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## *The concept*

*NCC-Puolimatka offers building construction and infrastructure products, which meet the client's quality and profit expectations competitively and profitably.*

*This is achieved by developing, planning and building products of the building trade in Finland, the CIS and Baltic countries, based on quality demands by the environment, modern technology and the experience of an international consolidated company.*



*Cover: Finnish Embassy in Moscow  
Photo: Jussi Tainen*





The main events for NCC-Puolimatka Oy in 1995 were a return to profit and the corporate acquisition agreed on during the second half of the year.

A restructuring put into effect at the beginning of 1995, in which the Puolimatka Group's real estate ownership and construction operations were separated, preceded a corporate acquisition in which a Swedish company, NCC AB, became the main proprietor of Puolimatka's construction business at the beginning of 1996. Customer feedback on the change of ownership has been positive. Puolimatka continues to be one of Finland's leading construction companies as a part of the NCC construction group that covers the Nordic region. Our company now has a strong ownership base in terms of technical matters and finance. It also has a strong equity ratio and traditional excellence in construction. NCC-Puolimatka is being developed resolutely to make it a high-quality builder with enhanced cost-effectiveness.

In spite of the difficult state of the domestic and Russian markets, NCC-Puolimatka's construction operations achieved their targeted profit. The budgeted volume of business for construction in Finland fell short of its target because of a restrained pricing policy, but the profit before extraordinary items, appropriations and taxes was well above the budgeted figure. In international business, both the volume of operations and profits were short of the targets. There was a heavy downswing in Russian orders during the accounting period, partly because of the appreciation of the Finnish markka, partly because of deliberate avoidance of risks in tendering.

Our investments in quality and development over the years bore fruit. The

greatest achievement was the ISO 9001 quality accreditation granted for all contracting business in the Helsinki Area. Quality work is being continued, and in 1997 all the divisions will have accreditation capability. The JOT development project launched at the beginning of 1995 has the objective of upgrading cost-effectiveness in construction and it aims at enhancing the logistics and management of the entire construction process.

The slump in construction is expected to continue, both in Finland and in nearby territories. NCC-Puolimatka's goal is to maintain its position as one of the leading building construction companies in Finland and to seek controlled market-share growth in civil engineering. In the short term, the main thrust will continue to be on improving profitability and quality. The contract made with PMA-Yhtymä Oy for the purchase of plots will facilitate spec construction of dwellings and business premises as demand picks up. In spite of the weak market, I am convinced that NCC-Puolimatka's excellent customer services and high-quality operations give it every opportunity for success in the years ahead.

I would like to express my warmest thanks to our customers, our partners and employees for the past year and I hope that our projects for tomorrow will also have favourable prospects.



Markku Markkola



A contract was signed on 2 November 1995 by which NCC AB acquired a 51% stake in Puolimatka from the beginning of 1996.

**RAKENNUSTOIMISTO A. PUOLIMATKA OY**

**Board of Directors, 1 January - 1 November 1995**

- Arvo Tuononen, M.Sc. Econ., Chairman
- Jorma Ahokas, Director of the Property Unit
- Kalevi Järvinen, Senior Vice President
- Jukka Lahtinen, Finance Director
- Markku Markkola, President of Puolimatka

**Board of Directors, 1 November 1995 - 2 January 1996**

- Arvo Tuononen, M.Sc. Econ., Chairman
- Jukka Lahtinen, Finance Director
- Markku Markkola, President of Puolimatka
- Hannu Sipilä, Senior Legal Counsellor

**NCC-PUOLIMATKA OY**

**Board of Directors, 2 January 1996**

- Kenneth Orrgren, President of the business area, Chairman
  - Alf Algotsson, President of the business area
  - Tommy Nilsson, President of the business area
  - Ulf Wallin, Legal affairs
  - Heikki Koivu, M.Sc. (Eng.)
  - Hannu Sipilä, Senior Legal Counsellor
- Assistant Director Kari Korpela served as secretary to the Board of Directors

**Corporate management**

Markku Markkola, M.Sc. (Eng.), served as the company's President, and Finance Director Jukka Lahtinen, M.Sc. (Econ.), served as the Executive Vice President.

**Auditors**

Rakennustoimisto A. Puolimatka Oy's auditors were Juha Wahlroos (APA, M.Sc. Econ.) and Mauri Palvi (APA, M.Sc. Econ.), with the Salmi, Virkkunen & Helenius Oy accountancy firm as deputy auditor.

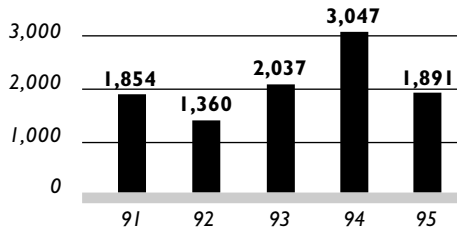
In accordance with a decision made on 2 January 1996, the auditors serving NCC-Puolimatka Oy are SVH Coopers & Lybrand Oy with Juha Wahlroos, APA, as the auditor in charge, and with KPMG Wideri Oy Ab with Birger Haglund (APA, M.Sc. Econ.), as the auditor in charge.

NCC-Puolimatka Oy's Board of Directors and President. In the foreground are Kenneth Orrgren (left) and Markku Markkola, at the rear are Ulf Wallin (left), Heikki Koivu, Tommy Nilsson, Hannu Sipilä and Alf Algotsson.

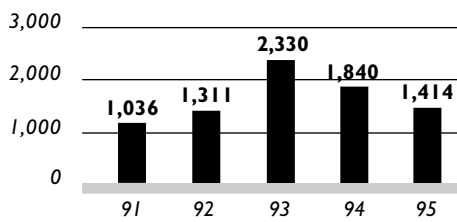


## NCC-PUOLIMATKA GROUP

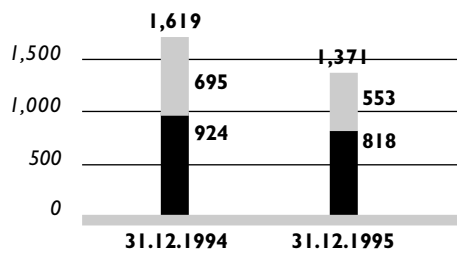
### Completed residential output in Finland, 1991-1995, number of units



### Residential output under construction in Finland, 1991-1995, number of units



### Personnel



■ = salaried staff  
 ■ = waged staff

### Income statement, 1995

	FIM million
Turnover (net of sales of shares)	1,402.9
Profit from operations before depreciation - % of turnover	2.4
Depreciation	18.3
Net financing income	3.3
Profit/loss before extraordinary items - % of turnover	1.4

### Breakdown of turnover, 1995

	FIM million
Construction	
NCC-Puolimatka Oy	1,396.7
Total of others	16.6
Total for construction	1,413.3
Design	
Optiplan Oy (only 12/95)	1.8
Total for design	1.8
Building product industry	
Seinälevy Oy (only 12/95)	1.1
Total for building product industry	1.1
Gross total for group	1,416.2
Less group turnover	13.3
Net total for group turnover	1,402.9

Note: FIM 96.6 million of the turnover of Oulun Rakennus Oy and FIM 95.1 million of turnover from international operations was booked as income for PMA-Yhtymä Oy.

## GENERAL REVIEW 1.1. - 31.12.1995

### **Changes in the corporate structure and ownership**

A restructuring was carried out in the Puolimatka Group on January 1995, in which construction and property development were separated. Puolimatka Corporation (Puolimatka Yhtymä Oy) retained property development and Group management as well as the ownership of the industrial companies. Construction was the responsibility of Rakennustoimisto A. Puolimatka Oy and Oulun Rakennus Oy, for which companies the accounting period was the first.

At the end of the accounting period, the name of the parent company, Puolimatka Corporation, was changed to PMA-Yhtymä Oy on 29 December 1995, and Rakennustoimisto A. Puolimatka Oy was renamed NCC-Puolimatka Oy on 31 December 1995. Hereinafter the new company names will be used in this report.

In the autumn of 1995, negotiations on the purchase of the Puolimatka Group's construction business and construction planning were initiated with NCC AB of Sweden. After the end of the accounting period, in accordance with the deal on 2 January 1996, NCC AB acquired 51 % of the shares in NCC-Puolimatka Oy. It was also agreed that NCC AB will acquire ownership of the remaining 49 % of the shares in 1997. The deal included the shares of NCC-Puolimatka Oy, Optiplan Oy, Seinälevy Oy and PMA-Palvelut Oy, as well as the businesses of Oulun Rakennus Oy and PMA-Rakennuskoneet Oy. In association with the deal, the business of PMA-Rakennuskoneet Oy was sold after the closing of the accounting period to PMA-Yhtymä Oy. Additionally a contract was made concerning plots of land and their development, on the basis of which NCC-Puolimatka Oy is to purchase over the next five years tracts of land, which are important to construction

operations, mainly from its former parent company, to a total value of FIM 200 million.

### **Group relations**

NCC-Puolimatka Oy was on 31 December 1995 part of the PMA-Yhtymä group, and financial statement of its subgroup was part of the corporate financial statement of PMA-Yhtymä Oy. The financial statements do not include comparative figures, because NCC-Puolimatka Oy has only operated in its present configuration for the 1995 accounting period. The NCC-Puolimatka Oy subgroup consists of PMA-Palvelut Oy and PMA-Rakennuskoneet Oy, acquired at the beginning of the accounting period, and Optiplan Oy with its subcompanies and Seinälevy Oy, acquired at the end of the accounting period.

### **The company's balance sheet status and financial result**

The NCC-Puolimatka Group's balance sheet total at year-end was FIM 383.8 million and its shareholder's equity was FIM 118.7 million. The financing structure and liquidity are good as a result of the raising of its own shareholder's equity. A working-capital model statement of sources and application of funds is included below.

The NCC-Puolimatka Group's gross margin is FIM 112.3 million, representing 8.0 % of turnover. The Group's profit from operations before depreciation is FIM 34.0 million, representing 2.4 % of turnover. The Group's profit before extraordinary items is FIM 19.0 million. The points of importance to the assessment of the Group's balance sheet position and its financial result are shown in the enclosed income statement, balance sheet, statement of source and application of funds, and notes to the financial statements. The figures for

Oulun Rakennus Oy are not included in the Group figures for the January-November period.

### **Business operations and changes in it**

The fields of business of the NCC-Puolimatka Group are construction in Finland, international construction, civil engineering, construction planning, and the manufacture of prefab units. The output of completed buildings in 1995 totalled 1.39 million Cu.M. The figure for the previous year was 3.25 million Cu.M. In the course of the accounting period, 1,891 dwellings were completed. In the previous year 4,051 dwellings were completed, of which 1,004 were built through the agency of consortiums. The volume of construction in progress at year-end was 1.61 million Cu.M. At the end of the previous accounting period, it had been 1.57 million Cu.M. The number of dwellings under construction at year-end was 1,414, compared with 1,840 at the end of the previous year.

### **Personnel, wages and salaries**

During the accounting period, NCC-Puolimatka had 1,233 employees on average. The employees numbered 1,222 at the beginning of the accounting period and totalled 1,248 at year-end. The Group's figures are 1,389, 1,388 and 1,371, accordingly. The mean figure was calculated on 12 monthly averages.

The salaries paid to the Board of Directors, President and Executive Vice President amounted to FIM 0, since these were employed by the parent company. The wages and salaries paid to other employees of the parent company totalled FIM 186,834,892. The salaries paid to the Board Members and Executive Vice Presidents of the Group companies totalled FIM 652,617. The wages and salaries paid to the employees of the Group totalled FIM 194,009,889. The information on pay is accrual-based.

### **Investments and R&D expenditure**

NCC-Puolimatka Oy purchased from PMA-Yhtymä Oy fixed assets related to construction and other business, to a total of roughly FIM 43 million. The price paid for the goodwill of construction companies amounted to FIM 55 million.

NCC-Puolimatka Oy continued to develop its quality system during the accounting period. Construction contracting in the Helsinki region received ISO 9001 accreditation. Moreover, Puolimatka worked on the Entra 2000 scheme for major renovations of residential buildings in collaboration with more than 20 Finnish building product companies. The JOT-project for site management was initiated during the year under review, and logistical development work for prefabricated unit construction and in-situ casting was carried out in cooperation with the Technology Development Centre (TEKES) and the Confederation of Finnish Construction Industries.

R&D expenses are recorded as annual costs.

### **The trend in business developments**

#### *Restructuring*

The following changes were effected in conjunction with the company's ownership arrangements.

The parent company of the NCC-Puolimatka Group is responsible for all building construction and civil engineering in Finland as well as international construction. Building construction in Finland is divided among seven regional units. Civil engineering operations cover the entire country, and international construction operates in the former Soviet Union.

### *Orders in hand and outlook for the future*

Construction orders in progress on 31 December 1995, average:

Total orders	FIM 1,258 million
Income-recognized by 31 December	FIM 624 million
Not income-recognized	FIM 634 million

The orders not recognized as income one year previously had totalled FIM 1,097 million.

The prolonged recession in the construction industry is still continuing, and residential construction in particular will remain at a low level. Spec construction has ground almost completely to a halt. However, renovation is expected to pick up due to increased financing from government funds. The financial resources of NCC-Puolimatka Oy improved substantially when the change in ownership took place, and the company is seeking to deploy efforts in civil engineering with the benefit of NCC AB's know-how. NCC AB is the Nordic region's biggest company in civil engineering. No appreciable growth in international construction is expected in the near future, but it is believed that profits from this business will improve. Taken as a whole, it is expected that conditions of low demand and keen competition on price will continue in 1996.

# INCOME STATEMENTS

	(FIM 1,000) <b>Group</b> 1.1.-31.12.1995	<b>Parent Company</b> 1.1.-31.12.1995
TURNOVER	1,402,927	1,396,718
Increase (+) or decrease (-) in stocks of finished goods	3,706	3,492
Production for own use (+)	905	905
Other operating income	928	1,097
Variable costs	1,296,207	1,300,482
<b>GROSS MARGIN</b>	<b>112,259</b>	<b>101,730</b>
Fixed costs	78,258	73,110
<b>PROFIT FROM OPERATIONS BEFORE DEPRECIATION</b>	<b>34,001</b>	<b>28,620</b>
Depreciation	18,323	14,542
<b>OPERATING PROFIT</b>	<b>15,678</b>	<b>14,078</b>
Financial income and expenses	3,284	4,465
<b>PROFIT BEFORE EXTRAORDINARY ITEMS, APPROPRIATIONS AND TAXES</b>	<b>18,962</b>	<b>18,543</b>
Extraordinary income and expenses		
Group contributions	-19,694	-19,055
Other extraordinary income and expenses	109	109
<b>LOSS BEFORE APPROPRIATIONS AND TAXES</b>	<b>-623</b>	<b>-403</b>
Direct taxes	-227	-214
<b>LOSS BEFORE MINORITY INTERESTS</b>	<b>-850</b>	<b>-617</b>
Minority interests	7	0
<b>NET LOSS FOR THE YEAR</b>	<b>-843</b>	<b>-617</b>



## BALANCE SHEETS

<b>ASSETS</b>	(FIM 1,000) <b>Group</b> 31.12.1995	<b>Parent Company</b> 31.12.1995
<b>FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS</b>		
Intangible assets		
Intangible rights	2,371	645
Goodwill	50,000	50,000
Other capitalized expenditure	735	735
	<hr/> 53,106	<hr/> 51,380
Tangible assets		
Buildings and constructions	7,470	4,613
Machinery and equipment	39,303	27,909
Other tangible assets	71	65
	<hr/> 46,844	<hr/> 32,587
Financial assets		
Shares		
Shares in subsidiaries	0	5,446
Other shares	1,118	1,108
Loan receivables	747	0
	<hr/> 1,865	<hr/> 6,554
<b>CURRENT ASSETS</b>		
Inventory		
Raw materials and consumables	953	602
Work in progress	3,706	3,492
Finished products/goods	1,306	0
	<hr/> 5,965	<hr/> 4,094
Receivables		
Trade receivables	103,824	100,647
Loan receivables	41,831	41,631
Prepaid expenses and accrued income	23,817	23,408
Other receivables	256	256
	<hr/> 169,728	<hr/> 165,942
Cash in hand and at bank	106,302	99,986
<b>ASSETS</b>	<hr/> <hr/> 383,810	<hr/> <hr/> 360,543

## BALANCE SHEETS

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	(FIM 1,000) <b>Group</b> 31.12.1995	<b>Parent Company</b> 31.12.1995
<b>SHAREHOLDERS' EQUITY</b>		
<b>RESTRICTED EQUITY</b>		
Share capital	10,000	10,000
Share issue	14,000	14,000
Reserve fund	95,500	95,500
	119,500	119,500
<b>NON-RESTRICTED EQUITY</b>		
Other non-restricted equity	3	0
Net loss for the year	-843	-617
	-840	-617
<b>MINORITY INTERESTS</b>	65	0
<b>PROVISIONS</b>		
Accelerated depreciation	177	0
Obligatory reserves	7,056	6,954
<b>VALUATION ITEMS</b>	2,947	2,947
<b>LIABILITIES</b>		
Non-current		
Pension loans	16,627	8,687
Other non-current liabilities	8,000	0
	24,627	8,687
Current		
Pension loans	1,271	702
Advances received	39,714	39,446
Trade payables	70,288	72,419
Accrued liabilities and deferred income	92,743	86,388
Other current liabilities	26,262	24,117
	230,278	223,072
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>383,810</b>	<b>360,543</b>

The currency exchange rate at  
29.12.1995: FIM 4.3586 = USD 1

## STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

	(FIM 1,000) Group 31.12.1995	Parent Company 31.12.1995
<b>SOURCE OF FUNDS</b>		
Funds generated from operations		
Net loss for year	-843	-617
Depreciation (+)	18,323	14,542
Increase (+)/decrease (-) in obligatory reserves	7,056	6,955
<b>Total funds generated from operations</b>	<b>24,536</b>	<b>20,880</b>
From sales of fixed assets	1,345	4,206
From increase in long-term liabilities	*)28,784	8,687
From change in valuation items	2,947	2,947
From change in minority interests	65	0
Share issue	119,500	119,485
From other increase in shareholders' equity	3	0
	<b>152,644</b>	<b>135,325</b>
<b>TOTAL FOR SOURCE OF FUNDS</b>	<b>177,180</b>	<b>156,205</b>
<b>APPLICATION OF FUNDS</b>		
To net investments and to change in fixed assets due to changes in Group structure	121,306	109,254
To reduction in long-term liabilities	4,157	0
	<b>125,463</b>	<b>109,254</b>
<b>CHANGE IN NETWORKING CAPITAL</b>	<b>51,717</b>	<b>46,951</b>
<b>CHANGE IN NETWORKING CAPITAL</b>		
Cash in hand and at bank (Cash in hand and at bank of acquired subsidiaries FIM 3,379 thou.)	106,302	99,986
Short-term financial assets (Short-term financial assets of acquired subsidiaries FIM 13,621 thou.)	169,728	165,942
Inventories (Inventories of acquired subsidiaries FIM 1,715 thou.)	5,965	4,094
Current liabilities (Current liabilities of acquired subsidiaries FIM 12,440 thou.)	-230,278	-223,071
	<b>51,717</b>	<b>46,951</b>
<b>NETWORKING CAPITAL AS AT 1 JAN</b>	<b>0</b>	<b>0</b>
<b>NETWORKING CAPITAL AS AT 31 DEC</b>	<b>51,717</b>	<b>46,951</b>

\*) Incl. subsidiaries' long-term loans FIM 19,688 thousand at acquisition.

The currency exchange rate at  
29.12.1995: FIM 4.3586 = USD 1

# NOTES TO THE FINANCIAL STATEMENTS

## **1. Accounting conventions, 31 December 1995**

### **Recognition of income from long-term projects**

Long-term projects are recognized as income on the basis of their percentage of completion.

The following principles are applied to the selection of criteria, the definition of completion, and the method of recognition:

All projects are counted as long-term if their duration concerns two accounting periods. The percentage of completion method is applied to all contracting agreements, cost-plus-fee agreements, target cost agreements, design-build agreements and other contracts. The sphere of the percentage of completion also embraces all spec projects in which the contracting agreement is made with an own cooperative housing society or a building management company.

The percentage of completion method is applied from the month in which the construction work begins or the first account sales are recorded.

The application of the method ceases in the month the work is handed over to the client.

The yield of the long-term project and its cost forecasts are flexibly registered in project monitoring, as was previously the case. Forecasts are updated at monthly intervals in accordance with reporting schedules. A more thorough updating of forecasts is carried out for each interim and annual financial statement. If the forecast alters beyond a certain range, a written explanation of the change is drawn up.

The degree of completion is calculated as a ratio of the actual project costs relative to the forecast total costs. The project turnover is a proportion of the forecast total yield equivalent to the degree of completion. The accumulated costs of the project are recorded as costs under variable costs.

On the assets side of the balance sheet, the total of the revenue booked according to the percentage of comple-

tion is deducted from the inventory value of works in progress on a project-specific basis. The combined total is shown in section 15.

On the liabilities side of the balance sheet, the total of the revenue booked according to the percentage of completion is deducted from the advance payments received on works in progress. The combined total is shown in section 15.

The backlog of orders for long-term projects not yet handed over are itemized for recognition or non-recognition of income in section 20 of the notes to the financial statements.

The residual value of work in progress after the application of the percentage of completion method is formed from the direct acquisition costs of projects during the development and planning stage.

### **Obligatory reserves**

Those future expenses are booked as costs for the accounting period in the form of obligatory reserves to which the company has committed itself and to which equivalent revenue is unlikely to accrue. These include the estimated guarantee expenses of long-term projects that have been handed over (Guarantee reserve), and the loss exceeding the probable recognition as an expense of a long-term project in progress (Contract loss reserve).

Also booked as costs in the form of obligatory reserves are losses related to accidents, contingent liabilities, accounts receivable, or other such evident losses (Other obligatory reserves). The obligatory reserves made in the financial statements are itemized in section 13.

### **Items denominated in foreign currency**

Receivables and debts in foreign currency have been converted into Finnish markkas at the average rate quoted by the Bank of Finland on the date of closing the books.

The calculated rate differences included in the income statement are giv-

en in section 12 of the notes to the financial statements.

### **Valuation of inventory**

Inventory has been valued at the direct acquisition cost or at the repurchase or current price, whichever is the lowest.

### **Depreciation of fixed assets and profits/losses from assignment**

The values of fixed assets are based on the historical acquisition expenses. Fixed assets subject to wear and tear are subject to scheduled depreciation based on their economic life.

Any profits from the assignment of fixed assets are given under Other operating incomes. Any losses from the assignment of fixed assets are given under Other variable costs.

### **Pension arrangements and the matching of pension expenses**

Pensions have been arranged through pension insurance companies. Pension expenses are matched in the financial statements on an accrual basis.

### **Accounting principles for the consolidated financial state- ments, 31 December 1995**

The consolidated financial statements have been prepared in compliance with the past equity method. The acquisition costs of shares in subsidiaries have been eliminated against the subsidiaries' equity as at the acquisition date. The difference arising from elimination has been treated as goodwill or reserve which is either depreciated or debited during the accounting period.

The subsidiaries' income statements have been consolidated for the period after the acquisition, so that the subsidiaries' profits or losses in the interim statements as at the acquisition date is deducted from their financial statements for the year (Optiplan Oy, Optisaf and Seinälevy Oy).

Intra-Group business and other transactions have been eliminated, as have receivables and debts.

Minority interests are given in the



## NOTES TO THE FINANCIAL STATEMENTS

balance sheet as a separate item.

The consolidated financial statements cover the following companies included in fixed assets, in addition to the parent company, NCC-Puolimatka Oy:

Subsidiaries: As of:  
 PMA-Palvelut Oy 1 January 1995  
 PMA-  
 Rakennuskoneet Oy 1 January 1995  
 Optiplan Oy 1 December 1995  
 Seinälevy Oy 1 December 1995  
 Optisaf 1 December 1995  
 NCC-Puolimatka Oy is a subgroup of PMA-Yhtymä Oy (Formerly Puolimat-

ka Corporation). Since a transaction effected on 2 January 1996, NCC-Puolimatka Oy belongs to the NCC AB Group of Sweden.

As no subgroup consolidated financial statements have previously been produced in this configuration, no comparative income statements and the balance sheets are available.

The currency exchange rate at 29.12.1995: FIM 4.3586 = USD 1

(FIM 1,000)

	Group 31.12.1995	Parent Company 31.12.1995
<b>2. Turnover by business sector</b>		
Building construction	1,282,874	1,282,874
Civil engineering	95,480	95,480
Building component industry	1,119	0
Other business	36,776	18,364
Less intra-Group	-13,322	0
<b>Total turnover</b>	<b>1,402,927</b>	<b>1,396,718</b>
<b>3. Turnover by market area</b>		
Finland	1,364,553	1,345,022
Russia	50,079	50,079
Other countries	1,617	1,617
Less intra-Group	-13,322	0
<b>Total turnover</b>	<b>1,402,927</b>	<b>1,396,718</b>
<b>4. Other turnover</b>		
Rental and other business	36,776	18,364
Less intra-Group	-3,562	0
<b>Total other turnover</b>	<b>33,214</b>	<b>18,364</b>
<b>5. Other income from business operations</b>		
Rental income from fixed assets	37	36
Proceeds from sale of fixed assets	3	3
Service income	1,492	1,058
Less intra-Group	-604	0
<b>Total other income from business operations</b>	<b>928</b>	<b>1,097</b>
<b>6. Variable costs</b>		
Raw materials and consumables:		
Purchases during year	294,518	300,603
Changes in reserves (increase-/decrease+)	-2,259	-602
Non-Group services	719,585	721,302
Personnel expenses	212,361	207,368
Other variable costs:		
Losses on sale of fixed assets	0	0
Other variable expenses	72,002	71,811
<b>Total variable expenses</b>	<b>1,296,207</b>	<b>1,300,482</b>

## NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)	
	<b>Group</b>	<b>Parent Company</b>
	<b>31.12.1995</b>	<b>31.12.1995</b>
<b>7. Variable personnel expenses</b>		
Direct wages and salaries	130,449	127,365
Social wages and salaries	28,693	27,999
Mandatory social security expenses	50,772	49,620
Voluntary social security expenses	2,447	2,384
	212,361	207,368
Perquisites at taxable values	1,233	754
<b>Total</b>	<b>213,594</b>	<b>208,122</b>
<b>8. Fixed costs</b>		
Personnel expenses	46,497	41,217
Rents	9,252	8,598
Other fixed costs	22,509	23,295
<b>Total fixed costs</b>	<b>78,258</b>	<b>73,110</b>
<b>9. Fixed personnel expenses</b>		
Direct wages and salaries	30,812	27,489
Social wages and salaries	4,709	3,982
Mandatory social security expenses	10,143	8,914
Voluntary social security expenses	833	832
	46,497	41,217
Perquisites at taxable values	1,982	1,690
<b>Total</b>	<b>48,479</b>	<b>42,907</b>
<b>10. Financing income and expenses</b>		
Interest income	12,358	12,234
Other financing income	832	831
Interest expense	8,816	7,538
Other financing expense	1,090	1,062
<b>Total financing income and expenses</b>	<b>3,284</b>	<b>4,465</b>
<b>11. Financing income and costs from Group companies</b>		
Interest expense	0	148
<b>Total</b>	<b>0</b>	<b>148</b>
<b>12. Financing income and expenses include the following calculated exchange rate differences:</b>		
Calculated exchange rate gains	245	245
Calculated exchange rate losses	534	539
<b>Net difference</b>	<b>-289</b>	<b>-294</b>
<b>13. Change in obligatory reserves (increase -/decrease +)</b>		
Related to long-term projects:		
Guarantee reserve	5,989	5,989
Contract loss reserve	858	858
Related to other business:		
Other obligatory reserves	209	107
<b>Total</b>	<b>7,056</b>	<b>6,954</b>

The obligatory reserves in the balance sheet and the change in reserves in the income statement are of the same amount because obligatory reserves are included in the financial statements for the first time.

## NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)	
	<b>Group</b>	<b>Parent Company</b>
	<b>31.12.1995</b>	<b>31.12.1995</b>
<b>14. Direct taxes</b>		
For the year	219	214
From previous years	8	0
<b>Total direct taxes</b>	<b>227</b>	<b>214</b>
<b>15. The percentage of completion method affects the balance sheet items as follows:</b>		
<b>Assets</b>		
Work in progress	569,671	563,549
Less percentage of completion income recognition	-565,965	-560,057
<b>Work in progress</b>	<b>3,706</b>	<b>3,492</b>
<b>Liabilities</b>		
Advance payments	631,782	631,514
Less percentage of completion income recognition	-592,068	-592,068
<b>Advance payments</b>	<b>39,714</b>	<b>39,446</b>
<b>16. Changes in fixed assets</b>		
<b>Intangible goods</b>		
<b>Intangible rights</b>		
Acquisition cost 1 Jan	0	0
Increases 1 Jan-31 Dec	6,320	938
Decreases 1 Jan-31 Dec	0	0
<b>Acquisition cost 31 Dec</b>	<b>6,320</b>	<b>938</b>
Accumulated scheduled depreciation 31 Dec	-3,949	-293
<b>Book value 31 Dec</b>	<b>2,371</b>	<b>645</b>
<b>Goodwill</b>		
Acquisition cost 1 Jan	0	0
Increases 1 Jan-31 Dec	55,000	55,000
Decreases 1 Jan-31 Dec	0	0
<b>Acquisition cost 31 Dec</b>	<b>55,000</b>	<b>55,000</b>
Accumulated scheduled depreciation 31 Dec	-5,000	-5,000
<b>Book value 31 Dec</b>	<b>50,000</b>	<b>50,000</b>
<b>Other long-term liabilities</b>		
Acquisition cost 1 Jan	0	0
Increases 1 Jan-31 Dec	2,254	2,254
Decreases 1 Jan-31 Dec	0	0
<b>Acquisition cost 31 Dec</b>	<b>2,254</b>	<b>2,254</b>
Accumulated scheduled depreciation 31 Dec	-1,519	-1,519
<b>Book value 31 Dec</b>	<b>735</b>	<b>735</b>
<b>Tangible assets</b>		
<b>Constructions</b>		
Acquisition cost 1 Jan	0	0
Increases 1 Jan-31 Dec	9,854	6,318
Decreases 1 Jan-31 Dec	-612	-555
<b>Acquisition cost 31 Dec</b>	<b>9,242</b>	<b>5,763</b>
Accumulated scheduled depreciation 31 Dec	-1,772	-1,150
<b>Book value 31 Dec</b>	<b>7,470</b>	<b>4,613</b>

## NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)	
	Group	Parent Company
	31.12.1995	31.12.1995
<b>Machinery and equipment</b>		
Acquisition cost 1 Jan	0	0
Increases 1 Jan-31 Dec	61,690	35,140
Decreases 1 Jan-31 Dec	-732	-651
Acquisition cost 31 Dec	60,958	34,489
Accumulated scheduled depreciation 31 Dec	-21,655	-6,580
Book value 31 Dec	39,303	27,909
<b>Other tangible assets</b>		
Acquisition cost 1 Jan	0	0
Increases 1 Jan-31 Dec	71	65
Decreases 1 Jan-31 Dec	0	0
Acquisition cost 31 Dec	71	65
Accumulated scheduled depreciation 31 Dec	0	0
Book value 31 Dec	71	65

The changes in the Group's fixed assets include the original acquisition expenses for the fixed assets of the subsidiaries and the planned depreciations.

**17. Machinery and plant are included in the balance sheet item Machinery and equipment. In accordance with the relevance principle the balance sheet value of plant has not been separated from Machinery and equipment.**

**18. The depreciation of fixed assets subject to wear and tear is based on a previously made depreciation schedule. In respect of fixed assets purchased from PMA-Yhtymä Oy, the original depreciation plan has been applied. The depreciation periods, which are based on the estimated economic life, are as follows:**

	Years		
		Group	Parent Company
		31.12.1995	31.12.1995
Intangible rights	5 - 10		
Goodwill	10		
Other long-term expenses	3 - 10		
Buildings	5 - 10		
Machinery and equipment	5 - 10		
<b>Book depreciation</b>			
Intangible rights		336	293
Goodwill		5,000	5,000
Long-term expenses		1,519	1,519
Buildings		1,772	1,150
Machinery and equipment		9,787	6,580
Group goodwill		176	0
Income from Group reserve		-267	0
Book depreciation		18,323	14,542
<b>Scheduled depreciation</b>			
Intangible rights		336	293
Goodwill		5,000	5,000
Long-term expenses		1,519	1,519
Buildings		1,772	1,150
Machinery and equipment		9,787	6,580
Group goodwill		176	0
Income from Group reserve		-267	0
Scheduled depreciation		18,323	14,542



## NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)	
	<b>Group</b>	<b>Parent Company</b>
	<b>31.12.1995</b>	<b>31.12.1995</b>
Difference in depreciation between book and scheduled depreciation for the accounting period		
Book depreciation	18,323	14,542
Scheduled depreciation	-18,323	-14,542
Change in depreciation difference	0	0
Accumulated difference between book and scheduled depreciation		
Machinery and equipment	177	0
Accumulated depreciation difference	177	0

### 19. Parent company's shares in subsidiaries, 31 December 1995

	Quantity	Holding %	Par Value	Book Value	Net profit /loss (FIM 1,000)	Group's stake in equity (FIM 1,000)
PMA-Rakennuskoneet Oy	550	100	55	3,048	2	2,893
Optiplan Oy	100	100	1,000	1,796	256	1,733
Seinälevy Oy	1,000	100	100	500	0	499
PMA-Palvelut Oy	100	100	100	102	1	83
Total shares in subsidiaries				5,446		

### Shares in subsidiaries owned by a subsidiary, 31 December 1995

Optisaf	220	55	LTL 220,000.00	65	13	79
AS Optiplan Eesti	40	100	EEK 200,000.00	10		

### Other shares held by Group companies, 31 December 1995

	Quantity	Book Value
Helsinki Telephone Company	208	624
Joensuu Telephone Company	41	104
Loviisa Telephone Company	4	12
Kymi Telephone Company	9	18
Kuopio Telephone Company	12	30
Päijät-Häme Telephone Company	11	33
Oulu Telephone Company	45	63
Kajaani Telephone Cooperative	3	3
Kokkola Telephone Company	12	22
Pietarsaari Area Telephone Company	2	1
Ostrobothnia Telephone Cooperative	2	3
Oustroi Oy	17	57
Tampere Telephone Cooperative	38	91
South Satakunta Telephone Company	1	1
Kuopio Telephone Company	1	4
Vaasa Province Telephone Company	11	34
Central Finland Telephone Company	20	8
Total other shares		1,108
Total shares		6,554

# NOTES TO THE FINANCIAL STATEMENTS

	Group 31.12.1995	Parent Company 31.12.1995
<b>20. Orders (FIM million)</b>		
Total backlog of orders	1,258.1	1,231.8
Less recognized as income	623.8	610.5
Orders not yet recognized as income	634.3	621.3

The orders comprise those projects for which there is an agreement or a decision to start has been made.

(FIM 1,000)

<b>21. Group receivables and liabilities</b>		
Group receivables		
Trade receivables	0	759
	0	759
Group liabilities		
Current		
Trade payables	0	3,361
Accrued liabilities and deferred income	0	71
	0	3,432

## 22. Changes in shareholders' equity

<b>RESTRICTED EQUITY</b>		
Share capital 1 Jan	15	15
Subscription issue 1 Jan	9,985	9,985
Share capital 31 Dec	10,000	10,000
Share issue 1 Jan		
Subscription issue 19 Dec	14,000	14,000
Share issue 31 Dec	14,000	14,000
Reserve fund 1 Jan		
Subscription issue above par value 1 Jan	40,000	40,000
Subscription issue above par value 19 Dec	55,500	55,500
Reserve fund 31 Dec	95,500	95,500
<b>NON-RESTRICTED EQUITY</b>		
Accumulated profits/losses from previous periods Jan 1		
Conversion adjustment	3	0
Net profit/loss for year	-843	-617
Accumulated profits/losses 31 Dec	-840	-617

The currency exchange rate at  
29.12.1995: FIM 4.3586 = USD 1

## NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)	
	<b>Group</b>	<b>Parent Company</b>
	<b>31.12.1995</b>	<b>31.12.1995</b>
<b>23. Long-term liabilities maturing in one year or more</b>		
Pension loans	13,365	6,998
<b>Total</b>	<b>13,365</b>	<b>6,998</b>
<b>24. Current liabilities</b>		
Non-interest-bearing liabilities	228,332	222,070
Interest-bearing	1,946	1,002
<b>Total</b>	<b>230,278</b>	<b>223,072</b>
<b>25. Tax values</b>		
Buildings	7,470	4,613
Shares		
- shares in subsidiaries	1,352	1,278
- other shares	1,118	1,108
Book values have been used as the tax values for buildings and other shares, as no confirmed tax values were available.		
<b>26. Pledges given, mortgages given as guarantees for loans and other liabilities</b>		
Mortgages	169,805	169,805
Other liabilities		
Acquisition commitments	200,000	200,000
<b>27. Tax liabilities corresponding to voluntary reserves</b>		
	50	0

The currency exchange rate at  
29.12.1995: FIM 4.3586 = USD 1

## THE BOARD'S PROPOSAL FOR ACTION ARISING FROM THE

## PROFIT/LOSS FOR THE YEAR

The net loss for the accounting period is FIM 617,413.11 for the parent company and the Group's net loss is FIM 842,649.91. The Board proposes that no dividend be paid and that the parent company's net loss for the period be posted to the non-restricted equity.

Vantaa, 7 March 1996

Kenneth Orrgren  
Chairman

Alf Algotsson  
Deputy Chairman

Tommy Nilsson  
Member of the Board

Ulf Wallin  
Member of the Board

Hannu Sipilä  
Member of the Board

Heikki Koivu  
Member of the Board

## AUDITORS' NOTE

The financial statements were drawn up in compliance with generally accepted accounting practice and the report on the audit carried out has been submitted today.

Vantaa, 12 March 1996

KPMG Wideri Oy Ab

SVH Coopers & Lybrand Oy  
Firm of Authorized Public  
Accountants

Birger Haglund  
Authorized Public Accountant

Juha Wahlroos  
Authorized Public Accountant



## TO THE SHAREHOLDERS OF NCC-PUOLIMATKA OY

We have audited the accounting, the financial statements and the corporate governance of NCC-Puolimatka Oy (formerly Rakennustöimistö A. Puolimatka Oy) for the period 1.1.-31.12.1995. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. These standards require that we perform the audit to obtain reasonable assurance about whether 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, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as de-

finied in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Vantaa, March 12, 1996

KPMG Wierdi Oy Ab

Birger Haglund  
APA

SVH Coopers & Lybrand Oy  
Firm of Authorized Public Accountants

Juha Wahlroos  
APA

1995



One leg completed! On the right Quality Manager Mikko Lemmetyinen, Quality Foreman Jari Valo and Antero Huhta, Manager of building activity in the Helsinki area.

### Secured quality

The development work carried out during the financial year was targeted on enhancing the competitiveness of contracting. NCC-Puolimatka's building construction in the Helsinki Area received ISO 9001 quality accreditation in December. The audit covered the marketing, design and construction of design/build projects, spec construction design control and production, and contracting production.

### Project information management in real time

A competitive advantage for NCC-Puolimatka is its highly sophisticated project information management. Some of NCC-Puolimatka's building sites are already processing their data in real time. They are connected by network to the other parties on the project. The Spektri and ICL office buildings are examples of accelerated timescale construction through integrated data technology. The various designers utilize a common databank containing all the drawings in digital form. After the designs are made on-screen, they are updated in the databank for immediate use by other parties. The databank's digital output includes the files necessary for

building servicing and maintenance. Our customers have, if they so wish, access to these.

Logistical systems have been developed with our concrete suppliers, covering prefabricated panel delivery management and in-situ casting construction.

### Just On Time

Subcontracting and prefabricated building components have become an increasingly important part of construction. In NCC-Puolimatka's nationwide JOT development project, there is a heavy commitment to delivery process management and the modernization and constant improvement of delivery processes. Almost 40 building sites have participated in the development project, which continues in 1996.

### Entra 2000 - for a better living environment

The Entra 2000 packaged renovation programme for apartment buildings was developed jointly by 22 Finnish companies. It comprises a range of roughly 50 configurations with which the condition of the building can be determined and for specifying the need for improvements, the scope of the project, costs



and financing arrangements, for example. The system also has three levels, from maintenance-type action to high-specification major renovation.

### Cost efficiency through teamwork

NCC-Puolimatka has developed a teamwork scheme, which is used especially on housing sites. The results have been good. This type of working is motivating and challenging for the team. The advantage for the company is the employment of own personnel, which is responsible for the finish and the quality of the work in accordance with the quality system of the company.



## CONSTRUCTION IN FINLAND

The particularly strong points of NCC-Puolimatka's construction in Finland include special, high-standard projects and residential construction. The Project Development and Marketing Unit works on business ideas and product solutions based on the customer's needs. For example, successful, thriving companies are attracted to the Tapiola Spektri office and service centre, which has progressed to stage 4 of its development. Several shopping centres are on the drawing board, as is a project for a centre city block in Oulu. As privately financed residential construction has tailed off, housing plots have been upgraded for dwellings backed by the National Housing Board or interest-subsidized credits, with services from the initial negotiations with the customer and the preliminary planning phase to the sales of the plot and project to the final owner and the construction itself.

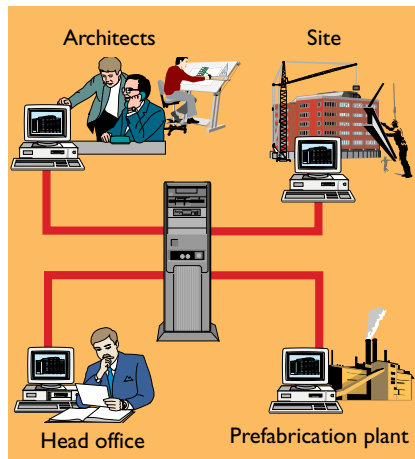
### Contracting in Greater Helsinki

The contracting units in the Helsinki Area are residential construction, office and commercial construction, and renovation. Contracting turnover in 1995 amounted to FIM 512.8 million and the financial performance was satisfactory.

#### Residential construction

Residential construction generated FIM 216.4 million in turnover in 1995, with roughly a 10 per cent market share in the Greater Helsinki region. Residential construction nationwide declined by about a fifth of the previous year's level, and competition continued to be very heavy. This was reflected in the figures for residential construction in the Helsinki Area, which was down by 40 per cent on the previous year.

NCC-Puolimatka has participated



The Spektri and ICL office buildings are examples of accelerated timescale construction through integrated data technology. The designers, the personnel of NCC-Puolimatka, people on the site and the prefab unit supplier can utilize the databank.

energetically in the development of residential construction. One form this has taken is the construction of experimental buildings. Milieu 2000 was an experimental project commissioned in which the future tenants were able for the first time on a wide scale to contribute ideas and design their own apartments. Apartment Block 2000 was a pilot project in which technological solutions made it possible to effect 40 per cent savings in energy costs. A consortium project comprising 126 dwellings is under construction in Helsinki in which the partners in the construction work are developing broad applications for computer technology with the aid of a project databank. In Vantaa, a major renovation is under way in which the various partners in the construction work are collaborating to develop a building maintenance programme and

creates solutions that improve the occupants' comfort.

### Commercial and office building construction

This unit's invoicing amounted to FIM 202.4 million in 1995. The demand for contracting services has settled down, but the size of projects has become considerably smaller. There were relatively few office and commercial building starts during the accounting period. A positive exception was the new-generation corporate centre, Spektri Trio, the third phase of Spektri, was completed and phase IV, Kvartti, was started at the end of 1995. The occupancy rate of Spektri Trio was 100 per cent on completion of the building and the building has been sold to investors. The ICL building, under construction as a partnership contract, is another project on which it is possible to refine the quality system and to use a project databank on a broad front. The site was chosen as the best Finnish building site of the year by Rakennuslehti, a construction trade journal.



Spektri is the trademark of an office building for demanding clients. Pilotti, Duo and Trio are in use. Kvartti is under construction and the leasing and sales negotiations for Kvintti are started.



1995



Safety Representative Rauno Kulmala is working on the example site. Tidiness and good order significantly improve labour safety and the progress of the work.

The site of the Year was the office building for ICL in Pitäjänmäki, Helsinki, which is a cooperative building contract. The panel of judges for the contest, held by trade journal Rakennuslehti, found the site to be progressive and managed in an exemplary way. The prizewinning features of the site were extensive computerization, proper application of the quality system, and overall tidiness and good order.



### Renovation

The renovation unit's invoicing in 1995 was FIM 94.0 million. In order to upgrade its operations, the unit has worked closely with its partners for several years. Good examples of this are the Entra 2000 product and operational model, the electrochemical re-alkalization of facades, and the EPS facade technique. Renovation work has grown in importance throughout the 1990s and the volume of output is on the increase. Buildings erected in the sixties and seventies require urgent action, and

additional state financing to boost construction employment will also help to provide more renovation work. Competition is still fierce and projects are small, especially residential ones.

The pilot project for the High-rise Apartment House 2000-scheme was Kiinteistö Oy Malmin Soidintie. The aim was to achieve a lower energy consumption, better ventilation and soundproofing as well as a resident-friendly service.







1995

*New contracts are needed. At the beginning of 1996 the contract on a office centre in Oulunkylä was signed. This is a cost plus contract with a very tight schedule.*

**Contracting in Greater Helsinki**

**MAIN COMPLETED PROJECTS:**

Huopalahti Residential Service Centre Wilhelmiina, Helsinki  
TNT office building, Vantaa  
Spektri Trio office building, Espoo  
Milieu 2000 pilot building project, Helsinki  
Apartment Building 2000 pilot project, Helsinki  
A total of 731 dwellings

**Renovation:**

North wing, Surgery Hospital, Helsinki  
As. Oy Ulappasaarentie 4, Helsinki (conversion of office building into apartments)  
Council of State building, phase V, Helsinki

**MAIN PROJECTS UNDER CONSTRUCTION:**

ICL office building, Helsinki  
Ikea furnishing department store, Espoo  
Nokia-Maillefer, Vantaa  
Spektri Kvartti office building, Espoo  
A total of 592 dwellings

**Renovation:**

Council of State building, phase VI, Helsinki  
Swedish School of Economics and Business Administration Hanken, Helsinki  
Museum of Applied Arts, Helsinki  
Oulunkylä office centre, Helsinki

**Southwest Finland**

The southwest Finland region is covered by the regional offices in Turku, Lohja and Forssa. The unit's combined invoicing totalled FIM 302.3 million in 1995 and its financial performance was good. The main thrust in operations was on the Turku and Salo area, and mainly residential buildings were constructed in the Forssa and Hämeenlinna zones. The Lohja office has operated as a separate unit since the beginning of 1996. The southwest Finland unit's market share was about 15 per cent. Competition continued to be severe and the overall level of construction in the area is not expected to increase. No spec construction projects at all were started during the financial year. Development work focused on the quality system in particular. In the near future, residential construction will continue to be the main field of construction, and residential renovation in particular will offer a greater volume of business.

The invoicing of Seinälevy Oy, a concrete panel-making company based in the southwest Finland area, rose to approximately FIM 26 million in 1995. Its market share for both precast panels and for civil defence shelters was roughly 25 per cent in the main market areas. The main development projects include various improvements in construction with thin-shell precasts as well as augmenting and perfecting the quality system.



*The laboratory of the Geodetic Institute in Kirkkonummi makes measurements which do not tolerate any vibrations. The state-of-the-art architecture building is anchored in solid Finnish bedrock.*

*Turku Conservatoire has attracted much attention internationally. It is one of the best steel constructions in Europe and was awarded the Europa Nostra medal in 1995.*



**EUROPA NOSTRA**



The largest projects in Tampere are in Hervanta. Hermia was built in many stages over several years. At the end of 1995 new facilities of the Tampere Institute for Technology were completed.

## Western Finland

The western Finland area is covered by the regional offices in Tampere, Jyväskylä and Seinäjoki. The unit's invoicing in 1995 totalled FIM 237.9 million and its financial performance was satisfactory. Competition continued to be intense in the region. Only a few larger projects got under way. Thanks to some big projects started in previous years, the invoicing for the southwest Finland region was up by almost 30 per cent on the previous year. No new projects came in towards the end of the year that would replace these, so there was a considerable decline in the number of orders held compared to the early months of the year. Puolimatka's market share for its regional offices held



### Southwest Finland

#### MAIN COMPLETED PROJECTS:

Aspocomp Oy, circuit board plant, Salo  
 Nokia office building major renovation, Salo  
 Geodetic Institute, Kirkkonummi  
 Turku Detoxification Centre  
 A total of 558 dwellings

#### MAIN PROJECTS UNDER CONSTRUCTION:

Mynämäki Comprehensive School  
 Suvituuli Special Skills Centre, Turku  
 Raisio Tehtaat's crushed grain storage facility  
 Kiri Project (paper mill internal production works, cross-cutting plant, debarking plant, GIS plant and sedimentation plant), Lohja  
 A total of 377 dwellings

more or less steady. Quality development work continued. The quality manuals of the Jyväskylä and Seinäjoki regional offices were completed during the accounting period. In order to enhance collaborative skills, teamwork training was started and an effort was made for the efficient introduction of previously developed methods aimed primarily at renovation work.

There is no prospect of a significant increase in the number of building starts and housing production is entirely dependent on state funding.

### Western Finland

#### MAIN COMPLETED PROJECTS:

Technology Centre Hermia, building 3, Tampere  
 Tampere Institute of Technology, phase IV, Tampere  
 Valmet Paper Machines, pilot plant 2, Jyväskylä  
 A total of 220 dwellings

#### MAIN PROJECTS UNDER CONSTRUCTION:

Hermia B 5, Tampere  
 Vaasa hospital  
 Vaasa courthouse  
 A total of 77 dwellings



## Eastern Finland

The eastern Finland area is covered by the regional offices in Lahti, Kotka, Joensuu and Kuopio. The unit's invoicing in 1995 totalled FIM 183.4 million and its financial performance was satisfactory. During the accounting period the first spec residential buildings were completed in the Kotka Alba and Kuopio harbour estates. The Villa Paavola project, with the company that owns the building as the client, combined advanced technology with superb architecture. Long-term work on quality and production planning helped the eastern Finland unit to expand its market share against fierce competition in its region. The unit attained its financial performance targets.



*There was little privately financed housing construction. The Satamapuisto development in Kuopio was one of the few. It was listed as an architecturally important building by SAFA, the association of architects in Savo Province - the only 1990s residential project so honoured.*



*The new premises of the Finnish Forest Research Institute in Joensuu are well-equipped for both regional and Europe-wide scientific collaboration. In spite of a tight schedule it was handed over well ahead of time - a good thing for all involved.*



*Recognition of the site's quality work and exemplary work safety. The picture shows regional manager Matti Vanninen and general foreman Ari Laamanen presenting a Labour Safety Award from the Labour Protection district.*

### Eastern Finland

#### MAIN COMPLETED PROJECTS:

Research Institute of Forestry branch, Joensuu  
 Esplanad sheltered housing, Loviisa  
 City-Sokos Ympyrä department store, Hamina  
 Koskisen Oy chipboard factory, Kärkölä  
 As. Oy Villa Paavola, Lahti  
 A total of 382 dwellings

#### MAIN PROJECTS UNDER CONSTRUCTION:

Kouvola court of appeals  
 A total of 189 dwellings



1995



The commissioning of the extension building of Nokia Cellular Systems was honoured by President of Finland Martti Ahtisaari.



### Northern Finland

Oulun Rakennus Oy, which has been Puolimatka's northern region operator since 3 December 1995, operates in the provinces of Oulu and Lapland as well as in the north of Vaasa Province. It has regional offices in Oulu and Kokkola. The unit's invoicing in 1995 amounted to FIM 127.5 million and its financial performance was passable. Competition continues to be severe in northern Finland, although some relief was obtained from the capital spending programmes of large industrial enterprises in the region. NCC-Puolimatka holds approximately a 10 per cent market share in the northern Finland region, and it aims to maintain this through its expert skills and long experience. The quality manual for the northern Finland region was completed during the accounting period. The JOT and Entra development projects were under way. A substantial commercial construction project for a city block in the heart of Oulu is under preparation.

### Staffs

NCC-Puolimatka's in-house specialist and service functions are financial

services, financing, budgeting, accounting, personnel, data management and computer services, legal affairs and corporate communications.

The extension building for Nokia Cellular Systems in Oulu was completed in 11 months from the order. The new unit connects the earlier blocks into a single unit.



The Citymarket in Pietarsaari was a design-build project with a total volume of 45.600 Cub.M. There were only seven months for construction, but it was landed over on time.

The member of the quality competition jury for Puolimatka sites, project engineer Petri Anttalainen admires the fine quality of the precast panel supplier.

### Northern Finland

#### MAIN COMPLETED PROJECTS:

Nokia Cellular Systems, extension to plant, Oulu  
Post office sorting centre, extension and renovation, Oulu  
Citymarket, Pietarsaari  
Outokumpu laboratory, Kokkola  
A total of 25 dwellings

#### MAIN PROJECTS UNDER CONSTRUCTION:

Liminka comprehensive school, extension  
Kempele leisure swimming pool  
Kokkola sheltered housing



## CIVIL ENGINEERING

Invoicing from civil engineering in 1995 amounted to FIM 91.5 million and its financial performance was unsatisfactory. The unit's main project was the VT3 highway section between Ojoinen and Jutikkala. This section of road also includes a bridge contract worth some FIM 18 million. During the accounting period the Finnish National Road Administration audited the bridge department's operations, with the result that the unit was ranked in the highest category (class I) of FINRA's quality system. Civil engineering accounted for almost 7 per cent of NCC-Puolimatka's invoicing. Civil engineering is a strong point of the new parent company, NCC AB, so there will be an invest-



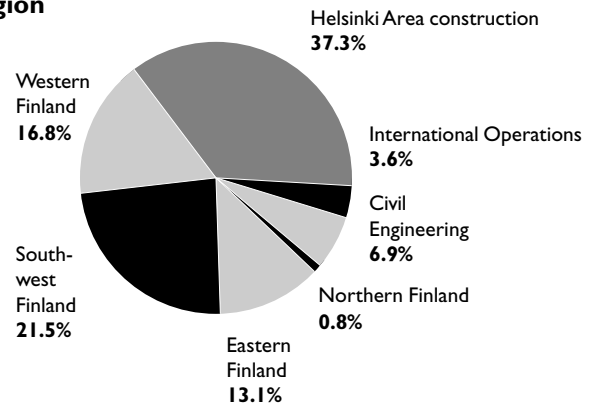
ment in the future of this field in Finland as well. Raimo Nurmela, M.Sc.(Eng.), was placed in charge of the civil engineering unit on 1 January 1996.

### NCC-Puolimatka Oy's construction business Turnover by sector net of sales of shares, FIM million

	1995	1994	1993
Residential construction	571.6	861.1	556.1
Commercial construction	260.1	346.6	501.8
Industrial construction	32.4	120.9	83.3
Public construction	384.5	320.7	224.8
Civil engineering	96.3	74.2	38.1
International construction	51.8	565.1	439.2
	<b>1,396.7</b>	<b>2,288.6</b>	<b>1,843.3</b>

The 1994 and 1995 figures are for turnover; the 1993 figures are for invoicing.

### Turnover by region



	Turnover FIM million	Personnel 31 Dec 1995
Contracting in Finland		
- Helsinki Area	518.8	385
- Southwest Finland	300.1	303
- Western Finland	235.2	187
- Eastern Finland	183.1	129
- Northern Finland*	11.4	158
Civil engineering	96.3	36
International operations*	51.8	50
	<b>1,396.7</b>	<b>1,248</b>

\*) FIM 96.6 million of the turnover of Oulun Rakennus Oy and FIM 95.1 million of turnover from international operations was booked as income for PMA-Yhtymä Oy.





The opening ceremony of the military housing project in Wsewolozhsk followed the best traditions, with cutting of the ribbon, colourful folk dances and speeches.

## INTERNATIONAL OPERATIONS

International operations in Russia declined during the accounting period. The military housing project financed by Germany to the tune of almost FIM 8 billion was largely completed. The volume of construction in Russia will remain low for the next few years and new orders were mostly for small projects. The main potential clients are Western producers of consumer goods and a small number of Russian enterprises. Competition has hotted up in Russia: over 200 foreign construction companies are operating there, and Moscow alone has over 90 Turkish building firms registered.

NCC-Puolimatka's international unit has a regional office in Moscow and a representative in Tripoli. Invoicing amounted to FIM 66.3 million in 1995, in addition to which FIM 94.9 million was booked for PMA-Yhtymä Oy. The financial performance of international operations was unsatisfactory. Invoicing in 1994 reached FIM 565 million with 175 staff, reduced to 127 this year. The service and public buildings in the last of the four military settlements built by Puolimatka, Wsewolozhsk, were handed over to the client during the 1995 financial year. The earnings from the last military settlements did not develop as expected, but the result was positive and they were handed over to the client on schedule, some parts even ahead of time. The biggest site still operating is for a toxicology hospital in Moscow. Among the development projects is a quality system for accreditation, the introduction of the NCC-Puolimatka procurement system, and improving competitiveness.

In 1996 the operations of NCC-Puolimatka and NCC Projects Oy will be consolidated and marketing will be expanded on the civil engineering side. The market area is the CIS and the Baltic states.

The administration building of the Sklifosowski-Institute from the 18th century was rebuilt from the ground up. The result was a completely modern working environment with an old facade.



The Sklifosowski Hospital for burns was completely renovated. The equipment and most of the materials came from Finland.



The Finnish Embassy in Moscow is a demanding project with high-standard architecture. The functionalist building was renovated and it was extended by a new wing.



### MAIN COMPLETED PROJECTS:

Finnish Embassy in Moscow, extension and major renovation  
 Shaikowka hot water supply project, Shaikowka  
 Public buildings for the Wsewolozhsk military settlement, St. Petersburg  
 Burns hospital, Moscow  
 Administration building, Moscow

### MAIN PROJECTS UNDER CONSTRUCTION:

Toxicology hospital, Moscow  
 Pepsi-Cola, flooring work, Moscow  
 NOC roofing work, Tripoli





The designer of Villa Paavola, architect Jari Antila of Optiplan, stresses the importance of collaboration with the occupants for ultimate success.

## CONSTRUCTION DESIGN

### Optiplan Oy

Optiplan Oy's services include architectural and structural design for buildings, HEPAC, and electrical design as well as quantity surveying and cost planning. Optiplan's turnover in 1995 was FIM 14.9 million and its financial performance was in line with the budgeted figures. It had 60 employees at year-end, 10 of them at the Vantaa office. In its designing of residential properties, Optiplan maintained its position as one of the leading companies in this field. The main area of emphasis is the Helsinki Metropolitan Area and the Turku region. Apartment buildings were completed in the centres of Lahti, Kuopio and Oulu, and design work was started on a new residential block comprising 20,000 square metres of floor space in Lahti. The main office building projects were Spektri Trio and Kvartti in Espoo, and the design of building services for the Vaasa courthouse. Several major commercial and office buildings are at the project planning stage.

Refurbishment for residential buildings contributed a great deal of renovation design work. Optiplan started making basic condition assessment and building condition audits at the beginning of the year and also learned more about the examination and repair of concrete cladding.

In St. Petersburg, Optiplan is contributing ideas for the modernization of a large hotel. A subsidiary called AS Optiplan Eesti was started in Tallinn, Estonia, which operates by networking with local companies. Optiplan has a joint venture in Kaunas, Lithuania, and this company had four employees at year-end.

Optiplan Oy has for years been one of the leading CAD designers in Finland. Development work is in hand for increasing the level of automation in quantity surveying. Quantity data with detailed information on location are now available as a product for all fields

The expressive facade of Villa Paavola fits naturally into the townscape of downtown Lahti.



### Breakdown of Optiplan's turnover by sector, 1993-95

	1995		1994		1993	
	FIM million	%	FIM million	%	FIM million	%
Housing design	7.1	52.0	8.5	62.5	7.3	68.2
Office and service construction	4.6	29.7	2.8	20.6	2.1	19.7
Renovation	1.3	8.8	1.3	9.5	-	-
Other business	1.9	9.5	1.0	7.4	1.3	12.2
	14.9	100.0	13.6	100.0	10.7	100.0

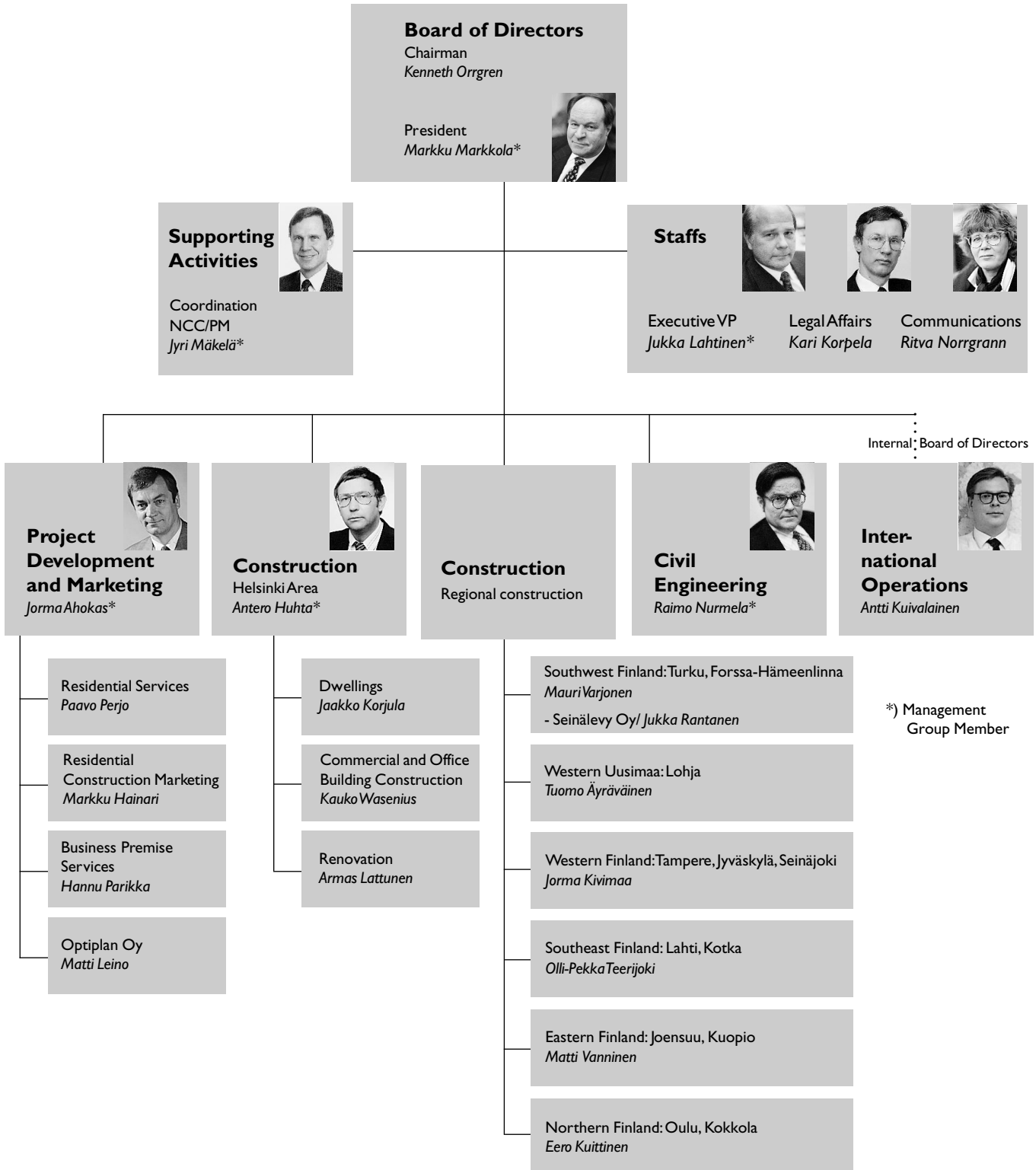
of planning and design. A quality system has been created and it will be used on all new projects.

Optiplan has a reasonable order book for 1996. Growth is being sought in renovation and international business in particular. The change in Puolimatka's ownership has meant that Optiplan and

NCC's design unit in Sweden now constitute a team of almost 200 designers. Together, these design service providers cover construction design from architecture to high-specification projects and engineering structures.

# ORGANIZATION

NCC-PUOLIMATKA OY 15.3.1996





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### UNITS

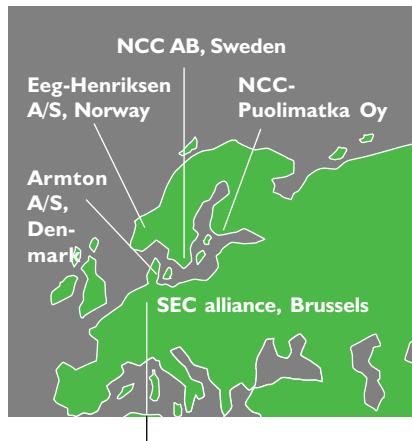


Note:  
The area dialling codes of  
Finland will change on  
12.10.1996!



NCC AB is one of the Nordic region's leading construction and real estate companies. Its home market embraces Sweden, Finland, Norway and Denmark. In Sweden NCC is the leader in building roads and civil engineering projects. Outside Scandinavia NCC builds major civil engineering projects in selected markets. The NCC Group owns some 968,000 square metres of properties in Sweden and 137,000 in other countries.

NCC AB comprises five business areas: NCC Civil Engineering, NCC Building, NCC Industry, NCC Real Estate and NCC Invest. The Group's subsidiaries are NCC-Puolimatka in Finland, Eeg-Henriksen in Norway and Armton in Denmark.



The SEC alliance comprises NCC of Sweden, GTM Entrepouse of France, John Laing of the UK and Strabag of Germany.

NCC's invoicing in 1995 totalled SEK 16,595 million and it had about 14,100 employees. The NCC Group is taking part in the following projects, among others: The Arlanda railway in Stockholm, the tunnel and bridge project in the Öresund-straight and the Gardermoen airport in Oslo.

NCC shares are quoted on the Stockholm stock exchange.

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**NCC**   
**PUOLIMATKA**