated slightly compared with the preceding year, having been affected by the sale of a number of fully leased projects and a general deterioration in the Nordic rental market. At the same time, the degree of completion of projects in progress rose steadily during the year.

The total portfolio of construction-initiated and planned projects amounted to SEK 18.1 billion on December 31, 2001, compared with SEK 15.4 billion at the end of 2000.

■ *Sales of managed properties.* During 2001, sales of managed properties totaled SEK 942 M (2,173), generating operating profit (EBIT) of SEK 170 M (405). The largest sales during the year were of two prop-

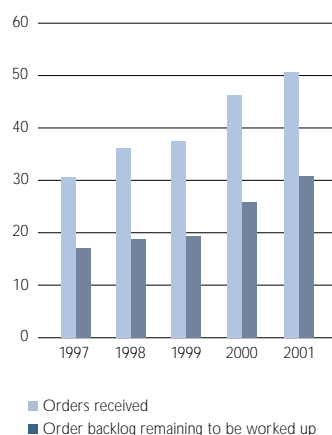
erties – Gullbergsvass and Masthugget – in Gothenburg, the Hamlet property in Copenhagen and the Lot 10 property in Brussels. In total, these properties corresponded to a sales volume of approximately SEK 615 M and resulted in capital gains of about SEK 165 M. The intention is to sell the remaining holding of managed properties within a period of two years.

■ *Property management.* Rental revenues totaled SEK 522 M (622), generating an operating net of SEK 301 M (382). The visible yield was 7 percent (7).

On December 31, the vacancy rate in terms of floor space in the portfolio of wholly owned properties was 6 percent (7).

ORDERS RECEIVED AND ORDER BACKLOG

SEK BN



SENSITIVITY ANALYSIS

	Change	Effect on profit after net financial items (annual basis), SEK M	Effect on return on equity, percentage points	Effect on return on capital employed, percentage points
Contracting				
Volume	+/- 5%	111	0.8	0.5
Operating margin	+/- 0.5 percentage point	168	1.3	0.7
Property Development				
Sales volume, projects	+/- 10%	55	0.4	0.2
Sales margin, projects	+/- 1 percentage point	22	0.2	0.1
Housing				
Sales price, own projects	+/- 10%	309	2.3	1.3
Capital turnover rate (increased volume)	+/- multiple of 1.0	183	1.4	0.8
Industry				
Operating margin	+/- 1%	78	0.6	0.3
Capital turnover rate	+/- multiple of 0.2	60	0.5	0.3
Group				
Interest rate, borrowing	+/- 1 percentage point	45	0.3	
Amortization of loans	10%	36	0.3	-0.5
Change in equity/assets ratio	+/- 5 percentage points	110	5.0	

PORTFOLIO OF DEBTS, DEC. 31, 2001, SEK M

	SEK and foreign currencies		SEK and foreign currencies			SEK	
	Amortization		Fixed-interest loans during period,		Average interest rate	Fixed-interest loans during period, SEK M	
	SEK M	Percentage	SEK M	Percentage		Fixed-interest loans during period, SEK M	Average interest rate
2002	8,904	65	8,833	64	4.4	6,116	4.7
2003	1,128	8	1,963	14	5.8	403	5.2
2004	1,885	14	1,572	11	5.9	228	5.6
2005	432	3	492	4	5.5	45	6.2
2006	434	3	601	4	5.9	30	6.2
2007-	947	7	270	2	5.7	80	5.5
	13,730	100	13,730	100	5.6	6,903	5.3
Pension liability	1,006		1,006		3.7	970	3.7
Interest-bearing liabilities	14,736		14,736			7,873	
Liquid assets	3,164		3,164			1,222	
Interest-bearing receivables	1,266		1,266			1,075	
Net debt	10,306		10,306			5,576	

NCC Industry. Net sales amounted to SEK 7,792 M (6,909), up 13 percent. Approximately half of the increase was attributable to exchange-rate effects. The real increase in sales derived mainly from newly started operations in Finland, Norway and New Markets (Baltic countries and Poland).

The operating result (EBIT) amounted to a profit of SEK 371 M (500), excluding items affecting comparability. Market conditions, combined with operational cutbacks, mainly in northern Sweden, had an adverse impact on the inventory turnover rate within aggregates operations. This required the write-down of inventory values. In addition, machinery in Norway and within New Markets was written down. In total, write-downs and provisions had an adverse impact of approximately SEK 100 M. In 2000, the capital gain on the sale of the associated company RGS 90 contributed approximately SEK 110 M to earnings. The share in RGS 90's earnings during 2000 amounted to SEK 27 M. The approximately SEK 100 M improvement in continuing operations was mainly attributable to improved earnings from asphalt activities and a favorable trend for newly started operations within New Markets. Exchange-rate effects had a positive impact of SEK 14 M on earnings.

NCC Telecom. In Sweden, work on the build-out of third-generation mobile networks (UMTS or 3G) has begun. During 2001, NCC concluded agreements covering 3G build-out in Sweden with Tele2, 3G Infrastructure Services (3GIS) and Hi3G. The build-out process in the Nordic region is taking longer than expected, due to a gener-

ally cautious approach in the telecom sector, whereby the volumes offered for tender are smaller than expected.

Orders received totaled SEK 482 M (208). The order backlog at year-end amounted to SEK 286 M (14). The contracts and framework agreements concluded during 2001 form a solid foundation for operations during 2002.

Net sales amounted to SEK 238 M (203), which derived mainly from the build-out of existing GSM networks in Sweden and Denmark.

The operating result (EBIT) amounted to a loss of SEK 103 M (loss: 11), excluding items affecting comparability. The loss was due to tendering overheads and delays in production starts related to UMTS build-outs.

NCC Service. Orders received amounted to SEK 1,409 M (1,242).

The operating result (EBIT) was a loss of SEK 24 M (0), excluding items affecting comparability. Although profitability was relatively good in metropolitan regions, it was unsatisfactory in other locations. As a result, a forceful restructuring program was initiated, leading to the phase-out of approximately two-thirds of total operations.

GROUP

Profitability. The return on capital employed was negative (plus 13.7%). Excluding items affecting comparability, the return on capital employed was 2.2 percent (9.4). The return on shareholders' equity was negative (plus 15.5%). Excluding items affecting comparability, the return on shareholders' equity was negative (plus 9.3%).

NET SALES AND PROFIT BY BUSINESS AREA, SEK M

	Net sales		Operating profit/loss (EBIT)		Profit/loss after financial items (EBT)	
	Jan–Dec 2001	pro forma Jan–Dec 2000	Jan–Dec 2001	pro forma Jan–Dec 2000	Jan–Dec 2001	pro forma Jan–Dec 2000
NCC Contracting	33,585	28,921	– 422	– 68	– 364	21
NCC Housing	6,189	5,366	– 117	207	– 308	155
NCC Property Development ¹⁾	865	907	711	976	615	772
NCC Industry	7,792	6,909	371	500	132	290
NCC Telecom	238	203	– 103	– 11	– 109	– 10
NCC Service	1,392	1,157	– 24		– 24	– 5
Total	50,061	43,463	416	1,604	– 58	1,223
NVS	2,069	1,762	67	57	75	66
Other and eliminations	– 5,984	– 4,417	– 279	– 152	– 407	– 138
	46,146	40,808	204	1,509	– 390	1,151
Items affecting comparability						
Refund from Alecta				912		912
Write-down of goodwill			– 219		– 219	
Changed accounting methods	– 88		– 329		– 329	
Restructuring costs			– 1,192		– 1,192	
Group	46,058	40,808	– 1,536	2,421	– 2,130	2,063

¹⁾ Within NCC Property Development, income recognition occurs when the legal ownership right to a property or the company that owns a property is transferred to the purchaser. This could arise from the sale of a real estate project at an early stage; for example, when construction has not been completed (in certain cases, when it has not even been initiated). In the consolidated accounts, such sales are divided into two main transactions. The first transaction – sale of properties – comprises the realization of a property value that has been accumulated at several levels, such as site acquisition at a favorable time, formulation of a detailed development plan, design of a real estate project, building permit and leasing to tenants. The second transaction comprises the building contract, whereby income recognition within NCC Contracting is undertaken in accordance with the percentage of completion method.

Investments and financing. Cash flow, before investments, was negative in an amount of SEK 837 M, compared with a positive cash flow of SEK 279 M in 2000.

The Group's gross investments in real estate amounted to SEK 4,005 M (5,819), of which property-development projects accounted for SEK 2,819 M (2,738) and land intended for housing projects for SEK 860 M (2,276). The Group's gross investments in other fixed assets during the year amounted to SEK 1,943 M (3,493).

Cash flow after investments was negative in an amount of SEK 746 M, compared with a negative cash flow of SEK 2,356 M in 2000.

At year-end 2001, NCC's net indebtedness (interest-bearing liabilities less liquid assets less interest-bearing receivables) amounted to SEK 10,306 M (8,118). The change was due mainly to an increase in indebtedness within Housing.

Equity/assets and debt/equity ratios. On December 31, the equity/assets ratio was 19 percent (27). The full-year loss reduced the ratio by approximately 6 percentage points. The debt/equity multiple (net indebtedness divided by shareholders' equity including minority interests) at year-end was 1.4 (0.8).

Active financial risk management

■ **Interest-rate risks:** NCC aims for a good balance between long and short periods of fixed interest within a limited framework. At year-end, the average period of fixed interest was 1.2 years (1.6).

■ **Currency risks:** Transaction-related currency exposure is eliminated via NCC Treasury. As a rule, NCC's investments outside Sweden are financed in corresponding currencies.

■ **Credit risks:** NCC's investment regulations are reviewed continuously and characterized by the utmost caution. The point of departure is that no credit risks should arise in operations. NCC's finance activities were not affected by a credit loss in 2001, or in any prior year.

■ **Liquidity risks:** To achieve adequate flexibility and cost efficiency, the Group's access to funds consists essentially of committed lines of credit. On December 31, the Group's lines of credit amounted to SEK 2.8 billion. Available funds are invested primarily in government paper with solid secondary markets.

Environmental impact. The environmental consequences of NCC's operations and the measures taken to limit their impact are presented in NCC's Stakeholder Report. Within Swedish operations, the asphalt, concrete and gravel pit operations conducted within NCC Industry during 2001 were subject to permit and reporting obligations in accordance with the Environmental Code. The environmental impact of these operations mainly comprises emissions to air and noise.

NVS. NVS, Nordisk Värme Sana, which was a wholly owned subsidiary during 2001, is active in the market for heating and plumbing installations. Orders received amounted to SEK 2,259 M (1,848) and operating profit (EBIT) to SEK 67 M (57). NVS was sold, effective February 8, 2002.

Personnel. The average number of employees in the NCC Group during 2001 was 28,170 (25,192). The increase was due mainly to the acquisition of Riebers Roads.

PARENT COMPANY

Sales and earnings. The Parent Company reported invoiced sales of SEK 18,936 M (22,059). After net financial items, a loss of SEK 1,627 M (profit: 824) was reported. The average number of employees was 11,607 (11,803).

NCC AB's repurchase of own shares. The Annual General Meeting on April 3, 2001 provided the Board with renewed authorization to repurchase a maximum of 10 percent of the total number of NCC shares. The main objective of repurchases is to cover commitments under the option program that has been established for approximately 200 senior executives.

Since the original repurchase authorization was granted at the 2000 Annual General Meeting, NCC has repurchased 3,474,589 Series B shares at an average price of SEK 73.64, corresponding to 3.2 percent of the total number of shares.

Proposed dividend. The Board proposes that a dividend of SEK 2.25 (4.50) be paid per share. If the Annual General Meeting approves the Board's proposal, it is estimated that payment of the dividend, under the auspices of VPC, will commence on April 11, 2002.

Annual General Meeting. The Annual General Meeting will be held at 4:30 p.m. on April 3, 2002, at the Grand Hotel, Stockholm, Sweden.

SIGNIFICANT EVENTS AFTER YEAR-END

New Group structure. As of January 1, 2002, NCC has a new Group structure. The operations of the Contracting, Housing, Telecom and Service business areas are now coordinated in each particular country. These operations are now called NCC Construction Sweden, NCC Construction Norway, NCC Construction Denmark, NCC Construction Finland, NCC Construction Germany and NCC Construction Poland. Major Nordic and international civil engineering projects are organized in a new business area, NCC International Projects. NCC Industry has been restructured and is now called NCC Roads – which comprises the Group's asphalt, aggregates and paving operations and parts of highway maintenance activities and ready-mix concrete. NCC's machinery operations are being concentrated in a separate company marketed under its own name, Altima. NCC Property Development retains its current structure. Pro forma accounts in accordance with the new structure will be presented prior to the publication of the first-quarter report for 2002.

New president of NCC Construction Norway. Espen A. Pay has been appointed new president of NCC Construction Norway. He will succeed Paul Lødøen, who has been a member of executive management for these operations since 1985, and president for the

past five years. Espen A. Pay joins NCC from Naturbetong, one of Norway's major private housing-development companies. The change of president became effective on March 4. Espen A. Pay will also become a member of the NCC Group's executive management.

Sale of NVS. Negotiations regarding the sale of the installation company NVS were finalized at the end of January. The sale will generate a capital gain of SEK 301 M, which will be included in NCC's earnings for the first quarter of 2002. The change of ownership became effective on February 8.

Cartel cooperation in asphalt sector. On October 24-25, 2001, the Swedish Competition Authority conducted on-site investigations at the premises of NCC and a number of other companies active in the Swedish asphalt sector. These on-site investigations were based on a summons application submitted to the Stockholm District Court. In this application, the Competition Authority had claimed, on the basis of information received from former NCC employees, that competition-impeding collaboration, through such measures as contract-tendering collusion and dividing up markets, had occurred in six cases involving public procurement of state or municipal contracts.

At a meeting on November 8, 2001 NCC's Board of Directors decided to commission Eric Ericsson, a lawyer from the Lindahl law firm, to conduct an investigation into NCC's asphalt operations. The assignment included:

- investigating whether any breach of competition rules and regulations or dividing-up of markets occurred in 1999 and later years,
- drawing attention to any additional irregularities that the investigator uncovers,
- identifying who had participated in or approved any actions in breach of the competition rules,
- investigating whether NCC's Board, CEO or auditors had been aware of the alleged irregularities,
- and deciding whether, in the matters concerned, the Board had complied with the Swedish Companies Act's provisions regarding the supervision of the Company's organization and management.

The assignment also included a follow-up of the internal inquiries within NCC Norway that had been conducted by this company's management and its external lawyers in connection with the Norwegian Competition Authority's investigations into, among other matters, NCC Norway's asphalt operations, which were initiated in June 2001.

The report by the independent investigator was presented to the Board at a meeting on December 19, 2001.

On January 31, 2002, NCC's management informed the Competition Authority verbally and in writing of the findings of the independent inquiry, which showed that NCC had been involved in four of the six alleged cases of cartel collaboration covered by the Competition Authority's summons application to the Stockholm District Court. The inquiry also showed that cartel collaboration had existed

in a number of additional cases. At a press conference held later the same day, NCC's management made public the Company's involvement in cartel collaboration. A summary of the written report submitted to the Competition Authority was also made public.

The investigator's report showed that no agreements with competitors had been made after January 2001 and that NCC's CEO and Board, as well as the Company's auditors, had not been aware of any breaches of the Competition Act. The investigator also concluded that the Board had not been neglectful in its supervision of the Company's organization and management.

When the announcement of NCC's involvement was made, NCC also presented an action program aimed at ensuring that NCC managers at all levels complied with current rules and regulations. The action program included the following components:

- A comprehensive in-house program covering corporate culture, ethical behavior and business morals.
- Compulsory and expanded training in the field of competition legislation for managers and all other relevant employees throughout the NCC Group.
- Development of NCC's existing rules and regulations regarding competition into a compliance program containing binding instructions for all Group units regarding their responsibility to immediately report any suspected violations of the Competition Act.

With respect to the inquiry into NCC Norway's operations, the investigator did not find any existing material indicating a breach of Norwegian competition rules.

Against the background of the chain of events in Sweden, NCC's Board has decided to initiate a more in-depth independent investigation of NCC Norway's operations. By mid-February, this investigation had not been concluded.

No provision for the possible effects of the cartel allegations has been posted, since it has not been possible to assess the necessary size of such a provision. During 2001, paving operations were conducted by NCC Contracting in Sweden, while asphalt production was conducted within NCC Industry. NCC's Swedish paving operations reported sales of approximately SEK 2 billion in 2001.

DEFINITIONS

Average shareholders' equity: Reported shareholders' equity. Average shareholders' equity is calculated as the average of the balances at January 1, March 31, June 30, September 30 and December 31.

Beta value: Volatility in the price of NCC shares in relation to the entire stock market.

Capital employed: Total assets less interest-free liabilities. Average capital employed is calculated as the average of the balances at January 1, March 31, June 30, September 30 and December 31.

In the business areas, capital employed is calculated in the same manner, with the exception of taxable interest-free Group contributions, which are eliminated against the resulting equity and deferred tax liability in the Group.

Direct return: The dividend as a percentage of the market price at year-end.

Earnings per share after full tax: Net profit for the year as a percentage of the number of shares at the end of the year.

EBIT: Profit before financial items.

EBT: Profit after financial items.

Equity/assets ratio: The total of visible shareholders' equity and minority interests as a percentage of total assets.

Exchange-rate difference: Exchange-rate changes attributable to movements in various exchange rates when receivables and liabilities in foreign currencies are translated into SEK.

Exchange-rate effect: The impact of changes in various exchange rates on current reporting in NCC's consolidated accounts on translation into SEK.

Net debt: Interest-bearing liabilities less liquid assets less interest-bearing receivables.

Net investments: Closing balance less opening balance plus depreciation and write-downs less write-ups.

Net margin: Profit after net financial items as a percentage of net sales.

Net sales: The net sales of construction operations are reported in accordance with the percentage of completion principle and are matched by revenues worked up during the year. These revenues are reported in pace with the gradual completion of construction projects within the Group. Within real estate operations, net sales correspond to rental revenues, interest subsidies, etc. In the Parent Company, net sales correspond to income-recognized sales from completed projects. Within other operations, net sales correspond to invoicing for the year.

Operating margin: Operating profit after depreciation as a percentage of net sales.

P/E ratio: Market price of the shares at year-end, divided by net profit per share after full tax.

Repurchase of Company shares: Repurchased shares have been excluded from calculations of key figures based on the number of shares outstanding.

Return on equity after full tax: Net profit for the year as a percentage of average shareholders' equity.

Return on capital employed: Profit after net financial items including participations in associated companies, following reversal of interest expenses, as a percentage of the average capital employed.

Share of risk-bearing capital: The total of shareholders' equity, minority interests, deferred tax liabilities and convertible debenture loans, which were subsequently converted, as a percentage of total assets.

Total return: The real return on an investment in shares, meaning the dividend received plus the change in the share price.

INCOME STATEMENTS

SEK M		GROUP		PARENT COMPANY		
		2001	2000	2001	2000	
	Net sales	Note 1	46,058	38,728	18,936	22,059
	Production and management costs	Note 2	-42,330	-34,641	-17,412	-20,089
	Gross profit		3,728	4,087	1,524	1,970
	Selling and administrative expenses		-4,034	-3,457	-1,973	-1,747
	Items affecting comparability ¹⁾		-1,740	912	-967	405
	Result from sales of properties	Note 3	595	640	139	45
	Write-downs/reversal of write-downs of properties		-140	-60	-43	
	Result from participations in associated companies	Note 4	34	23		
	Result from sales of participations in Group companies	Note 5	8	-1		
	Result from sales of participations in associated companies	Note 7	13	271		
	Operating profit/loss	Note 6	-1,536	2,415	-1,320	673
	Result from participations in Group companies	Note 8			44	213
	Result from participations in associated companies				-7	18
	Result from other financial fixed assets	Note 9	295	241	6	38
	Result from financial current assets	Note 10	234	262	182	82
	Interest expense and similar items	Note 11	-1,123	-765	-532	-200
	Profit/loss after financial items	Note 12	-2,130	2,153	-1,627	824
	Appropriations	Note 23			202	-430
	Tax on net profit for the year	Note 25	-121	-655	71	-126
	Minority interests		-18	-4		
	NET PROFIT/LOSS FOR THE YEAR		-2,269	1,494	-1,354	268

¹⁾ 2000: Refund from Alecta; 2001: see specification on page 38.

BALANCE SHEETS

ASSETS, SEK M		GROUP		PARENT COMPANY	
		Dec 31, 2001	Dec 31, 2000	Dec 31, 2001	Dec 31, 2000
Intangible fixed assets	Note 13	2,933	3,297	32	29
Buildings and land	Note 14	6,394	6,931	349	392
Machinery and equipment		3,242	3,218	831	773
New construction in progress		4,050	2,732		112
Tangible fixed assets	Note 15	13,686	12,881	1,180	1,277
Participations in Group companies	Note 16			8,679	9,332
Receivables from Group companies				723	646
Participations in associated companies	Note 17	992	833	200	241
Receivables from associated companies		148	179	116	161
Other long-term holdings of securities		236	384	189	168
Other long-term receivables		522	1,024	331	64
Financial fixed assets	Note 18	1,898	2,420	10,238	10,612
FIXED ASSETS		18,517	18,598	11,450	11,918
Properties held for future development	Note 19	3,335	3,152	864	702
Materials and inventories	Note 20	669	721	155	299
Advances to suppliers		26	1		
Inventories, etc.		695	722	155	299
Accounts receivable		6,880	7,140	2,923	3,222
Receivables from Group companies				962	722
Current receivables from associated companies		566	233	20	55
Worked-up, non-invoiced revenues		3,507	1,135		
Other current receivables		1,959	2,597	730	366
Prepaid expenses and accrued income		689	909	295	381
Current receivables		13,601	12,014	4,930	4,746
Short-term investments		530	752	2,385	1,708
Cash and bank balances		2,634	1,455	973	579
CURRENT ASSETS		20,795	18,095	9,307	8,034
TOTAL ASSETS		39,312	36,693	20,757	19,952

INTEREST-BEARING/ INTEREST-FREE ASSETS	GROUP						PARENT COMPANY					
	Dec 31, 2001			Dec 31, 2000			Dec 31, 2001			Dec 31, 2000		
	Interest-bearing	Interest-free	Total	Interest-bearing	Interest-free	Total	Interest-bearing	Interest-free	Total	Interest-bearing	Interest-free	Total
Financial fixed assets	371	1,527	1,898	764	1,656	2,420	471	9,767	10,238	375	10,237	10,612
Current receivables	895	12,706	13,601	624	11,390	12,014	461	4,469	4,930	332	4,414	4,746
Short-term investments in NCC's internal bank							2,385		2,385	1,708		1,708
Short-term investments	530		530	751	1	752						
Cash and bank balances, NCC's internal bank							929		929	358		358
Cash and bank balances	2,634		2,634	1,455		1,455	44		44	221		221
Other current and fixed assets		20,649	20,649		20,052	20,052		2,231	2,231		2,307	2,307
TOTAL ASSETS	4,430	34,882	39,312	3,594	33,099	36,693	4,290	16,467	20,757	2,994	16,958	19,952

SHAREHOLDERS' EQUITY AND LIABILITIES, SEK M	GROUP		PARENT COMPANY		
	Dec 31, 2001	Dec 31, 2000	Dec 31, 2001	Dec 31, 2000	
Share capital	Note 21	2,711	2,711	2,711	2,711
Restricted reserves		3,980	3,759	1,639	1,639
Restricted shareholders' equity		6,691	6,470	4,350	4,350
Unrestricted reserves		2,900	1,958	1,988	2,408
Net profit/loss for the year		-2,269	1,494	-1,354	268
Unrestricted shareholders' equity		631	3,452	634	2,676
SHAREHOLDERS' EQUITY	Note 22	7,322	9,922	4,984	7,026
Minority interests		94	20		
Untaxed reserves	Note 23			497	699
Provisions for pensions and similar obligations	Note 24	1,022	884	929	806
Provisions for taxes	Note 25	504	907		
Other provisions	Note 26	1,370	714	715	282
Provisions		2,896	2,505	1,644	1,088
Liabilities to credit institutions	Note 27	4,748	6,617	43	46
Liabilities to Group companies				5,549	4,017
Liabilities to associated companies		3	12		
Other liabilities		99	340		1
Long-term liabilities		4,850	6,969	5,592	4,064
Liabilities to credit institutions	Note 27	8,868	4,120	30	88
Advances from customers		261	203	35	51
Project invoicing not yet worked up		3,468	2,632		
Work in progress	Note 29			1,908	2,285
Accounts payable		4,890	4,463	2,134	2,026
Liabilities to Group companies				324	295
Liabilities to associated companies		104	130	41	16
Tax liabilities		398	333	110	194
Other liabilities		2,613	2,924	1,475	1,010
Accrued expenses and prepaid revenues		3,548	2,472	1,983	1,110
Current liabilities		24,150	17,277	8,040	7,075
SHAREHOLDERS' EQUITY AND LIABILITIES		39,312	36,693	20,757	19,952
Mortgages and other comparable collateral for own liabilities and provisions		1,333	1,450	55	57
Others assets pledged and comparable collateral		176	176	176	176
Assets pledged	Note 30	1,509	1,626	231	233
Contingent liabilities	Note 30	7,120	6,137	24,882	19,530

INTEREST-BEARING/ INTEREST-FREE LIABILITIES AND PROVISIONS	GROUP						PARENT COMPANY					
	Dec 31, 2001			Dec 31, 2000			Dec 31, 2001			Dec 31, 2000		
Note 28	Interest-bearing	Interest-free	Total	Interest-bearing	Interest-free	Total	Interest-bearing	Interest-free	Total	Interest-bearing	Interest-free	Total
Liabilities to credit institutions	13,616		13,616	10,737		10,737	73		73	134		134
Other liabilities	114	15,270	15,384	99	13,410	13,509	3,344	10,215	13,559	1,287	9,718	11,005
Provisions	1,006	1,890	2,896	878	1,627	2,505	929	715	1,644	806	282	1,088
Minority interests		94	94		20	20						
Shareholders' equity and untaxed reserves		7,322	7,322		9,922	9,922		5,481	5,481		7,725	7,725
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14,736	24,576	39,312	11,714	24,979	36,693	4,346	16,411	20,757	2,227	17,725	19,952

CASH FLOW STATEMENTS

SEK M	GROUP		PARENT COMPANY		
	2001	2000	2001	2000	
CONTINUING OPERATIONS					
Profit/loss after financial items	-2,130	2,153	-1,627	824	
Adjustments for items not included in cash flow, etc.	1,776	-1,146	2,049	218	
Tax	-230	-223	-276	105	
Cash flow from continuing operations before changes in working capital	-584	784	146	1,147	
Cash flow from changes in working capital					
Change in inventories	111	-69	144	-265	
Change in receivables	-632	-3,419	321	-368	
Change in interest-free liabilities	268	2,983	45	589	
Change in net work in progress			-377	288	
Cash flow from changes in working capital	-253	-505	133	244	
CASH FLOW FROM CONTINUING OPERATIONS	-837	279	279	1,391	
INVESTING ACTIVITIES					
Acquisition of subsidiaries	Note 34	-79	-823	-100	-518
Sale of subsidiaries	Note 34	103	711	144	
Change in properties held for resale, net ¹⁾	Note 34	606	-1,067	-110	-119
Acquisition of buildings and land	Note 34	-2,776	-3,890	-12	-207
Sale of buildings and land		2,931	3,710	210	53
Acquisition of other financial fixed assets		-414	-98	-152	-54
Sale of other financial fixed assets		452	566	16	9
Acquisition of other fixed assets	Note 34	-1,496	-1,940	-329	-660
Sale of other fixed assets		764	196	61	58
Cash flow from investing activities		91	-2,635	-272	-1,438
CASH FLOW BEFORE FINANCING		-746	-2,356	7	-47
FINANCING ACTIVITIES					
Dividend paid		-472	-1,193	-472	-1,193
Other changes in shareholders' equity		-46	-293	-216	-220
Loans raised ¹⁾		2,092	2,480	1,780	402
Amortization of loans		-474	-235	-288	-590
Change in long-term receivables		512	1,417	260	204
Change in minority interests, etc.		5	-15		
Cash flow from financing activities		1,617	2,161	1,064	-1,397
Cash flow during the year	Note 34	871	-195	1,071	-1,444
Liquid assets on January 1	Note 34	2,207	2,371	2,287	3,731
Exchange-rate difference in liquid assets		86	31		
Liquid assets on December 31	Note 34	3,164	2,207	3,358	2,287

¹⁾ During 2001, responsibility for Sonnengar ten's property funds in Germany was consolidated in the Group. As a result, properties classed as current assets were acquired indirectly for SEK 802 M and loans of SEK 802 M were entered in the balance sheet. These transactions had no impact on cash flow.

ACCOUNTING PRINCIPLES

The Group complies with the Financial Accounting Standards Council's recommendations and Annual Accounts Act.

Consolidated accounting. The Group has been consolidated in accordance with the Swedish Accounting Standards Council's recommendation (RR1:96) regarding consolidated accounts and includes the Parent Company, all companies in which the Parent Company has a controlling interest and associated companies. Consolidation is based on the following main principles:

- Companies in which the Parent Company directly or indirectly owns shares carrying more than 50 percent of the voting rights or otherwise has a controlling influence are consolidated in their entirety, less minority interests in constituent companies.
- The Group's participations in associated companies are consolidated in accordance with the equity method, based on the Swedish Accounting Standards Council's RR13 recommendation regarding associated companies. Associated companies are companies in which the Group has holdings of between 20 and 50 percent of the voting rights, or in which the Group otherwise has a substantial influence. Notes 16 and 17 contain lists of Group and associated companies.
- Companies that are not subsidiaries and which undertake contracting projects in forms similar to those of a consortium – that is, with joint ownership and control and for limited periods of time – are consolidated in accordance with the proportional accounting method, based on the Swedish Accounting Standards Council's RR14 recommendation regarding joint ventures.
- A characteristic of the purchase method is that assets and liabilities are entered at market value, after taking deferred tax into account, in accordance with an established acquisition analysis. If the acquisition value of shares in a subsidiary exceeds the computed market value of the subsidiary's net assets, the difference is entered as consolidated goodwill.
Surplus values attributed to specific assets are depreciated over the period that the assets are depreciated in the subsidiaries. Goodwill arising in this connection is amortized over the estimated economic life of the assets, which currently means five to 20 years.
- In the equity method, the book value of shares in associated companies is adjusted by the Group's shares in the income of associated companies, less dividends received. As in the case of full consolidation, a purchase analysis is made. The resulting surplus values are depreciated over their estimated life; this depreciation also affects the book value of shares.
- Acquired and divested companies are included in the consolidated Income Statement for the period when shares in such companies are held.
- The current method is used in translating income statements and balance sheets of foreign companies to Swedish kronor. All assets and liabilities in the balance sheets of subsidiaries have accordingly been translated at year-end exchange rates, and all income statement items at average exchange rates for the year. The translation differences arising in this connection have been transferred directly to shareholders' equity. When calculating the consolidated gain/loss on a sale of a subsidiary, the accumulated translation difference is reported as part of final realized income.

Internal pricing. Market prices are applied for deliveries between Group units.

Depreciation. Depreciation according to plan of machinery and equipment, buildings and land improvements, patents, and of those portions of surplus values related to goodwill and other assets, has been calculated on the basis of acquisition value and estimated economic life in the consolidated accounts. In the event of a permanent loss in value, assets are written down.

The depreciation rates vary depending on the type of asset: goodwill currently from 5 to 20 percent, machinery and equipment from 2.5 to 33 percent, buildings from 1.4 to 5 percent, land improvements from 3.7 to 4 percent, pits and quarries at actual depletion of net worth and managed properties at 1 percent.

The acquisition cost of goodwill related to the acquisition of NCC Norway is amortized according to plan at a rate of 10 percent annually. The acquired goodwill in NCC Finland, NCC Denmark (including Superfos Construction which was acquired during 1999) and Rieber Roads is amortized according to plan at a rate of 5 percent annually. These amortization periods have been chosen because the acquisitions were part of NCC's Nordic strategy and are long term, because the acquired companies have strong market positions and because technical and market conditions were assessed to be such that the economic life of the acquisitions should be at least 10 and 20 years, respectively.

The acquisition cost of the goodwill related to the acquisition of Siab during 1997 is amortized over a period of 20 years, due to the strategic nature of the acquisition.

NCC assesses the booked residual value of acquired goodwill each year, at which time any necessary write-down or adjustment of amortization schedules is undertaken.

Short-term investments. Short-term investments are defined as bonds and other interest-bearing instruments and are valued at the lower of acquisition and market value at year-end. This valuation principle applies to the entire portfolio. Accordingly, unrealized losses are eliminated against unrealized gains. Any surplus loss is reported as a financial expense, while corresponding gains are not reported.

Interest accrued on short-term investments is accrued in accordance with customary principles.

Receivables and liabilities in foreign currency. Monetary receivables and liabilities in foreign currencies have been translated at the rate prevailing at year-end. The difference between the acquisition value and the year-end value has been added to/charged against profit. Exchange-rate differences relating to loans undertaken to finance foreign contracts have been reported among income for the year in which the project was recognized as income.

Group companies have assumed loans in foreign currencies in order to hedge a portion of net investments in foreign subsidiaries, and in foreign associated companies consolidated in accordance

with the equity method. In the Parent Company and consolidated accounts, these loans have been assigned values based on the year-end rate. In the consolidated income statement, exchange-rate differences on these loans, after taking deferred tax into account, are entered directly in shareholders' equity in an amount corresponding to the year's translation differences in shareholders' equity.

Inventories. Inventories have been valued in accordance with the lowest-value principle, meaning at the acquisition or the replacement value, whichever was the lower. Manufactured products are valued at the lower of manufacturing value and sales value less sales overheads. Deductions for obsolescence were applied as appropriate. (The specific principles applying to properties classified as current assets are described below.)

Properties classified as fixed or current assets. Properties are classified in accordance with the recommendations from the Swedish Construction Federation. Accordingly, the category of managed properties is reported as a fixed asset. Such holdings have the character of fixed assets in that they form a base for ongoing property management operations.

In the balance sheet, properties classified as fixed assets are included in Buildings and land, while properties classified as current assets are included in Properties held for future development.

Buildings and land are divided into the following categories:

- properties used in NCC's operations
- managed properties
- properties held for future development.

Managed properties consist of the Group's holding of completed buildings under property management. The properties held for future development that are reported as fixed assets are those intended to be used for the construction of managed properties or properties used in NCC's operations.

The properties held for future development that are reported as current assets consist of holdings of undeveloped land and redevelopment properties intended for future development by construction operations.

The acquisition value of properties includes:

- acquisition costs
 - planning costs
 - production costs for new buildings, extensions and renovations.
- Costs incurred for the construction of managed properties are reported as investments in progress until the property is transferred to management. Properties transferred to management during a year are reclassified from investments in progress to managed properties as of January 1 of the following year. Depreciation commences as of the same date.

Production costs for ongoing investments in properties include capitalized interest expenses within the framework of actual interest payments.

Properties are valued at the lower of acquisition value and actual value.

In order to estimate the need for any write-downs, valuations are undertaken each year. Most of the properties are subject to independent valuations. Internal valuations are based on reasonable long-term yield requirements and estimated levels of rents, taking the reduction in interest-rate subsidies into account, as well as vacancy rates, in a ten-year perspective. Dependent on location and other factors, the required yield varies from nearly 7 percent to slightly more than 10 percent. Each property has been valued in accordance with its own conditions. The deficit values of individual properties have not been offset against the surplus values of others.

If a property classified as a current asset is written down in one year's financial statements, a reversal to the lower of acquisition cost and actual value must be posted in a subsequent year's financial statements if the reason for the write-down has been fully or partly removed.

If a property classified as a fixed asset is written down, a reversal must be posted, in accordance with the Annual Accounts Act, when the reason for the write-down has been fully or partly removed. This also applies to write-downs effected before the Act came into force.

NCC Property Development – Property development. Revenues and expenses (excluding interest payments) attributable to the balance sheet items investments in progress and properties held for future development are reported under the heading Property development. The term also includes results from other real estate projects, such as land sold together with an assignment to construct a building on the land sold. Profit also includes a proportion of net financial items, plus any revaluation of properties.

The item results from property development consists of the total of results of sales of investments in progress, properties held for future development and other real estate projects, as well as the operating net from properties held for future development, and administration costs relating to the real estate development business. The item also includes corresponding shares in the results of associated companies after a deduction for net financial items. In addition to external sales costs, the sales costs also include costs for the unit's own sales activities. Sales results are charged with overhead costs for both completed and non-completed transactions.

Within NCC Property Development, income recognition occurs when the legal ownership right to a property or the company that owns a property is transferred to the purchaser. This could arise from the sale of a real estate project at an early stage; for example, when construction has not been completed (in certain cases, when it has not even been initiated). In the consolidated accounts, such sales are divided into two main transactions. The first transaction – sale of properties – comprises the realization of a property value that has been accumulated at several levels, such as site acquisition at a favorable time, formulation of a detailed development plan, design of a real estate project, receipt of building permit and leasing to tenants. The second transaction comprises the building contract, whereby income recognition within NCC Contracting is undertaken in accordance with the percentage of completion method.

NCC Property Development – sales of managed properties.

The results of sales of properties classified as managed properties at the sales date are reported under the heading Sales of managed properties. In addition to external sales costs, the sales costs include costs for the unit's own sales activities. Profit is charged with overhead costs for both completed and non-completed transactions.

NCC Property Development – property management.

Results from property-management operations consist of the operating net less depreciation according to plan and administration costs relating to the real estate management operations. The item also includes corresponding shares in the results of associated companies after a deduction for net financial items. The operating net is the sum of rental and other revenues, less running, maintenance and rental costs. The operating net includes property tax and rental costs, costs for adaptations of properties to tenant requirements and external rental fees, in addition to costs for the unit's own rental organization.

Group – construction projects in accordance with percentage of completion method. Application of the percentage of completion method entails recognition of income in pace with the degree of completion of the project (amount worked up). To determine the amount of income worked up at a specific point in time, the following components are required:

- *Project revenues* – the value of all revenues related to the contract. The revenues must be of such a character that the recipient can credit them to income in the form of actual payment received or another form of payment.
- *Project costs* – all costs corresponding to project revenues related to the particular contract.
- *Work-up rate* – the proportion of the contract worked up in relation to the total project.

The fundamental condition for recognizing income on a percentage of completion basis is that it is possible to reliably calculate project revenues and project costs and that the work-up rate is determined in a manner that is relevant with respect to the demand for reliability.

There may be individual projects for which it is not possible to reliably calculate project revenues and project costs when the final accounts are being prepared. In such cases, the revenue is determined with the help of so-called zero recognition, which entails reporting them at a revenue corresponding to the worked up costs; that is, zero income is reported until such time as it is possible to determine the actual income. As soon as this is possible, the project switches to continuous recognition. For all projects exceeding SEK 100 M, NCC applies zero recognition as long as the worked-up rate for the project corresponds to a degree of completion of less than 50 percent. As of December 31, 2001, the zero recognition method is applied consistently throughout the NCC Group, which resulted in a negative effect of SEK 88 M on earnings.

Effective December 31, NCC has changed the method of continuous income recognition applied for proprietary housing projects. As a

result, earnings from proprietary housing projects are based on either the rate of completion or the rate of sale, whichever is lower (also see below regarding continuous income recognition and the methods for reporting income within contracting operations). The effects of the changed income-recognition method are included in their entirety in earnings for 2001, in a total amount of SEK 241 M. If the method had been applied in the accounts for 2000, profit for 2000 would have been SEK 86 M lower before tax and SEK 62 M lower after tax.

The following examples illustrate how the percentage of completion method will be applied. On January 1 of year 1, NCC receives a contract regarding the construction of a building. The project is estimated to take two years to complete. The contract price is SEK 100 M and the anticipated profit from the project is SEK 5 M. On December 31 of year 1, NCC's costs for the project amount to SEK 47.5 M, which is in line with expectations. Since NCC has completed half of the work and the project is proceeding as planned, NCC books half of the anticipated profit of SEK 5 M, that is SEK 2.5 M, in the accounts for year 1. Income recognition on completion means that profit is not recognized until the end of year 2 or the beginning of year 3, depending on when the final financial settlement with the customer was agreed.

Income	Year 1	Year 2
Income recognition on completion	SEK 0 M	SEK 5 M
According to percentage of completion	SEK 2.5 M	SEK 2.5 M

The advantage of the percentage of completion method is that accounts more rapidly provide information on the trend of earnings. However, percentage of completion gives rise to one disadvantage. Unforeseen events may result in the final profit being higher or lower than the company expected. It is particularly difficult to anticipate profit at the beginning of the project period and for technically complex projects or those that extend over a long period.

Provisions have been posted for estimated losses, to the extent these exist, and these have been charged against income for the relevant year.

NCC complies with the Financial Accounting Standards Council's RR10 recommendation, which was introduced in 2001 for the reporting of contracting assignments. One of the results of the recommendation is that balance-sheet items such as "worked up/non-invoiced" and "invoiced/not worked up" are booked in gross amounts on a project-by-project basis. Projects for which worked-up revenues exceed invoiced revenues are reported as current assets, while projects for which invoiced revenues exceed worked-up revenues are reported as a current interest-free liability.

Parent Company – work in progress in contracting operations. Contracts not completed at year-end are reported in the Parent Company balance sheet as work in progress. The invoicing amount is equivalent to the sum billed to the customer, excluding advances that are not matched by work performed and including amounts withheld by the customer in accordance with contract.

Costs incurred are directly referable to the construction project concerned and include:

- costs of installation materials, consumption materials and construction tools
- wages, salaries and remuneration and all payroll surcharges for hourly-rated employees, supervisors and other staff on site
- costs of subcontracts and other external and internal services
- external and internal machine rentals and transport costs.

To the extent that losses actually occur, the estimated costs of such items have been deducted from costs incurred, and the amounts have been charged against income for the particular year.

The difference between invoicing and costs incurred is referred to as "work in progress." This figure is affected both by the profitability of work in progress and the rate of invoicing on outgoing and incoming invoices. The invoicing pace does not always match that at which contract work is progressing. Work in progress therefore contains an amount for work completed that has not yet been recognized as income.

Provisions have been posted for estimated losses, to the extent that these exist, and these have been charged against income for the relevant year.

Deferred tax liability. The deferred tax liability is calculated on the basis of the anticipated tax rate for the following year in the countries concerned. In accordance with the Financial Accounting Standards Council's RR 9 Recommendation, Income Taxes, estimates are made of temporary taxable differences related to assets and liabilities. This means that a deferred tax liability has been calculated based on the temporary taxable differences that are to become liable for payment in the future. The deferred tax receivables represent a reduction in future tax attributable to temporary tax-deductible differences, tax loss carryforwards and other tax deductions.

In connection with changes in tax rates, the change in the tax liability is reported in the tax cost for the year. The balance sheet at December 31, 2000 has been adapted to the Financial Accounting Standards Council's RR 9 Recommendation, Income Taxes. Application of the recommendation resulted in an adjustment of shareholders' equity at December 31, 2000, as shown in the item describing changes in shareholders' equity (see Note 22).

Reporting of Group contributions. Group contributions and shareholder contributions in the Parent Company have been reported in accordance with the principles recommended in a statement from the Financial Accounting Standards Council's Urgent Issues Committee. Accordingly, Group contributions are booked as equity and thus have no impact on Parent Company income.

Repurchases of NCC shares. Repurchased NCC shares have been entered directly in unrestricted shareholders' equity, including the costs resulting from the repurchases.

Pro forma accounts. In order to illuminate the financial accounts

of NCC after the merger with Siab, pro forma income statements and balance sheets are presented for 1997 in the Five-year Review for the Group. The Nordic subsidiaries are included in the pro forma accounts as of the date of acquisition applicable to each company, with the exception of Superfos, which is included pro forma for the whole of the 1999 fiscal year (the acquisition became effective in mid-February 1999).

The acquisition of Rieber Roads, which became effective on November 1, 2000, is included pro forma for full-year 2000. This mainly affects NCC Industry. In order to facilitate comparisons with previous years, comparative figures (pro forma) are presented for the Group and each business area as if the changes had been implemented on January 1, 2000.

Leasing. In the consolidated financial statements, leasing is classified as either financial or operational. Financial leasing exists if the financial risks and benefits associated with ownership are essentially transferred to the lessee. All other cases are regarded as operational leasing. Briefly speaking, financial leasing means that the fixed asset concerned is reported as an asset item in the balance sheet, while a corresponding liability is entered on the liability side of the balance sheet. In the income statement, leasing costs are divided into a depreciation portion and a portion entered among interest expense. Briefly speaking, operational leasing means that the asset and corresponding liability are not entered in the balance sheet. In the income statement, leasing fees are spread over the years based on the rate of use, which may differ from the leasing fee paid during the year concerned.

In the Parent Company, all leasing agreements are entered in accordance with the rules for operational leasing.

Acquisition of ABV. The goodwill totaling SEK 614 M that arose in connection with the merger with ABV in 1988 was written down directly against the premium in connection with the issue of new shares at that time. If this method had not been applied, the goodwill on this strategic acquisition would have been amortized over a period of 20 years.

In prior years, any surplus value of the properties deriving from the merger with ABV were reported excluding deferred tax. Due to the application of the Financial Accounting Standards Council's RR 9 Recommendation, Income Taxes, an adjustment of the closing balance for deferred tax has been made and the net effect has been entered directly in shareholders' equity.

If the ABV acquisition were reported in accordance with the main rule and not with the transitional rule stated in the Financial Accounting Standards Council's recommendation, the balance-sheet effects at December 31, 2001 would have been an increase of SEK 184 M (422) in reported goodwill and an increase of SEK 184 M (214) in reported shareholders' equity. The Group's net profit for 2001 would have decreased by SEK 31 M (71), due to increases in amortization of goodwill by SEK 31 M (60). This corresponds to a negative amount of SEK 0.29 (neg: 0.68) per share.

COMMENTS AND NOTES

Amount in SEK M, unless otherwise specified.

NOTE 1 NET SALES

OPERATING SECTORS	Group		Parent Company	
	2001	2000	2001	2000
Construction operations (Parent Company):				
Invoiced for the year			20,413	20,081
Invoiced but not recognized as income on January 1			14,339	16,121
Invoiced but not recognized as income on January 1 (transferred operations)				97
Less: Invoiced but not recognized as income on December 31			-15,816	-14,339
Total revenues in construction operations			18,936	21,960
Real estate operations:				
Rental revenues, etc	638	703		
Other invoicing	227	200		
Interest subsidies		3		
Total revenues in real estate operations	865	906		
Other revenues:				
NVS	2,069	1,762		
Other	-38	181		99
Eliminations	-6,034	-4,737	-2,180	-2,272
Total other revenues	-4,003	-2,794	-2,180	-2,173
Total net sales	46,058	38,728	18,936	22,059
GEOGRAPHIC MARKETS				
Sweden	22,557	21,629	18,507	21,561
Denmark	8,833	6,739	10	35
Finland	4,752	4,099	6	21
Germany	981	1,236	3	6
Other EU countries	60	109		3
Norway	6,465	4,034	404	333
Eastern Europe	198	200		24
Poland	1,211	145	4	56
Russia	214	152		8
Middle East	1	47		
South America	307	123		
Rest of world	479	215	2	12
Total net sales	46,058	38,728	18,936	22,059
Intra-Group purchases and sales				
Other Group companies accounted for 10.8 percent of total Parent Company purchases and 11.6 percent of total sales.				

NOTE 2 PRODUCTION AND MANAGEMENT COSTS

Production and management costs, excl. property tax	Group		Parent Company	
	2001	2000	2001	2000
Production and management costs, excl. property tax	-42,302	-34,613	-17,410	-20,087
Property tax	-28	-28	-2	-2
Total production and management costs	-42,330	-34,641	-17,412	-20,089

NOTE 3 RESULT FROM SALES OF PROPERTIES

	Group		Parent Company	
	2001	2000	2001	2000
Sales value less sales expenses	2,536	4,436	272	76
Book value	-1,941	-3,796	-133	-31
Total result from sales of properties	595	640	139	45

NOTE 4 RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

GROUP	2001		2000	
	Real estate operations	Others	Real estate operations	Others
Participation in results of associated companies	14	50	-8	31
Write-downs	-45	-6		
Reversal of write-downs	21			
Total result from participations in associated companies	-10	44	-8	31

NOTE 5 RESULT FROM SALES OF PARTICIPATIONS IN GROUP COMPANIES

GROUP	2001	2000
Other Group companies	8	-1
Total	8	-1

NOTE 6 OPERATING PROFIT (EBIT)

OPERATING SECTORS	Group	
	2001	2000
NCC Contracting	-422	-68
NCC Housing	-117	207
NCC Property Development	711	976
NCC Industry	371	494
NCC Telecom	-103	-11
NCC Service	-24	
Total	416	1,598
Items affecting comparability		
Refund of Alecta pension contributions		912
Write-down of goodwill	-219	
Changed accounting methods	-329	
Restructuring costs	-1,192	
Total operating profit/loss	-1,536	2,415
Operating profit includes depreciation in an amount of		
	-1,281	-962

NOTE 7 RESULT FROM SALES OF PARTICIPATIONS IN ASSOCIATED COMPANIES

GROUP	2001		2000	
	Real estate operations	Others	Real estate operations	Others
Capital gains	13		150	121
Total	13		150	121

NOTE 8 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY	2001	2000
Dividend	653	409
Capital gain/loss on sales	72	-1
Write-downs	-681	-195
Total result from participations in Group companies	44	213

NOTE 9 RESULT FROM OTHER FINANCIAL FIXED ASSETS

	Group		Parent Company	
	2001	2000	2001	2000
Result from participations in limited partnerships		35		24
Dividends received	1	2		
Interest income, Group companies			1	2
Interest income, others	34	59	2	12
Exchange-rate differences ¹⁾	250	134	6	1
Capital gain on sales	-3	2	-3	
Write-downs	-2			-1
Reversal of write-downs	15	9		
Total result from other financial fixed assets	295	241	6	38

¹⁾ Exchange-rate differences are reported in gross amounts; also see Notes 10 and 11. In all essential respects, currency exposure is handled from a Group perspective.

NOTE 10 RESULT FROM OTHER FINANCIAL CURRENT ASSETS

	Group		Parent Company	
	2001	2000	2001	2000
Interest income, Group companies			180	23
Interest income, others	281	183	24	90
Exchange-rate differences	-47	79	-22	-31
Total result from financial current assets	234	262	182	82

NOTE 11 INTEREST EXPENSE AND SIMILAR ITEMS

	Group		Parent Company	
	2001	2000	2001	2000
Interest expense, Group companies			-246	-87
Interest expense, others	-1,007	-660	-55	-81
Capitalization of interest expense	134	95		
Exchange-rate differences, etc.	-240	-222	-234	-32
Other financial items	-10	22	3	
Total interest expense and similar items	-1,123	-765	-532	-200

NOTE 12 PROFIT AFTER FINANCIAL ITEMS

OPERATING SECTORS	Group	
	2001	2000
NCC Contracting	-364	21
NCC Housing	-308	155
NCC Property Development	615	772
NCC Industry	132	380
NCC Telecom	-109	-10
NCC Service	-24	-5
Total	-58	1,313
NVS	75	66
Others and eliminations	-407	-138
Total	-390	1,241
Items affecting comparability		912
Refund of Alecta pension contributions		
Write-down of goodwill	-219	
Changed accounting methods	-329	
Restructuring costs	-1,192	
Total profit/loss after financial items	-2,130	2,153

NOTE 13 INTANGIBLE FIXED ASSETS

	Group			Parent Company	
	Usufructs	Good-will	Other	Usufructs	Other
On January 1	44	3,800	71	15	20
New acquisitions	2	197	66	1	
Divestment and scrappage		-101	-13		
Reclassifications	24	-254	-8	6	
Translation difference	3	215	5		
Closing accumulated acquisition value	73	3,857	121	22	20
Opening amortization according to plan	-7	-583	-21	-4	-2
New acquisitions		2	5		
Divestment and scrappage					
Reclassifications	-2	15	-1	-2	
Translation difference during the year		-20	-2		
Amortization according to plan during the year	-6	-234	-6	-1	-1
Closing accumulated amortization according to plan	-16	-820	-25	-7	-3
Opening write-downs		-7			
Translation difference during the year		-7			
Write-downs during the year		-236	-7		
Closing accumulated write-downs	0	-250	-7	0	0
Closing planned residual value	57	2,787	89	15	17

NOTE 14 BUILDINGS AND LAND

	Group		Parent Company	
	2001	2000	2001	2000
Managed properties	3,895	4,570	81	94
Properties used in operations	1,064	1,057	268	298
Properties held for future development	1,435	1,304		
Total buildings and land	6,394	6,931	349	392

NOTE 15 TANGIBLE FIXED ASSETS

GROUP	Managed Properties	Properties used in operations	Properties held for future development	Machinery and equipment	New construction in progress	Total
On January 1	6,236	1,280	1,509	7,562	2,727	19,314
New acquisitions	208	72	280	1,197	2,546	4,303
Via acquired companies		21		153	2	176
Divestment and scrappage	-1,063	-56	-61	-1,099	-1,159	-3,438
Via sold companies		-7		-67		-74
Reclassifications	-21	-17	-123	225	-228	-164
Translation difference	41	58	84	329	148	660
Closing accumulated acquisition value ¹⁾	5,401	1,351	1,689	8,300	4,036	20,777
Opening write-downs and depreciation	-1,666	-312	-207	-4,424	5	-6,604
Via acquired companies				-16		-16
Divestment and scrappage	289	14	5	414		722
Via sold companies		1		50	13	64
Reclassifications	-21	6	-14	16		-13
Translation difference during the year	-5	-12	-13	-153		-183
Reversal of write-downs	2		2			4
Write-downs and depreciation during the year	108	-100	-27	-1,006	-4	-1,245
Closing accumulated write-downs and depreciation ²⁾	-1,509	-403	-254	-5,119	14	-7,271
Opening write-ups		89	2	80		171
Divestments and scrappage				-2		-2
Reclassifications	3	20	-2	-22		-1
Translation difference during the year		7		5		12
Closing accumulated write-ups, net	3	116		61		180
Closing planned residual value	3,895	1,064	1,435	3,242	4,050	13,686
¹⁾ The acquisition value includes capitalized interest in an amount of	55		22		143	220
²⁾ Accumulated write-downs at year-end	-388	-39	-210			-637
Tax assessment value	2,428	379			474	3,281
Book value of properties assigned tax assessment value	3,438	294			1,963	5,695

PARENT COMPANY	Managed Properties	Properties used in operations	Machinery and equipment	New construction in progress	Total	
On January 1		116	421	3,029	109	3,675
New acquisitions			6	301	38	345
Divestment and scrappage		-25	-1	-201		-227
Transfer within NCC Group			1	-63		-62
Reclassifications		11	-8	86	-141	-52
Closing accumulated acquisition value		102	419	3,152	6	3,679
Opening depreciation according to plan		-22	-116	-2,256		-2,394
Divestment and scrappage		1		175		176
Transfers within NCC Group				55		55
Reclassifications			2			2
Depreciation according to plan during the year		-4	-17	-279		-300
Closing accumulated depreciation according to plan		-25	-131	-2,305		-2,461
Opening write-ups				3		3
Reclassifications		4		-3		1
Closing accumulated write-ups, net		4				4
Opening write-downs of acquisition value			-7			-7
Write-downs during the year			-19	-16		-35
Closing accumulated write-downs			-26	-16		-42
Closing planned residual value		81	262	831	6	1,180
Tax assessment value		72	370			442
Book value of properties assigned tax assessment value		80	223			303

NOTE 16 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY Name, Corp. Reg. No., Registered office	Ownership share, % ¹⁾	No. of participations ²⁾	Book value
Real estate companies:			
NCC Fastigheter AB, 556080-5631, Solna	100	84	3,879
Total participations in real estate companies			3,879
Other companies:			
Alsike Utvecklings AB, 556245-9542, Uppsala	100	16	2
Ballast Nord AB, 556109-8954, Umeå	100		6
Ballast Syd AB, 556137-8893, Lund	100	3	3
Ballast Väst AB, 556181-6496, Gothenburg	100	3	2
Ballast Öst AB, 556063-6697, Linköping	100	8	2
Bergnäsets Ställningsmontage i Luleå AB, 556393-2838, Luleå	100	1	2
Binab i Stockholm AB, 556050-6130, Solna	100		5
BKK Betongkonsult AB, 556508-3457, Kungälv	100	1	2
Cressida AB i likvidation, 556085-2468, Stockholm	100	100	10
Dansk Beton Teknik AS, CVR nr 62 47 01 19, Denmark	100		4
Ekängens Handelsträdgård AB, 556188-6903, Linköping	100	1	4
Forsmarks Schaktmaskiner AB, 556083-5877, Umeå	100		3
Frosunda Exploaterings KB, 916636-6451, Stockholm	100		1
Fägelbro Mark AB, 556234-0868, Stockholm	100	200	35
Hercules Grundläggning AB, 556129-9800, Stockholm	100	196	59
H-Tek Service i Eskilstuna AB, 556453-3072, Eskilstuna	100		8
Jordskorpan Väst AB, 556171-7058, Halmstad	100	10	1
Kasper Höglund, AB i likvidation, 556009-9433, Stockholm	100	1	1
Kompr HB, 916765-5738, Malmö	75		2
Kvarntorp Betong AB, 556523-9885, Örebro	100	1	9
Kvidinge Stenkross AB, 556090-5332, Åstorp	75	5	4
Luzern, AB, 556336-4727, Lund	100	1	3
Metodbyggen AB, 556085-3243, Stockholm	100	20	3
Mobile Asphalt SIA, 003222930, Latvia	60		3
NCC Bygg AS, 959 606 803, Norway	100	6	85
NCC Denmark A/S, 69 89 40 11, Denmark	100	10	1,586
NCC Finans AB, 556223-6371, Solna	100	60	75
NCC Finland Oy, 0988855-2, Finland	100	2	499
NCC Forsäkrings AB, 516401-8151, Solna	100	500	76
NCC GmbH, HRB 7808, Germany	100		1
NCC Industri Eesti AS, 10489226, Estonia	100		3
NCC Industri Polska, 851-10-27-240, Poland	100	38	69
NCC Industries AB, 556001-8276, Stockholm	100	15	107
NCC Industry Ltd, 000 11 55, Russia	100		7
NCC Industry Petrobeton Ltd, 53279999, Russia	99		12
NCC International AB, 556033-5100, Solna	100	500	307
NCC Måleri i Uppsala AB, 556174-4078, Uppsala	100	3	5
NCC Nordic Construction Company AB, 556065-8949, Solna	100	3,809	1,018
NCC Norge AS, 911 274 426, Norway	100	11,731	546
NCC Perspektiva Ltd, 84308, Russia	56		5
NCC Polska Sp. Z o.o, RHB 50410, Poland	100	65	13
NCC Reinsurance AG, CH-0203003243-9, Switzerland	100	2	77
NCC Siab Immobilien GmbH, HRB 59164, Germany	100		12
NCC Specialforetag AB, 556144-6732, Solna	100	275	33
NCC Treasury AB, 556030-7091, Solna	100	120	17
Nordic Invest Cyprus Ltd, 40505, Cyprus	100	250	3
NVS Nordiska Värme Sana AB, 556053-6194, Malmö	100		
Nybergs Entreprenad AB, 556222-1845, Gotland	100	1	12
Oppunda Bygg AB, 556174-2973, Norrköping	100	6	2
R W G Betong AB, 556506-8557, Örebro	100	1	5
Renopipe, 556305-1191, Solna	100	1	1
RJ Johansson Holding AB, 556563-1602, Gothenburg	100	1	20
SFA Svenska Fräs och Asfaltåtervinning AB, 556214-7354, Markaryd	70	5	5
Siab Trading AB, 556104-9932, Stockholm	100	2	1
Svappavaara Åkeri och Byggnads AB, 556111-3712, Kiruna	100	4	3
Söderby Park Fastigheter HB, 916630-4817, Stockholm	100		10
Umeå Markplaneringar AB, 556195-2226, Umeå	100	2	2
Vägmästarna I Bergslagen AB, 556408-1437, Solna	100	3	9
Total participations in associated companies			4,800
Total participations in Group companies			8,679

¹⁾ The ownership share corresponds to the proportion of votes for the total number of shares.

²⁾ Number of shares in thousands.

Only directly owned subsidiaries are specified.
The number of indirectly owned subsidiaries is 200.

A complete specification may be ordered from NCC AB.

NOTE 17 PARTICIPATIONS IN ASSOCIATED COMPANIES

Name, Corp. Reg. No., Registered office	Ownership share, % ¹⁾	No. of participations ²⁾	Book value Parent Company	Book value Group
Aabenraa Granit I/S, 225121, Denmark	50			1
Algon GmbH, HRB 4923, Germany	50			5
A-Train AB, 556500-3745, Stockholm	44	2,214	29	30
Baltifalt AS, 10217746, Estonia	35	6		3
Betonelement A/S, 202624, Denmark	50			75
Betongfabriken i E-tuna KB, 969639-5145, Eskilstuna	50		1	1
Björnö Mark KB, 916638-1419, Taby	50		1	1
Bolliginteressentskabet Tuborg Nord I/S, 25628470, Denmark	50			17
Byggbetong AB, 556072-7876, Umeå	38	30	5	28
CIP Wohnpark Annafi, GBR, Germany	50			11
Dalkarlen, Byggnads AB, 556329-5251, Norrköping	50			1
Ejendommen Hylkedalsvej I/S, 229142, Denmark	50			8
Ejendomsinteressentskabet Tuborg Nord B, 225802, Denmark	15			58
Eskilstuna Betong AB, 556061-9826, Eskilstuna	50		1	1
Fabriksbetong AB, 556065-0599, Norrköping	50	1	1	1
Fastighets AB Strömstaden, 556051-7202, Norrköping	32		2	2
Fastighetsbolaget Mulön AB, 556541-4546, Luleå	36	14	2	2
Friedrichspark Lichterf. GmbH, HRB77336, Germany	50			6
Gladökrossen HB, 969615-7914, Uppsala	50		4	4
Glysisvallen AB, 556315-5125, Hudiksvall	25			1
Holmenbyggen AB, Dalkarlen & Co KB, 916693-1783, Norrköping	50			50
Holst Shipping Agency I/S, 225113, Denmark	50			1
Järnvägsparken HB, 916618-3310, Norrtälje	49			4
Karlstad Vag och Byggprodukter KB, 973200-5658, Karlstad	50		1	1
Kiruna Grus & Stenförädling AB, 556074-8237, Kiruna	45		17	44
Kista Science Tower KB, 969660-7820, Stockholm	50			21
Koy Aallonpelto, 0616543-9, Finland	50			5
Koy Tarvonlinna, 0746077-1, Finland	50			5
Koy Tarvonvieri, 0701118-3, Finland	50			13
NCC Fegda UAB, 1080175, Lithuania	43			39
Norrvikens Exploaterings AB, 556245-3356, Båstad	49			1
Norslundfastigheter HB, 916464-2309, Solna	50			15
Permagreen I/S, 245.602, Denmark	49			5
Plovleje Aps, 051137, Denmark	25			1
PRlnz, RHB7343, Poland	47	240		148
PULS Planerad Underhålls Service AB, 556379-1259, Malmö	50	15	8	5
Paakaupunkiseudun Rakennusjäte Oy, 1579367-2, Finland	33	10		7
Ransta Värme och Sanitet AB, 556513-1793, Stockholm	49			5
Rudoport, Poland				3
Rydbokrossen HB, 916609-3956, Solna	50		1	2
S:t Jörgen KB, 916840-0407, Gothenburg	24		1	1
Sicione SA, A-48265169, Spain	31			8
Signaali BP Finland	50			43
Storvreta C HB, 916514-6029, Uppsala	47			14
Talter, AS, 10.114 029, Estonia	49		4	8
Tasfil AS, 10 146 727, Estonia	42		2	4
Tipton Brown Stockholm AB, 556615-8159, Stockholm	33	125	15	15
United Spaces AB, 556551-9054, Stockholm				7
Ursvik Exploaterings KB, 969679-3172, Stockholm	50		100	100
Valtatie Oy, 323.470, Finland	50			135
Vestasfalt KB, 916559-2701, Gothenburg	50		1	1
Västra Hamnporten KB, 969667-0976, Malmö	50			26
Återvinnarna i Sverige AB, 556560-7883, Stockholm	50	10	2	2
Östhammarkrossen KB, 916673-1365, Uppsala	50		2	2
Other companies: 71³⁾				-5
Participations in associated companies			200	992

Undistributed accumulated participations in the results of associated companies are deposited in an equity participation reserve, which is part of the Group's hidden reserves. The equity participation reserve for directly owned associated companies amounts to minus SEK 69 M.

¹⁾ The ownership share corresponds to the proportion of votes for the total number of shares.

²⁾ Number of shares in thousands.

³⁾ Including companies consolidated in the balance sheet and income statement in accordance with the proportional method.

A complete specification is available on NCC's website for shareholders, www.ir.ncc.se, or may be ordered from NCC AB.

NOTE 18 FINANCIAL FIXED ASSETS

GROUP	Participations in associated companies	Receivables, associated companies	Other long-term securities	Other long-term receivables	Total
Acquisition value on January 1	1,177	179	531	1,024	2,911
Assets added	176	3	142	64	385
Assets removed	-122	-34	-289	-553	-998
Reclassifications	94		2		96
Translation difference during the year	42		14	-13	43
Closing accumulated acquisition value	1,367	148	400	522	2,437
Opening write-downs of acquisition value	-344		-147		-491
Assets removed	3		-24		-21
Write-downs during the year	-51		-2		-53
Reversal of write-downs	21		16		37
Reclassifications	-3		-6		-9
Translation difference during the year	-1		-1		-2
Closing accumulated write-downs	-375		-164		-539
Closing planned residual value	992	148	236	522	1,898

THE SECURITIES ABOVE INCLUDE:	Book value	Market capitalization
Silja Abp ¹⁾	143	108
OM-gruppen	3	3
Drott AB	0	1
Skanska AB	2	1
Other unlisted shares	88	
Total	236	

¹⁾ NCC holds an option that entitles it to sell the remaining shares to Sea Containers during 2002 at a predetermined price of FIM 15 per share, corresponding to a total of approximately SEK 170 M.

PARENT COMPANY	Participations in Group companies	Receivables, Group companies	Participations in associated companies	Receivables, associated companies	Other long-term securities	Other long-term receivables	Total
Opening acquisition value	11,799	646	247	161	290	7	13,150
Assets added	81	139	116		38	324	698
Transfers within NCC Group	-52		-1				-53
Reclassifications	-3		3				0
Assets removed	-25	-62	-3	-45	-17		-152
Closing accumulated acquisition value	11,800	723	362	116	311	331	13,643
Reclassifications	273						273
Closing accumulated write-ups	273						273
Opening write-downs of acquisition value	-2,734		-6		-122		-2,862
Transfers within NCC Group	2						2
Reclassifications	-3		-3				-6
Assets removed	22						22
Write-downs during the year	-681		-153				-834
Closing accumulated write-downs	-3,394		-162		-122		-3,678
Closing planned residual value	8,679	723	200	116	189	331	10,238

NOTE 19 PROPERTIES HELD FOR FUTURE DEVELOPMENT

	Group		Parent Company	
	2001	2000	2001	2000
On January 1	3,174	1,879	716	404
New acquisitions	842	2,247	241	467
Via acquired companies	40			
Divestment and scrappage	-651	-843	-113	-95
Transfers within NCC Group			35	
Reclassifications	-192	-189	6	-60
Translation difference	178	80		
Closing accumulated acquisition value ¹⁾	3,391	3,174	885	716
Opening depreciation and write-downs	-22	-9	-14	-4
Divestment and scrappage		2		-2
Reclassifications			-1	-1
Write-downs and depreciation according to plan during the year	-34	-15	-6	-7
Closing accumulated depreciation and write-downs ²⁾	-56	-22	-21	-14
Closing planned residual value	3,335	3,152	864	702
¹⁾ Acquisition value includes capitalized interest in an amount of	0	0	0	0
²⁾ Accumulated write-downs at year-end	-34	-21	-6	-14
Tax assessment value	305	313	288	264
Book value of properties assigned tax assessment value	918	811	847	644

NOTE 20 MATERIALS AND INVENTORIES

	Group		Parent Company	
	2001	2000	2001	2000
Aggregates	345	412	125	205
Building materials	83	115		56
Other	241	194	30	38
Total materials and inventories	669	721	155	299

NOTE 21 SHARE CAPITAL

		Number of shares	Share capital, SEK M	
			2001	2000
1988	Start of year,	6,720,000	672	
	Split 1:4	20,160,000		
	Directed placement, in connection with the acquisition of ABV	16,259,454	407	
1991	Conversions of debentures	1,449,111	36	
1993	Conversions of debentures	468,928	11	
	Directed placement in connection with purchase of minority-held NK shares	1,838,437	46	
1994	New issue	19,841,991	496	
	Conversions of debentures	13,394,804	335	
1997	Directed placement, in connection with the acquisition of Slab	28,303,097	708	
2001	Year end	108,435,822	2,711	

A total of 2,775,289 Series B shares were repurchased during 2000 and 699,300 during 2001, making a sum total of 3,474,589 repurchased Series B shares.

The share capital is divided into 108,435,822 shares with a par value of SEK 25 each. The shares are distributed as follows by series:

	Series A	Series B	Total
Unrestricted	61,792,504	46,643,318	108,435,822

Each Series A share carries ten votes and each Series B share one vote.

NOTE 22 SHAREHOLDERS' EQUITY

GROUP	Restricted equity		Unrestricted share-holders' equity	
	Share capital	Restricted reserves	Unrestricted reserves	Net loss for the year
Balance on December 31, 2000	2,711	3,759	2,003	1,498
Effect of changed accounting principle, in accordance with RR9			-45	-4
Opening balance, January 1, 2001	2,711	3,759	1,958	1,494
Repurchase of Company shares			-47	
Transfer between restricted and unrestricted equity		191	-191	
Dividend			-472	
Translation differences, etc.		30	158	
Other profit allocations			1,494	-1,494
Net loss for the year				-2,269
Closing balance on December 31, 2001	2,711	3,980	2,900	-2,269

PARENT COMPANY	Restricted equity		Unrestricted share-holders' equity	
	Share capital	Legal reserves	Unrestricted reserves	Net loss for the year
Balance on December 31, 2000	2,711	1,639	2,379	264
Effect of changed accounting principle, in accordance with RR9			29	4
Opening balance, January 1, 2001	2,711	1,639	2,408	268
Repurchase of Company shares			-47	
Dividend			-472	
Other profit allocations			268	-268
Group contributions received ¹⁾			-169	
Net loss for the year				-1,354
Closing balance on December 31, 2001	2,711	1,639	1,988	-1,354

¹⁾In accordance with a statement from the Financial Accounting Standards Council's Urgent Issues Committee. See the Reporting of Group Contributions section of the accounting principles, pages 47-50.

NOTE 23 UNTAXED RESERVES AND APPROPRIATIONS

PARENT COMPANY	Untaxed reserves		Appropriations	
	2001	2000	2001	2000
Accumulated depreciation in excess of plan				
- buildings and land	12	18	6	2
- machinery and equipment		127	127	1
Other untaxed reserves	231	231		-231
Reserve in work in progress	254	323	69	-241
Appropriations in limited partnerships				39
Total untaxed reserves and appropriations	497	699	202	-430

NOTE 24 PROVISIONS FOR PENSIONS

	Group		Parent Company	
	2001	2000	2001	2000
Provisions for FPG/PRI pensions	947	817	908	784
Provisions for other pensions	75	67	21	22
Total provisions for pensions	1,022	884	929	806

NOTE 25 TAX ON NET PROFIT FOR THE YEAR, DEFERRED TAX RECEIVABLES AND DEFERRED TAX LIABILITIES

TAX ON NET PROFIT FOR THE YEAR	Group				Parent Company			
	2001		2000		2001		2000	
	Tax, %	Loss	Tax, %	Profit	Tax, %	Loss	Tax, %	Profit
Reconciliation of effective tax rate								
Pretax profit/loss		-2 130		2 153		-1 644		830
Tax according to Company's current tax rate	28	596	28	-603	28	460	28	-232
Effect of other tax rates for non-Swedish companies	2	43	1	-24				
Amortization of Group goodwill	-6	-131	2	-39				
Other non tax-deductible costs	-5	-99			-20	-336	13	-109
Non-taxable revenues					8	124	-10	80
Tax effect resulting from utilization of non-capitalized tax loss carryforwards			-2	40				
Tax on Group contributions received/granted					-3	-50	-15	122
Tax attributable to prior years	-23	-480	3	-72	-8	-125		
Other	-2	-50	-2	43	0	-2		13
Reported tax	-6	-121	30	-655	5	71	15	-126
of which, tax on items affecting comparability, and tax affecting comparability		76		-255				
DEFERRED TAX RECEIVABLES AND DEFERRED TAX LIABILITIES								
GROUP	Assets		Liabilities		Net			
	2001	2000	2001	2000	2001	2000	2001	2000
Reported deferred tax receivables and liabilities derive from the following:								
Buildings and land			-40	-54	-40	-54		
Financial fixed assets	3	75			3	75		
Non-completed projects			-512	-459	-512	-459		
Accounts receivable	5	3			5	3		
Provisions	396	85	-360	-541	36	-456		
Personnel benefits/pension provisions	13	4			13	4		
Interest-bearing liabilities				-45		-45		
Other		32				32		
Tax loss carryforwards	122	59			122	59		
Deferred tax receivable/deferred tax liability	539	258	-912	-1 099	-373	-841		
Offsetting	-408	-192	408	192				
Net tax receivable/deferred tax liability	131	66	-504	-907	-373	-841		
PARENT COMPANY	Assets		Liabilities		Net			
	2001	2000	2001	2000	2001	2000	2001	2000
Buildings and land	8	2			8	2		
Machinery and equipment	4				4			
Financial fixed assets	2		-1	-1	1	-1		
Provisions	294	52			294	52		
Personnel benefits/pension provisions	13	4			13	4		
Deferred tax receivable/deferred tax liability	321	58	-1	-1	320	57		
Offsetting	-1	-1	1	1				
Net tax receivable/deferred tax liability	320	57			320	57		
TEMPORARY DIFFERENCE BETWEEN REPORTED AND TAXABLE								
VALUE OF DIRECTLY OWNED SHAREHOLDINGS:	2001	2000						
Participations in Group companies	5	1						
Participations in joint ventures								
Participations in associated companies	-9	-2						
	-4	-1						

During 1993-1998, the NCC Group invested in jointly owned aircraft-leasing companies. The investments made were scrutinized by the tax authorities, which rejected a tax deduction for depreciation of the aircraft. The estimated tax consequences of the rejected deduction affected tax costs for 2001 and 2000. Also see Note 30.

NOTE 26 OTHER PROVISIONS

	Group		Parent Company	
	2001	2000	2001	2000
Guarantees	497	271	302	176
Other provisions	873	443	413	106
Total other provisions	1,370	714	715	282

NOTE 27 LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent Company	
	2001	2000	2001	2000
Overdraft facility (Limit)	336 (699)	248 (525)		
Other liabilities to credit institutions	13,280	10,489	73	134
Total liabilities to credit institutions	13,616	10,737	73	134
Pledged collateral	1,007	1,450	55	57

NOTE 28 INTEREST-BEARING LIABILITIES

GROUP	2001		2000	
Current interest-bearing liabilities	8,904		6,073	
Long-term interest-bearing liabilities	4,826		4,757	
Provisions for pensions	1,006		884	
Total interest-bearing liabilities	14,736		11,714	

CURRENCY	2001		2000	
	Amount	SEK M	Amount	SEK M
Swedish kronor	7,873	7,873	4,323	4,323
Pounds sterling			8	114
Norwegian kronor	717	849	1,579	1,691
Danish kronor	2,154	2,738	2,355	2,791
Belgian francs			265	58
Euro	339	3,204	284	2,511
Other currencies		72		226
Total	14,736		11,714	
Of which, current liabilities	8,904		6,073	
Total long-term liabilities	5,832		5,641	

REPAYMENT PLAN	2001		2000	
	2003	1,128	2002	1,092
	2004	1,885	2003	1,068
	2005	432	2004	1,256
	2006	434	2005	427
	2007-	1,953	2006-	1,798
Total long-term liabilities	5,832		5,641	

NOTE 29 WORK IN PROGRESS ON THE ACCOUNT OF OTHERS

PARENT COMPANY	2001	2000
Invoiced sales	15,816	14,339
Costs incurred	-13,908	-12,054
Total work in progress on the account of others	1,908	2,285

NOTE 30 OTHER PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2001	2000	2001	2000
Pledged collateral				
<i>For own liabilities:</i>				
Property mortgages	1,173	1,370		
Chattel mortgages	55	39		
Assets with attached liens, etc.	99	24	55	40
Restricted bank deposits	6	17		17
Total	1,333	1,450	55	57
Other pledged collateral:				
Shares in associated companies	176	176	176	176
Total	176	176	176	176
Total pledged collateral	1,509	1,626	231	233
Contingent liabilities				
<i>Own contingent liabilities:</i>				
Guarantees on behalf of Group companies			21 481	15 808
Discounted bills		16		
Other guarantees and contingent liabilities ¹⁾	5,812	5,212	3,307	3,664
Held jointly with other companies:				
Liabilities in consortiums, partnerships and limited partnership	1,308	909	94	58
Total	7,120	6,137	24,882	19,530

¹⁾ Other guarantees and contingent liabilities include tax disputes, about which NCC is of the opinion that the tax authorities will not be able to successfully pursue the case in a court of law. The item includes an amount of SEK 158 M for a reassessment of a tax deduction claimed in the 1997 tax year due to a loss on shares sold outside Sweden. The tax disputes for which NCC's chances of a favorable outcome are regarded as weak have been expensed.

Other guarantees and contingent liabilities also include tax demands in an amount of SEK 400 M from German tax authorities. The main basis for these claims is that the tax authorities have ignored the fact that the properties are owned by Dutch companies, applying a so-called transparency rationale. The decisions have been appealed and NCC is of the opinion that the tax authorities' demand for SEK 450 M is inaccurate and that the final tax demand will be approximately SEK 50 M, an amount for which a provision has been posted.

NOTE 31 AVERAGE NUMBER OF EMPLOYEES

	2001		2000	
	No of employees	Of whom, men	No of employees	Of whom, men
Parent Company				
Sweden	11,608	10,810	11,850	11,046
Subsidiaries				
Sweden	2,466	2,306	2,484	2,314
Belgium	11	6	10	4
Costa Rica			4	4
Cyprus	51	48		
Denmark	4,818	4,243	4,281	3,841
Estonia	32	29	22	21
Finland	2,474	2,208	2,342	2,080
Faeroe Islands	28	26		
Latvia	94	86	126	115
Lithuania	106	93	181	167
Morocco			1	1
Netherlands	2	1	4	2
Nicaragua	453	435	167	160
China			6	6
Norway	3,570	2,099	2,645	2,371
Poland	784	666	156	130
Portugal			21	21
Russia	82	65	85	70
Switzerland			1	1
Singapore			2	2
Spain			1	1
United Kingdom	1	1	1	1
Swaziland	171	159	177	165
Tanzania	212	197		
Czech Republic	8	7	7	6
Germany	591	519	600	529
Hungary	9	5	1	1
Zambia	588	563	17	17
Austria	11	11		
Total in subsidiaries	16,562	13,773	13,342	12,028
Group total	28,170	24,583	25,192	23,074

NOTE 32 PERSONNEL EXPENSES

WAGES, SALARIES AND OTHER REMUNERATION DISTRIBUTED BY BOARD OF DIRECTORS AND PRESIDENTS AND OTHER EMPLOYEES

	2001			2000		
	Board of Directors and presidents (of which bonuses)	Other employees	Total	Board of Directors and presidents (of which bonuses)	Other employees	Total
Parent Company						
Sweden	12	3,386	3,398	12	3,254	3,266
Total Parent Company	12	3,386	3,398	12	3,254	3,266
(of which bonuses)	(2.2)		(2.2)	(5.9)		(5.9)
Subsidiaries						
Sweden	15	712	727	14	648	662
(of which bonuses)	(1.8)		(1.8)	(2.4)		(2.4)
Belgium	1	4	5	1	3	4
Cyprus		31	31			
Costa Rica					1	1
Denmark	25	2,311	2,336	44	1,702	1,746
(of which bonuses)	(3.7)		(3.7)	(4.7)		(4.7)
Estonia		5	5		2	2
Finland	9	889	898	6	560	566
(of which bonuses)	(1.1)		(1.1)			
Faeroe Islands		4	4			
Latvia		8	8		8	8
Lithuania		7	7		6	6
Netherlands		1	1		1	1
Nicaragua		44	44		11	11
China					3	3
Norway	5	1,436	1,441	8	827	835
(of which bonuses)	(0.7)		(0.7)	(0.2)		(0.2)
Poland	6	126	132	1	20	21
(of which bonuses)	(0.6)		(0.6)	(0.2)		(0.2)
Portugal					2	2
Russia		11	11		7	7
Singapore					1	1
United Kingdom		1	1			
Swaziland		15	15			
Tanzania		9	9			
Czech Republic		2	2			
Germany	2	150	152	4	217	221
(of which bonuses)				(2.0)		(2.0)
Hungary		1	1		2	2
Zambia		15	15		5	5
Other countries		1	1	1	17	17
Total in subsidiaries	64	5,783	5,847	78	4,043	4,121
(of which bonuses)	(7.8)		(7.8)	(9.5)		(9.5)
Group total	76	9,169	9,245	90	7,297	7,387
(of which bonuses)	(10.0)		(10.0)	(15.4)		(15.4)

WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	2001			2000		
	Wages, salaries and other remuneration	Social security costs	Of which pension costs ¹⁾	Wages, salaries and other remuneration	Social security costs	Of which pension costs ¹⁾
Parent Company	3,398	1,573	374	3,266	1,552	227
Subsidiaries	5,846	1,005	327	4,121	742	254
Group total	9,245	2,578	705	7,387	2,294	481

¹⁾ Of the Parent Company's pension costs, the Board of Directors and President category accounts for SEK 22 M (2). The Company's outstanding pension commitments to this category amount to SEK 52 M (48). The stated pension costs are reported net after compensation from the pension foundation.

Of the Group's pension costs, the Board of Directors and President category accounts for SEK 29 M (28). The Group's outstanding pension commitments to this category amount to SEK 59 M (81). The reported pension costs include contributions to the pension foundation.

Senior executives' employment conditions and remuneration

The retirement agreement for the former President of the Company has become effective. This means that two years of severance payment is being paid, as of January 2002. A pension is payable between age 55 and 60 in an amount of 43 percent of the most recently paid salary and between age 60 and 65 in an amount of 60 percent. As of age 65, customary old-age pension corresponding to the ITP plan (individual supplementary pension) will be paid, as well as a life-long old-age pension with a current capital value of SEK 6,042,000.

CONT. NOTE 32 PERSONNEL EXPENSES

The current President is subject to a 12-month period of notice and will receive 12 months of severance payment, payable if employment is terminated by the employer. Such payment will be adjustable against remuneration received from employment or another form of assignment. The President's retirement age is 60 years, with annual pension premiums corresponding to 25 percent of the fixed annual salary.

Other members of Group Management may retire at the age of 60 and are subject to a 12-month period of notice and generally receive 18 months of severance payment, payable if employment is terminated by the employer. As of age 65, customary old-age pension corresponding to the ITP plan is generally payable, plus a supplementary pension based on straight-line earnings.

Remuneration to the President and members of Group Management is determined by the Board.

During 2001, the former President received remuneration and benefits from the Company in an amount of SEK 6,543,000, including a bonus of SEK 1,250,000 paid in 2001, plus compensation of SEK 963,000, within the framework of the current options program pertaining to 2000.

The current President received remuneration and benefits from the Company in an amount of SEK 1,940,000 during 2001. In addition to a fixed salary, the President is entitled to a bonus.

As approved by the Annual General Meeting in 2001, the Board received fees of SEK 1,450,000, which will be paid during 2002, including SEK 400,000 to the Chairman of the Board. The corresponding amount approved by the 2000 Annual General Meeting was SEK 2,250,000, of which SEK 400,000 was paid to the former Chairman of the Board.

NOTE 33 FEES AND REMUNERATION TO AUDITORS AND AUDIT FIRMS

	Group		Parent Company	
	2001	2000	2001	2000
Audit firms				
KPMG				
Auditing assignments	14	8	5	5
Other assignments	21	8	7	2
Other auditors				
Auditing assignments	1	2		
Other assignments	2	3		1
Total fees and remuneration to auditors and audit firms	38	21	12	8

Auditing assignments are defined as examinations of the Annual Report and financial accounts, as well as of the administration of the Board of Directors and President, other duties that the Company's auditors are obliged to conduct and advice or other assistance required due to observations made during such examinations or during the performance of such other duties. All other work is defined as other assignments.

NOTE 34 CASH FLOW STATEMENT

The Cash Flow Statement has been prepared in accordance with the RR7 indirect method, with the following modifications:

The change in properties held for resale is reported under investing activities and the change in long-term receivables is reported under financing activities.

ACQUISITION OF SUBSIDIARIES

The value of acquired assets and liabilities based on established acquisition analyses was as follows:

GROUP	2001	2000
Intangible fixed assets	-196	-914
Buildings and land	-18	-199
Tangible fixed assets	-90	-365
Financial fixed assets	-9	-33
Properties held for resale		
Inventories	-54	-130
Accounts receivable and other current receivables	-325	-857
Liquid assets	-75	66
Long-term liabilities	45	365
Accounts payable and other current liabilities	265	266
Current interest-bearing liabilities		903
Minority interest	49	1
Deferred tax liability	13	74
Purchase considerations paid	-395	-823
Purchase considerations settled in a manner other than cash payment	241	
Acquired liquid assets	75	
Impact on the Group's liquid assets	-79	-823

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Cont.

CONT. NOTE 34 CASH FLOW STATEMENT

SALE OF SUBSIDIARIES GROUP	2001	2000
Intangible fixed assets	99	
Buildings and land	4	613
Tangible fixed assets	7	
Financial fixed assets		1
Accounts receivable and other current assets	20	94
Liquid assets	10	1
Long-term liabilities		-73
Accounts payable and other current liabilities	-24	-54
Deferred tax liability		-11
Capital gains/losses	-3	146
Purchase considerations	113	717
Purchase considerations settled in a manner other than cash payment		-5
Sold liquid assets	-10	-1
Impact on the Group's liquid assets	103	711

ACQUISITION OF TANGIBLE FIXED ASSETS

Group

Acquisitions of tangible fixed assets during the year amounted to SEK 4,235 M (5,686), of which SEK 16 M (132) was financed through loans.

During 2001, responsibility for Sonnengarten's property funds in Germany was consolidated in the Group. As a result, properties classed as current assets were acquired indirectly for SEK 802 M and loans of SEK 802 M were entered in the balance sheet. These transactions had no impact on cash flow.

Parent Company

Acquisitions of tangible fixed assets during the year amounted to SEK 559 M (836), of which SEK 58 M (0) was financed through loans.

LIQUID ASSETS	Group		Parent Company	
	2001	2000	2001	2000
Cash and bank balances	2,634	1,455	973	579
Short-term investments	530	752	2,385	1,708
Amount at year-end	3,164	2,207	3,358	2,287

At year-end, short-term investments in the balance sheet amounted to SEK 530 M (752), of which SEK 20 M (623) consisted of financial instruments with maturities of up to three months.

The Group's unutilized credit facilities at year-end amounted to SEK 2.8 billion (2.1).

INFORMATION ABOUT TRANSACTIONS NOT AFFECTING CASH FLOW

Group

Cash flow was affected by exchange-rate differences in liquid assets, estimated at

	2001	2000
Exchange-rate differences in liquid assets	86	31
Exchange-rate differences in liquid assets were attributable to		
Liquid assets on January 1	30	7
Cash flow during the year	56	24

Acquisitions of companies amounted to SEK 395 M (1,116), of which SEK 316 M (293) had no effect on cash flow. Sales of subsidiaries amounted to SEK 113 M (717), of which SEK 10 M (6) had no effect on cash flow.

During 2001, responsibility for Sonnengarten's property funds in Germany was consolidated in the Group. As a result, properties classed as current assets were acquired indirectly for SEK 802 M and loans of SEK 802 M were entered in the balance sheet. These transactions had no impact on cash flow.

Parent Company

Since the Parent Company has only insignificant amounts of liquid assets in foreign currency, no exchange-rate differences in liquid assets arose during the year.

INFORMATION ABOUT INTEREST PAYMENTS

Group

Interest payments received during the year amounted to SEK 273 M (233). Interest payments made during the year amounted to SEK 929 M (662).

Parent Company

Interest payments received during the year amounted to SEK 199 M (113). Interest payments made during the year amounted to SEK 216 M (170).

NOTE 35 LEASING

FINANCIAL LEASING	Machinery and equipment	Buildings
Acquisition value		
On January 1	182	14
New acquisitions	100	
Divestments and scrappage	-23	
	259	14
Accumulated depreciation		
On January 1	-45	
Divestments and scrappage	0	
Depreciation according to plan during the year	-35	-1
	-80	-1
Closing planned residual value	179	13
Interest-bearing liability	179	13

FUTURE MINIMUM LEASING

-2002	50	
-2003	32	
-2004	14	14
-2005	4	
-2006 and later	1	

VARIABLE FEES INCLUDED

IN PROFIT/LOSS FOR THE YEAR	Depreciation	Interest
Leased machinery and equipment	28	4
Leased buildings		1
Total	28	5

Within the Group, there are two double financial leasing contracts, for which the leasing payment streams are pledged against each other and are thus offset. The gross amount of the offset payment streams is SEK 186 M.

OPERATIONAL LEASING

Future minimum leasing fees – lessor (leased premises)

Distributed by maturity period:		
- Within one year	506	
- Within more than one year but less than five years	1,140	
- Later than five years	175	

Future minimum leasing fees – lessor (leased machinery)

Rental contracts that expire within one year	244
--	-----

LEASING COSTS

The Group's future payment obligations for operational leasing contracts are distributed as follows in terms of time:

Leasing contracts that expire:		
- Within one year	60	
- Within more than one year but less than five years	159	
- Later than five years	37	

Costs for operational leasing during the year amounted to SEK 47 M.

NOTE 36 EXCHANGE RATES

COUNTRY	SEK	Currency	Average exchange rate		Year-end exchange rate	
			Jan-Dec 2001	Jan-Dec 2000	Dec 31 2001	Dec 31 2000
Belgium	100	BEF	22.93	20.94	23.43	21.92
Denmark	100	DKK	124.15	113.32	127.11	118.53
EU	1	EUR	9.25	8.45	9.45	8.84
Finland	100	FIM	155.61	142.12	158.95	148.69
The Netherlands	100	NLG	419.83	383.28	428.85	401.18
Norway	100	NOK	114.99	104.18	118.48	107.13
Poland	1	PLN	2.52	2.12	2.69	2.30
United Kingdom	1	GBP	14.87	13.86	15.53	14.19
Germany	100	DEM	473.04	431.85	483.20	452.02

PROPOSED DISPOSITION OF UNAPPROPRIATED EARNINGS

The Group's unrestricted shareholders' equity amounts to SEK 631 M. No transfer to restricted shareholders' equity is proposed.

The Board also proposes that the Annual General Meeting authorize the Board to make decisions regarding the acquisition of Series B NCC shares in a number that may not exceed 10 percent of the total number of Company shares at any point in time.

Any options exercised for share purchases as part of the rolling options program for senior Company executives could affect the number of shares that carry dividend rights. In view of this, the

Board may complement its proposal regarding the disposition of unappropriated earnings by the time of the Annual General Meeting.

Earnings retained from previous year	634,286,238
To be distributed as follows:	
Dividend of SEK 2.25 per share to shareholders	236,162,774
To be carried forward	398,123,464
	SEK 634,286,238

Solna, February 12, 2002

Antonia Ax:son Johnson

Fredrik Lundberg

Tomas Billing

Carl Wilhelm Ros

Marcus Storch

Lars Bergqvist

Kosti Markkanen

Sven Frisk

Alf Göransson
President and CEO

AUDITORS' REPORT

To the Annual General Meeting of NCC AB shareholders. Registered Number: 556034-5174

We have audited the annual report, the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of NCC AB for the 2001 fiscal year. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. We examined significant decisions, actions

taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the President or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and consequently provide a true and fair picture of the Company's and the Group's earnings and financial position in accordance with Generally Accepted Auditing Standards in Sweden.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and the Group, that the profit in the Parent Company be dealt with in accordance with the proposal in the Report of the Board of Directors, and that the members of the Board and the President be discharged from liability for the fiscal year.

Solna, February 26, 2002

Thomas Jansson
Authorized Public Accountant

Bo Ribers
Authorized Public Accountant

BOARD OF DIRECTORS

BOARD OF DIRECTORS' WORK DURING 2001

In April 2001, NCC decided to reduce the number of members of the Board. Since May of that year, the Board of Directors has consisted of five members elected by the Annual General Meeting and three members, with three deputies, representing the employees. The Board had one Chairman and one Deputy Chairman.

The CEO and other executive officers within NCC attended Board meetings to present various issues and to serve as Board secretary. The Board of Directors conducted nine meetings in 2001 at which minutes were recorded, which complied with an established schedule.

Among other issues, the Board reviewed strategic issues, business plans, the financial accounts and major investments and divestments, in addition to other decisions that, in accor-

dance with the Articles of Association, have to be addressed by the Board of Directors. The Board has established operating procedures for its work and instructions for the division of duties between the Board and the President, as well as procedures for financial reporting to the Board of Directors.

NOMINATION COMMITTEE

At the Annual General Meeting on April 3, 2001, the following persons were elected members of the Nomination Committee: Viveca Axson Johnson, Johan Björkman and Erik Åsbrink, with Johan Björkman as the chairman. Chairman of the Board Tomas Billing is a co-opted member of the Committee, but has no voting right. The Committee's duties are to make proposals to the Annual General Meeting regarding elections of Board members, and director fees for these members.

ELECTED BY THE ANNUAL GENERAL MEETING



TOMAS BILLING

Chairman. Born 1963. Member since 1999 and Chairman since 2001. President of Nordstjernan AB. Chairman of Karolin Machine Tool AB. Board member of Q-Med AB. Previous experience: President of Hufvudstaden AB and Monark Bodyguard AB, among other executive positions. Shareholding in NCC AB: 7,000 Series A shares, 8,000 Series B shares and call

options corresponding to 350,000 Series A shares.



FREDRIK LUNDBERG

Deputy Chairman. Born 1951. Member and Deputy Chairman since 1997. President and Chief Executive Officer of L E Lundbergföretagen AB. Chairman of Cardo AB, Holmen AB, and Hufvudstaden AB. Board member of L E Lundbergföretagen AB and Stadium AB. Shareholding in NCC AB: 301,540 Series A shares and 74,464 Series B shares (via private companies).



ANTONIA AX:SON JOHNSON

Born 1943. NCC Board member since 1999. Chairman of Axel Johnson Group, and Stockholms Stadsmission. Board member of Nordstjernan AB, the Axel and Margaret Axson Johnson Foundation, Axfood AB, Ahlens AB, and Xerox Corporation, USA. Shareholding in NCC AB: 166,000 Series A shares and 29,702 Series B shares via

companies plus a private holding of 23,985 Series B shares.



CARL WILHELM ROS

Born 1941. NCC Board member since 1994. Chairman of Dahl International AB. Board member of INGKA (Ikea) Holding, SEB AB, Bonnier AB, Profilgruppen AB and LKAB, among other companies. Previous experience: Astra, Alfa-Laval, ABB Fläkt, LM Ericsson and Senior Vice President at Ericsson during 1995-99, among other positions. Shareholding in NCC AB: 1,000 Series B shares.



MARCUS STORCH

Born 1942. NCC Board member since 1998. Deputy Chairman of Axel Johnson AB, Axfood AB and the Nobel Foundation. Board member of Dagens Industri AB, AB Hannells Industrier, Nordstjernan AB, Stockholmsbörsen AB, AB Tumba Bruk, the Royal Academy of Sciences and the Royal Academy of Engineering Sciences. Previous experience: President of AGA AB during 1981-1997. Shareholding in NCC AB: 0.

The details regarding shareholdings in NCC pertain to holdings at December 31, 2001.

APPOINTED BY EMPLOYEE ORGANIZATIONS

**LARS BERGQVIST**

Born 1951. NCC Board member since 1991. Employee representative of the Swedish Association of Supervisors. Deputy Chairman of the Swedish Association of Supervisors. Shareholding in NCC AB: 1,251 Series A and 78 Series B shares.

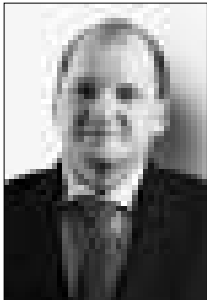
**SVEN FRISK**

Born 1946. NCC Board member since 1999. Employee representative of the Swedish Building Workers' Union. Shareholding in NCC AB: 0.

**KOSTI MARKKANEN**

Born 1938. NCC Board member since 1996. Representative of the Swedish Building Workers' Union. Member of Department 2 (in Malmö) of the Swedish Building Workers' Union. Shareholding in NCC AB: 115 Series A shares.

DEPUTY MEMBERS

**MARKUS HELLEBERG**

Born 1954. Deputy NCC Board member since 1998. Employee representative of the Swedish Metal Workers' Union. Shareholding in NCC AB: 0.

**KARL-OLOF FRANSSON**

Born 1941. Deputy NCC Board member since 1993. Employee representative of SEKO (union for employees in the service and communication sectors). Chairman of SEKO's Road and Rail Department in southeast Sweden. Shareholding in NCC AB: 100 Series B shares.

**MARITA MANNERFJORD**

Born 1944. Deputy NCC Board member since 1998. Employee representative of SIF (the Swedish Industrial Salaried Employees' Association). Shareholding in NCC AB: 100 Series B shares.

SECRETARY

ULF WALLIN

Born 1949. Senior legal counsel in NCC AB. NCC AB's Board Secretary since 1996. Shareholding in NCC AB: call options corresponding to 20,991 Series B shares.

AUDITORS

Regular auditors

THOMAS JANSSON

Born 1950. Authorized Public Accountant. KPMG. Auditor of NCC since 1998. Deputy auditor of NCC, 1991–1997.

BO RIBERS

Born 1942. Authorized Public Accountant. KPMG. Auditor of NCC since 2000.

Deputy auditors

CARL LINDGREN

Born 1958. Authorized Public Accountant. KPMG. Deputy auditor of NCC since 1998.

ANDERS LINÉR

Born 1952. Authorized Public Accountant. KPMG. Deputy auditor of NCC since 2000.

MANAGEMENT GROUP WITH A NORDIC FOCUS

As of 2002, NCC's Group Management consists of the Chief Executive Officer, the Senior Advisor, the Chief Financial Officer, the presidents of NCC Construction Sweden, NCC Construction Denmark, NCC Construction Norway and NCC Construction Finland, and the presidents of the NCC International Projects, NCC Roads and NCC Property Development business areas.

Group Management, which focuses mainly on strategic matters, meets on a monthly basis as of 2002. The Senior Vice President – Corporate Communications is co-opted to Group Management as secretary.

A rolling options program was introduced for senior NCC executives (about 200) during 1999. Allotment of options has been based on two conditions – the return on equity and the NCC share's performance in relation to a comparative index comprising shares in Nordic construction companies. NCC intends to use repurchased shares to cover allotments of options. NCC's Board has decided to discontinue the program, as of 2002.

For 1999, options corresponding to 1,366,708 Series B shares were allotted, which carry entitlement to purchases of shares during the period May 31, 2000 to February 28, 2005 at an exercise price of SEK 102.50 per share. For 2000, options corresponding to 3,135,172 Series B shares were allotted, which carry entitlement to purchases of shares during the period May 31, 2001 to February 28, 2006 at an exercise price of SEK 88.00 per share. During 2001, one of the conditions for allotting options was satisfied, since NCC shares outperformed the above-mentioned sector index. Accordingly, the Board will propose that the Annual General Meeting on April 3 approve allotment of options based on the fulfillment of this condition. In the 2001 accounts, the allotment of options has resulted in a personnel expense of approximately SEK 41 M, including social security costs. If the Meeting approves the Board's proposal, the exact number of options and the exercise price will be determined during April 8–12, 2002. NCC intends to use repurchased shares to cover allotments of options under this program.

GROUP MANAGEMENT



ALF GÖRANSSON

Born 1957. President and CEO. Employed since 2001. Previous experience: CEO of Svedala Industri 2000–2001, business area president at Cardo Rail 1998–2000, president of Swedish Rail Systems, contracting company in Scancem Group, 1993–1998, among other positions. Shareholding in NCC AB: 1,000 Series B shares and options corresponding to 65,000 Series A shares.



BJÖRN ANDERSSON

Born 1959. Chief Financial Officer, with responsibility for financial control, finance, business development and IT. Employed since 1999. Previous experience: Head of Finance and Control at AB Svenska Shell, and various international and Swedish executive positions within Shell. Shareholding in NCC AB: options corresponding to 23,047 Series B shares.



OLLE EHLÉN

Born 1949. President of NCC Construction Sweden. Employed since 1973. Previous experience: Regional Manager at NCC Building Stockholm, Construction Staff Manager within civil engineering operations, Business & Technological Development Manager within construction operations and Department Manager within rebuilding operations. Shareholding in

NCC AB: 145 Series A shares, 2,400 Series B shares and options corresponding to 18,560 Series B shares.



HANS GORMSEN

Born 1951. President of NCC Roads. Employed since 1989 (in Superfos). Previous experience: President of Industry business area, Deputy President of NCC Denmark, President of Superfos, 1991–1999, and Vice President Technology at Chem Crete International, Brussels. Vice President of European Asphalt Pavement Association (EAPA). Shareholding in NCC AB: options corresponding to 82,501 Series B shares.



MATTI HAAPALA

Born 1947. Senior Adviser. Employed since 1999. Previous experience: President of Civil Engineering and Building business area (NCC Contracting in 2001); President of NCC Finland OY, 1999–2001; President of YIT, 1970–1999, including 14 years as business area president. Shareholding in NCC AB: options corresponding to 101,412 Series B shares.



TIMO U. KORHONEN

Born 1952. President of NCC Construction Finland. Employed during 1988–1993 and since 1998. Previous experience: Regional Manager at Puolimatka Oy, Business Area President at Lemminkäinen Construction and President of NCC International OY. Shareholding in NCC AB: options corresponding to 47,472 Series B shares.

The details regarding shareholdings in NCC pertain to holdings at December 31, 2001.

**PAUL E. LØDØEN**

Born 1948. President of NCC Construction Norway until March 4, 2002. Employed since 1986. Previous experience: Selmer AS during 1973–1986, including five years in the Middle East and three years in the US. Other assignments: President of Contractors Federation for Building and Civil Engineering, and for Building and Civil Engineering Media. Board member

of the Norwegian Federation of Employers. Shareholding in NCC AB: 2,000 Series B shares, 2,400 Series B shares and options corresponding to 72,170 Series B shares.

**ESPEN A. PAY**

Born 1958. President of NCC Construction Norway as of March 4, 2002. Employed since 2002. Previous experience: 1998–2002 Managing Director of AS Naturbetong, one of the major housing-development companies in Norway; 1994–1997 President of AS Selvaagbygg. Other assignments: Deputy Chairman of Oslo Røde Kors Eiendom. Shareholding in NCC AB: 0.

**MAGNUS MANNESSON**

Born 1952. President of NCC Property Development. Employed since 1977, in positions including Chief Financial Officer and Regional Manager for Real Estate Operations. President of Real Estate Operations since 1992. Board member of Sollentuna Centrum AB. Shareholding in NCC AB: 500 Series A shares, 2,500 Series B shares and options corresponding to 38,616 Series B shares.

**PER NIELSEN**

Born 1948. President of NCC International Projects. Employed since 1976. Previous experience: Business Area President, head of international projects, Project Director for Oresund Tunnel Contractors, various senior executive positions in civil-engineering sector, among other positions. Other assignments: Board member of the Swedish Construction Federation. Shareholding in

NCC AB: options corresponding to 25,291 Series B shares.

**SØREN ULSLEV**

Born 1955. President of NCC Construction Denmark. Employed since 1980. Previous experience: Vice President at NCC Rasmussen & Schiøtz Byg A/S. Other assignments: Board member at Danish Construction Federation, Betonelement A/S and E-Træ & Bygningsartikler A/S. Shareholding in NCC AB: options corresponding to 57,525 Series B shares.

**HANS-OLOF KARLSSON**

Born 1946. Senior Vice President Corporate Communications. Secretary of Executive Management Group. Employed since 1989. Previous experience: journalist, information officer, including position at Volvo Aero during 1975–1989. Other assignments: Board member at Byggförlaget. Shareholding in NCC AB: 1,000 Series B shares; options corresponding to 20,056 Series B shares.

NCC's HISTORY

- | | | |
|---|--|--|
| <p>1875 Nya Asfalt is established</p> <p>1890 Nordstjernen is formed</p> <p>1916 AB Armerad Betong is established</p> <p>1917 AB Vägförbättringar is formed</p> <p>1930 Svenska Väg AB is established</p> <p>1944 Siab is formed ■</p> <p>1977 Armerad Betong and Vägförbättringar merge to form ABV</p> <p>1982 Nya Asfalt and Svenska Väg merge to form JCC</p> <p>1988 JCC and ABV merge to form NCC, Nordic Construction Company</p> <p>Nordstjernen shares are listed on Stockholm Exchange</p> <p>1990 Siab acquires Diös AB ■</p> <p>1991 Nordstjernen and NCC merge and choose the NCC name</p> <p>Trading in NCC shares commences on Stockholm Exchange</p> <p>Siab acquires Industriebau Fürstenwalde GmbH in eastern Germany ■</p> <p>1992 Siab acquires NPL ■</p> | <p>1992 Avesta and British Steel merge to form Avesta Sheffield, in which NCC holds 25 percent</p> <p>NCC sells 90 percent of its Linjebuss holding</p> <p>1993 Jan Sjöqvist succeeds Torsten Eriksson as NCC's Chief Executive Officer</p> <p>NCC acquires NK</p> <p>NCC sells its 25-percent interest in Scandiaconsult</p> <p>NCC sells its 20-percent interest in real estate company Andersons</p> <p>1994 NCC issues new shares totaling SEK 546 M</p> <p>NCC sells its Avesta Sheffield shareholding</p> <p>1994 Siab acquires Lundberg's construction operations ■</p> <p>1995 NCC acquires Eeg-Henriksen of Norway</p> <p>1995 Siab acquires Kraftbyggarna ■</p> <p>1996 NCC acquires Rasmusson & Schiøtz of Denmark, Puolimatka of Finland</p> <p>NCC Fastigheter sells its interest in Granit & Beton</p> | <p>1997 NCC and Siab merge and retain the NCC name</p> <p>NCC lists NK Cityfastigheter AB shares on stock exchange</p> <p>NCC sells Stråbruken and NCC Prefab</p> <p>1998 NCC sells Hedemora Diesel</p> <p>1999 NCC acquires Superfos Construction, GH Beton and GH Element, Bülow & Nielsen of Denmark</p> <p>NCC sells most of its holding in Neptun Maritime (Silja)</p> <p>NCC spins off its holding of Hufvudstaden shares to its shareholders</p> <p>2000 NCC acquires Statkraft Anlegg and Rieber & Sons' Roads business area, both of Norway, and Prinz of Poland</p> <p>2001 NCC acquires Hydrobudowa of Poland</p> <p>Alf Göransson succeeds Jan Sjöqvist as NCC's Chief Executive Officer</p> <p>2002 NCC sells NVS Nordiska Värme Sana AB</p> <p>■ <i>pertains to Siab</i></p> |
|---|--|--|

GLOSSARY

Aggregates Rock materials resulting from the disintegration of rock through crushing; also called macadam.

Assessment of tenders Internal process conducted in connection with all forms of tenders, in order to reduce the risks associated with various projects.

Ballast Normal term for disintegrated materials, mainly rock materials, used for construction and civil engineering purposes.

BOT Build-Operate-Transfer-Privately financed infrastructure investments.

Buildings/other buildings In descriptions of operations, this term pertains to commercial buildings, mainly offices, retail outlets, shopping malls and garages.

Civil engineering In descriptions of operations, civil engineering refers to work on roads, railways, bridges and tunnels.

Concrete A material based on rock materials, cement and water, that is used in the forming of building and civil-engineering structures. It can be purchased either as ready-mixed concrete or prefabricated concrete.

Ready-mixed concrete = Liquid concrete mix produced at a plant, from which vehicles

equipped with rotating containers deliver the mix to construction sites for on-site forming work.

Prefabricated concrete = Concrete elements formed in a plant and then transported to construction sites for assembly.

Contract forms

Negotiated contract/mutual-trust contract. When NCC cooperates on an exclusive basis with the customer throughout the construction process – from planning to final inspection.

General contract/implementation contract. When NCC conducts construction work on behalf of a client who has conducted the project-design work. NCC appoints and is responsible for the subcontractors.

Turnkey contract/design and build contract. When NCC has turnkey responsibility for a project, from the concept and project-design stage right through to completion.

Partnering. A mutual-trust contract in which NCC cooperates with the customer and operates on a "open-books" basis. The partners agree on a price ceiling and an incentive structure. If the final price is higher than the agreed price, the partners share the extra costs. If the final price is lower than the agreed price, the partners share the surplus.

Development right A development right carries a right to develop a site. With respect to housing, a development right corresponds to a home (apartment or detached house) with

an average of approximately 90 square meters of floor space. Ownership, or an option on ownership, of the site concerned is a prerequisite for being granted access to a development right.

Macadam Rock materials resulting from the disintegration of rock through crushing; also called aggregates.

Project development (properties) Identifying properties (land) and developing them into finished projects.

Properties In descriptions of operations, "properties" refers to buildings, housing or land.

Proprietary project When NCC, on its own behalf, acquires land, designs a project, conducts construction work and then sells the project.

Rock materials Rock that has disintegrated either naturally, through erosion, whereby sand, gravel or moraine is formed, or through mechanical impact, whereby aggregates, such as macadam, are produced.

Total-package project When NCC conducts construction work on behalf of a customer but is responsible for the entire chain of services, from foundation engineering to project sale. A type of turnkey contract.

3G/UMTS IT-infrastructure systems pertaining to the standard for third-generation mobile telecommunications.