





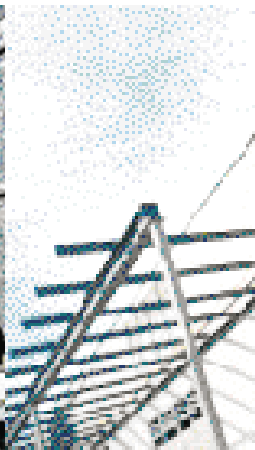
Laying the foundation stone at Pitkälkoski. The active carbon filtering plant purifies the water piped in to potable quality close to aquifer standards.



Young people who entered the trade on apprenticeships and are now doing their dissertations bring new much-needed energy into the industry.



A major renovation is like getting a new building. The heart of Maunula Coeducational School in Helsinki is the library media centre.



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NCC Puolimatka has been building at Helsinki-Vantaa Airport for a long time. The most recently completed building was the Finnair cargo terminal.

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The growth in building construction continued in 1997 more strongly than had been forecast. Construction grew by 12% in all and the growth rate for building construction was 15%. In regional terms construction grew most in Greater Helsinki and certain other growth centres. The main emphasis in housing construction was once again on state-supported Housing Fund of Finland-financed projects and construction with interest relief.

NCC Puolimatka's turnover in 1997 was FIM 2.0 billion, of which exports accounted for FIM 151 million or 7%. Turnover was up by some 25%, which was somewhat more than the overall growth in construction. The Group's profit before extraordinary items and taxes was FIM 17 million. The Group's profit from operations before depreciation was FIM 37 million, which is 1.8% of turnover. The return on investment was 10.7%. The results were not in accordance with the targets set.

The heaviest drag on profits was from tighter price levels for Housing Fund of Finland-financed projects and construction with interest relief, postponements of projects and rising input prices, particularly in Greater Helsinki. Civil engineering posted a net loss due to low

volume. In business premises construction, the final stage of Business Park Spektri in the Tapiola district of Espoo was completed in the beginning of 1998. The five phases of Spektri, built in the depths of the recession, have proved themselves a success. The project won a high profile internationally by placing among Europe's three best office building complexes in a competition at the MIPIM International Property Market trade fair.

As a continuation of the Spektri project, the commencement by a consortium of the construction of a new business park, Stella, was announced at the beginning of this year. Stella is located in Espoo, at the junction of Helsinki Ring Road I and the Turku motorway, and it will be completed before the turn of the millennium.

We are embarking on 1998 with a radically revamped organization. The new units starting in Greater Helsinki are the housing and civil engineering business units. The new units in the Southern Finland region are one specialized in housing renovation and a Southern Häme unit.

The outlook for 1998 is good. The prospects for an increase in privately fi-

nanced housing construction have improved. Demand is also growing for the construction of offices, commercial premises and logistics terminals.

Among the priorities for NCC Puolimatka in 1998 are the development of quality, environmental work, information management and the personnel. The parent company, NCC AB, merged with Siab AB during the year under review. The new NCC AB is a leading construction and real estate company in the Nordic region. The Group's broad-based skills and its strong finances and other resources permit the company to take part in large, technically tough projects even outside its home market area.

I would like to thank our customers and partners for the past year and our company's personnel for a job well done.

A handwritten signature in blue ink, which reads "Markku Markkola". The signature is written in a cursive, flowing style.

Markku Markkola



NCC Puolimatka Oy's Board of Directors

1 Jan. - 10 Feb. 1997

Kenneth Orrgren, Chairman
Tommy Nilsson, Alf Algotsson,
Kai Hietarinta

10 Feb. - 6 Oct. 1997

Kenneth Orrgren, Chairman
Tommy Nilsson, Alf Algotsson,
Kai Hietarinta, Magnus Mannesson

From 6 October

Kenneth Orrgren, Chairman
Tommy Nilsson, Kai Hietarinta,
Magnus Mannesson, Lars Wuopio

Kari Korpela served as secretary to the Board of Directors.

Company Management

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

Auditors

The auditors for NCC Puolimatka were KPMG Wideri Oy Ab with Birger Haglund, APA, M.Sc. (Econ.) as the auditor in charge.

..... NCC Puolimatka's Board of Directors and President. On the right is Kenneth Orrgren of NCC Building, Magnus Mannesson of NCC Real Estate, Lars Wuopio of NCC Civil Engineering, Kai Hietarinta, President Markku Markkola and Tommy Nilsson of NCC Invest.

NCC Puolimatka's mission statement

..... *NCC Puolimatka provides building construction and infrastructure products and services which meet the client's expectations for quality and profit competitively and fairly. This is achieved by developing, planning and constructing products and services of the building industry based on environmental quality requirements, state-of-the-art technology and the experience of an international corporation, in Finland, Russia, other CIS countries and the Baltic states.*

NCC PUOLIMATKA OY IN BRIEF

1997 1996 1995

CONSOLIDATED INCOME STATEMENTS (FIM million)

Turnover	2,031	1,577	1,403
Profit from operations before depreciation	37	28	34
Depreciation	20	18	18
Operating profit	17	10	16
Net financing income	0	1	3
Extraordinary income and expenses	0	0	-20
Profit/loss before appropriations and taxes	17	11	-1

CONSOLIDATED BALANCE SHEETS (FIM million)

Assets			
Fixed assets	96	100	102
Inventory	191	13	6
Financial assets	260	268	276
Liabilities and shareholder's equity			
Shareholder's equity and provisions	142	131	119
Obligatory reserves	9	10	7
Liabilities			
Interest-bearing	63	11	27
Non-interest-bearing	333	229	231
Balance sheet total	547	381	384

KEY FIGURES

Profit from operations before depreciation			
-% of turnover	1.8	1.8	
Return on equity (ROE), %	7.9	5.6	
Return on investment (ROI), %	10.7	8.3	
Quick ratio	0.8	1.5	
Equity ratio, %	30.2	39.9	34.5
Uninvoiced orders at year-end (FIM million)	1,028	685	611
Average personnel	1,653	1,456	1,233

FORMULAS FOR KEY INDICATORS

Return on equity (ROE):

$$\frac{\text{Profit before extraordinary items, appropriations and taxes - direct taxes}}{\text{Shareholders' equity + minority interest (average for year)}}$$

Return on investment (ROI):

$$\frac{\text{Profit before extraordinary items, appropriations and taxes + interest expenses and other financial expenses}}{\text{Balance sheet total - non-interest-bearing debts (average for year)}}$$

Quick ratio:

$$\frac{\text{Financial assets}}{\text{Current liabilities}}$$

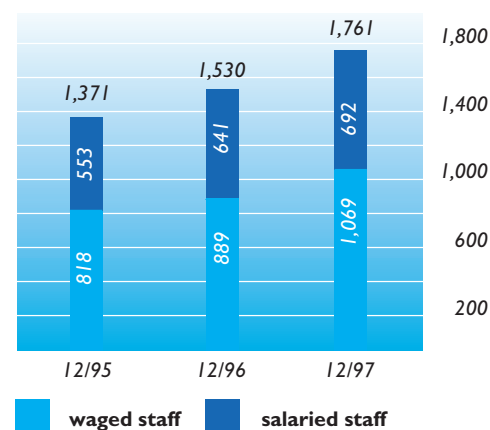
Equity ratio:

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advance payments}}$$

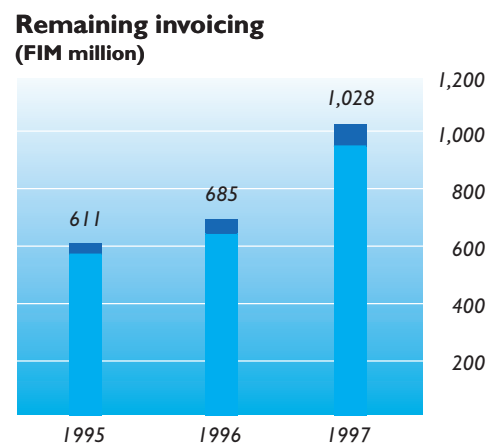
Turnover net of sales of shares (FIM million)



Personnel

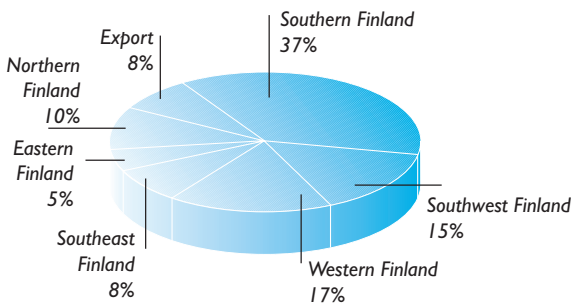


Remaining invoicing (FIM million)

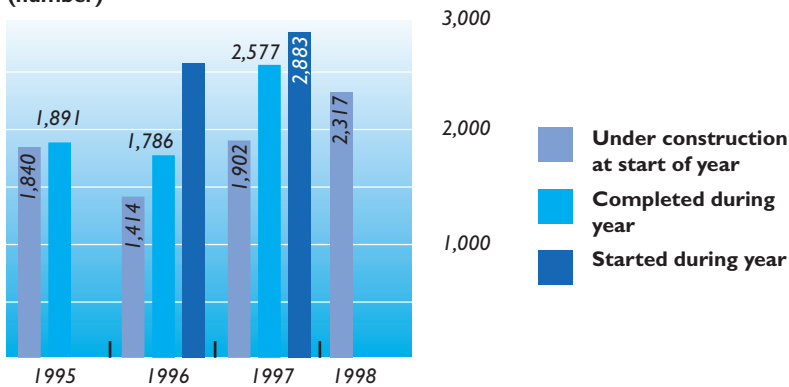




Breakdown of turnover by regions (%)



Dwellings built (number)



Seven years of construction are behind us. Five handsome buildings have gone up in the Espoo Technology Centre – Pilotti, Duo, Trio, Kvartti and Kvintti. Spektri Business Park is a project that has pleased the occupants and investors and gained international recognition. NCC Puolimatka's job has been commissioning construction, building, and selling and leasing the premises. The design was the work of Optiplan Oy.

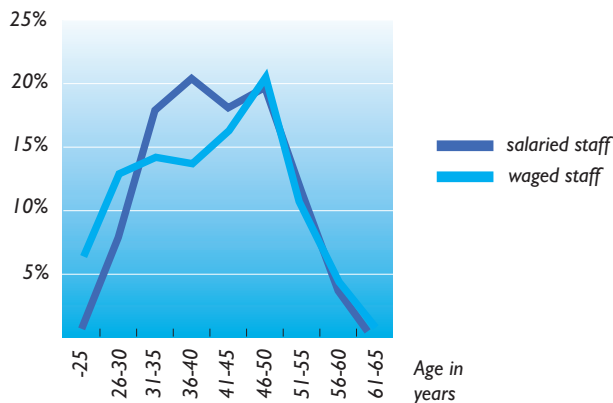
The currency exchange rate at 31.12.1997: FIM 5.4268 = USD 1

THE MAIN POINTS OF DEVELOPMENT AT NCC PUOLIMATKA



PHOTO: OSMO PATANA

Breakdown of age of personnel



The construction industry going grey? No way, there are young people coming into the industry. There's nothing wrong with more mature people, either. Various vocational skills are being worked on all the time and on-the-job capabilities are improved en masse. Personnel development is one of NCC Puolimatka's areas of emphasis.

NCC Puolimatka's strategic areas of emphasis are quality and environmental work plus development of the personnel, data management and procurement. The goal is to control and coordinate research and development to ensure optimal support for the company's strategic aims and to improve its competitiveness.

Quality work

One of the cornerstones of development work by NCC Puolimatka has been quality development work with a long-term perspective. One indication of this is that construction in the Greater Helsinki Area attained certification for its quality system in 1995. The Western Uusimaa Province, Southwest and Western Finland regions received ISO 9001 accreditation in 1997 and all of the company's building construction will be certified by May 1998.

Working for the environment

Because of external demands combined with the owner's environmental activities and the business opportunities afforded by the management of environmental matters, an extensive environmental development project has been launched at NCC Puolimatka. One of the aims is to develop a documented environmental system to meet the requirements of standard number ISO 14001. An environmental policy has been created for the company. The aspects of development work have been the product, production, skills and leadership.

Staff skills

NCC Puolimatka's workforce is 87% male and 13% female. The average age for office workers is 42 and 41 for blue-collar employees. Of the office staff, 73%

have received upper secondary education, 10% tertiary education, and 17% have taken basic secondary education.

A training programme is under way to upgrade the employees' professional skills. In the course of 1997 the entire corporate management and 60 Project Managers took part in marketing training, about 250 people attended IT training, 30 people were included in project management contracting training, and about 100 people took continuing language skills training. Environmental training was started. The regional units have a great deal of training connected with their own operations, in addition to quality training. To increase the proportion of young staff, young people's apprenticeship training was started, in which team leaders were trained as foremen. Vocational training programmes for staff were started on the basis of a previously conducted needs analysis. Training certificates have been obtained by 350 NCC Puolimatka employees. 330 people took part in fitness and conditioning training arranged by the company.

Data management capabilities

Computer systems are being updated in all subsections – the so-called millennium bug sets a rigid deadline for this. On the technical side, the construction of LAN technology is opening up new vistas for expanding collaboration – project

data banks and a company intranet are a part of this development work.

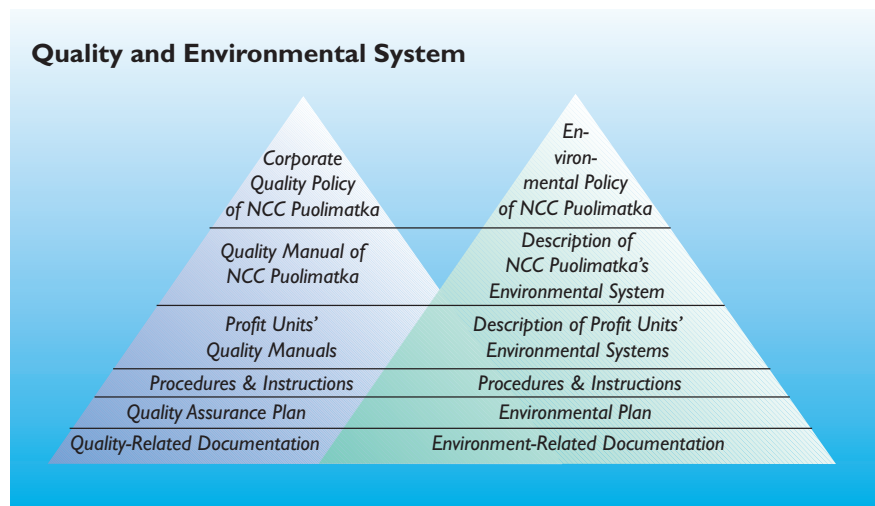
Upgrading procurement

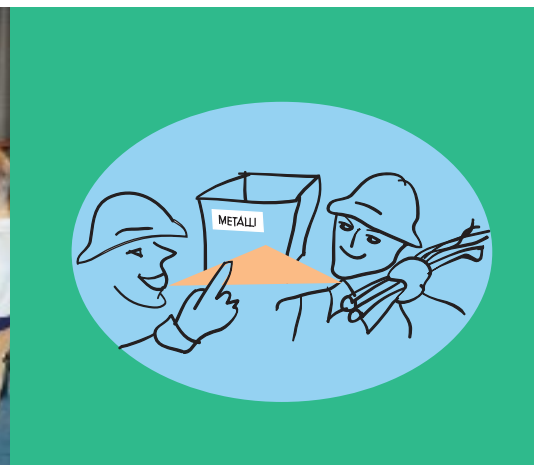
Competitive edge is being pursued within the NCC Group by mapping out the company's purchases in the domestic market and by building up a capability for using international channels more efficiently. A database for environmental work has been built up in NCC, with materials classified according to their environmental impact. Harmful materials are prohibited and suspect materials are classified as 'not recommended'.

NCC Puolimatka developed collaboration with subcontractors by creating models for long-term cooperation and by clinching cooperation agreements with strategically chosen subcontractors.

Other projects

The development of a marketing model for the housing renovation market continued. The second phase of the ENTRA 2000 project, financed by the Finnish Technology Development Centre TEKES, reached completion along with its extensive data banks of methods and costs information. Several TEKES-funded research schemes are under way, among them projects on environmental technology for construction, wooden construction, industrial in-situ concreting and renovation.





Façade renovations save on heating energy and make the whole home environment more comfortable. NCC Puolimatka provides its customers with a total renovation package.

Environmental training was launched. Workgroups discussed the environmental impact of construction and how it can be minimized.

All building sites make an environmental plan. There is a book of instructions for help as well as the 'Sort Wastes' booklet as a practical tool.

Environmentally friendly solutions for planning and construction

The elements of NCC Puolimatka's environmental work are the aspects of the product, manufacturing, skills and management, i.e., what are the desired results and what are the inputs for them.

The product aspect

The environmental impacts of buildings and construction projects are assessed on a development-specific basis, covering the entire life cycle of the building. The aim is to increase favourable environmental factors and to reduce damage. An eco-assessment method for this has been developed at NCC Puolimatka. It is used in spec construction and it is offered for use on projects planned by the client. The choice of building service systems helps to minimize water and heating energy consumption. Wherever possible, a ventilation system with heat recovery is chosen and passive heating energy is used.

In the materials, structures and systems selected, the principles of sustainable development are respected and the environment-conscious use of the building is assured with a maintenance book that originated in the NCC Puolimatka production process.

The manufacturing aspect

An environmentally friendly construction process consists of a needs analysis, a project schedule, planning, preparations for construction, construction and use. Every NCC Puolimatka building site draws up an environmental plan setting out the goals and means. The reference materials produced to assist this comprise a manual entitled 'Site Waste-treatment Guide' and a booklet called 'Sort Wastes' as a practical tool. The choice of materials and materials suppliers is guided by a procurement system in which environmental reports on construction products can be found. The database contains information on the products of 35 materials suppliers.

*NCC Puolimatka's environmental policy:
NCC Puolimatka is responsible for the environment it builds and it integrates its products and production with the demands of society and the expectations of the occupants.*



The amount of waste is being reduced. Where possible, it is recycled or used for energy. If it can't be used, it is sorted and taken to a landfill. Hazardous substances are given special treatment.

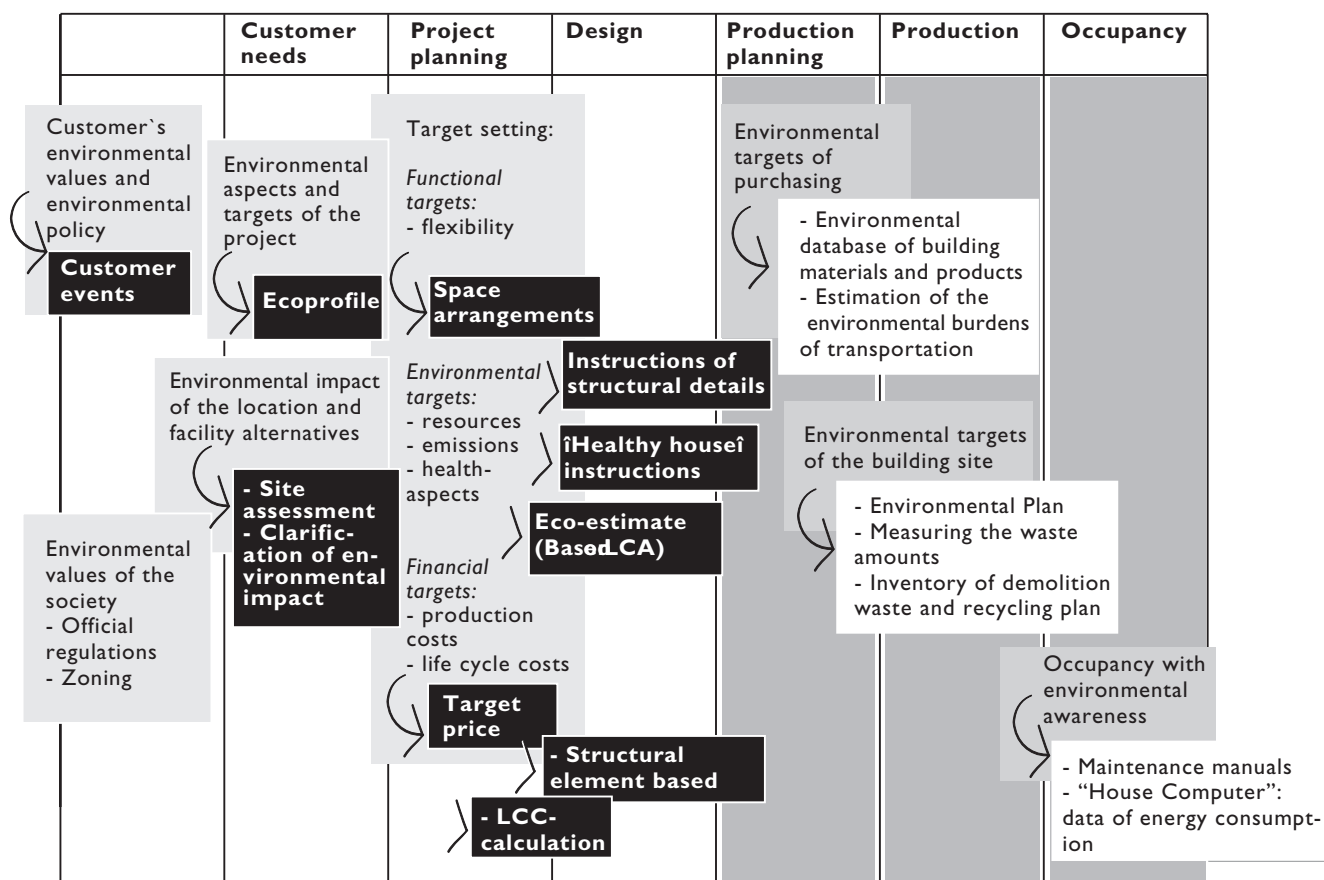
NCC Puolimatka's management has set the following targets for the company's production:

- the costs of waste treatment should be less than 0.5% of the construction costs
- construction waste produced in site should be less than 2.8 kg/cu.m. of construction
- mixed waste should be less than 40% of total waste

In the course of 1998 the standard of waste treatment at one site in five will be measured and compliance with the targets will be monitored.

The skills aspect

The personnel's environmental skills are backed up by training and by comprehensive information. During the financial year, two environmental seminars were held, and in 1998 the regional quality officers will be trained to work as environmental officers. All NCC Puolimatka staff will be involved gradually in environmental training. The basic materials – NCC's Swedish-language manual on environmental work – have been translated and adapted to Finnish conditions. Source materials on the subject are being collected in the Development Unit's environment library.



Notification and realization of environmental aspects in each phase of a construction project.

REVIEW OF DIVISIONS

NCC Puolimatka's divisions are construction in Finland, real estate, international construction, civil engineering and building design. Construction in Finland is divided among the Southern Finland, Southwest Finland, Western Finland, Eastern Finland and Northern Finland.

Construction in Finland

Northern Finland
Mr Eero Kuittinen



Western Finland
Mr Jorma Kivimaa



Southwest Finland
Mr Mauri Varjonen



Southern Finland
Mr Antero Huhta



Eastern Finland
Mr Jouko Ryhtä



Southeast Finland
Mr Olli-Pekka Teerijoki



Residential construction
Mr Jaakko Korjula



Office construction
Mr Kauko Wasenius

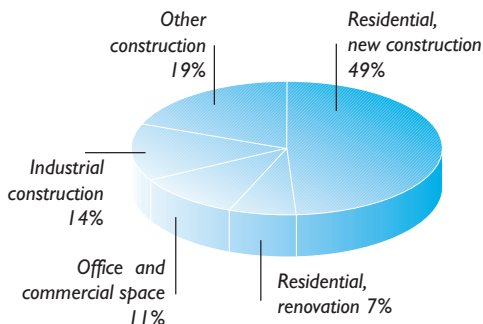


Renovation
Mr Armas Lattunen

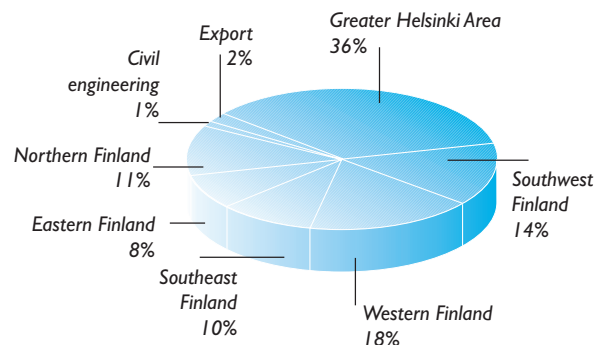


Lohja Province
Mr Tuomo Äyräväinen

Product breakdown for construction in Finland



Breakdown of personnel by regions (%)





Construction business Turnover and personnel by regions

	Turnover (FIM million)		Personnel 31 Dec.	
	1997	1996	1997	1996
Construction in Finland				
- Southern Finland	685	664	514	454
- Southwest Finland	292	241	204	222
- Western Finland	352	230	261	232
- Southeast Finland	167	128	144	130
- Eastern Finland	110	75	106	68
- Northern Finland	194	116	160	171
Civil engineering	16	29	12	14
Construction exports	151	73	32	38
	1,967	1,556	1,433	1,329

Designed by architect-professor Pekka Pitkänen, Turku Courthouse is a public building to withstand the test of time. It is not an elegant cliché but an embrace that warmly receives you. The construction work was also demanding. The high lobbies and halls of the A-section were cast in situ. All the details of the public areas are hand-crafted and wall-height geometrical figures enliven the atmosphere. Over 1,000 square metres of grey granite from Kuru was used for the façade of the A-section and the façade of the old cork factory's warehouse was left in place in C-section as a part of the new building.

The currency exchange rate at
31.12.1997: FIM 5.4268 = USD 1



Okmetic's clean-room manufacturing facilities tolerate less impurities than a hospital's operating room.



The frame for the Sanoma Oy newspaper house will be cast in situ on the plot next to the Kiasma building in the centre of Helsinki.



The Museum of Applied Arts reopened in superbly recon-ditioned premises. The restoration conceals state-of-the-art technology.

Southern Finland Construction

Mr Antero Hubta

Order books were low for the Southern Finland region at the start of the financial year. Most of the turnover was generated by contracting, spec construction made only a small contribution. Costs grew faster than was anticipated, and for some projects the allowance for contracting price rises was too low. During the financial year plots comprising some 40,000 square metres of floor area were purchased for construction in Greater Helsinki. This will facilitate the construction of both privately financed and supported housing valued at roughly FIM 350 million in 1998-99. The

prospects for the present year are better than they were last year. The uninvoiced orders in hand are valued at approximately FIM 450 million, which is more than double the figure one year previously. During the autumn, preparations were made for beginning privately financed construction in districts including Herttoniemi, Kilo, Leppävaara and various parts of Uusimaa Province. At the beginning of 1998 two new units were established. The housing renovation unit, led by Tapio Hietikko, aims at more than FIM 100 million in invoicing in its first year. The Southern Häme Province unit will begin operating in spring 1998. It will cover the Hyvinkää, Riihimäki and Hämeenlinna regions.

Residential construction

Mr Jaakko Korjula

This unit had FIM 300 million in turnover and its financial performance was unsatisfactory. Turnover was up by roughly 10% on the previous year and 724 dwellings were completed. State-backed housing starts had to be postponed after the Housing Fund of Finland tightened up on costs. The postponement of starts and rising input costs exerted a drag on the unit's profits. No privately financed construction was started during the financial year. There was a distinct upturn in the number of building permits for housing in Greater Helsinki and tender prices rose by about 13% in 1997. Development work on products for housing was done in experimental building projects. Letters of intent were made for the following experimental building projects during the financial year: industrial floors are being built for Rastipuisto in Vuosaari; a wooden apartment building is to be built in Viikki, and the Leppäviita experimental construction block has been reserved for an ecological experimental construction project. A number of privately financed housing projects are being launched. The prospects for 1998 are better than they were for the previous year.

Uudistuotantoa Espooseen



Homes are needed once again! Privately financed housing construction has got under way fast in various parts of Finland.

Business premises construction *Mr Kauko Wasenius*

The unit's turnover was FIM 240 million and its financial performance was satisfactory. Construction of business facilities picked up considerable speed in 1997 and continuing growth is forecast in 1998. The form of contracting changed to some extent from traditional contracting to project management and subcontract models. At the end of the financial year, half of the orders held by the Helsinki Metropolitan Area business premises construction unit were project management contracting, a quarter were various types of subcontract or unit contract, and only a quarter were traditional main contracts. Brisker demand for business premises construction has improved the possibilities for initiating negotiated contracts without competitive bidding with various partners. An increased number of self-managed projects for constructing business premises will be started in 1998.

Renovation *Mr Armas Lattunen*

The unit's turnover was FIM 85 million and its financial performance was unsatisfactory. The competition for contracts was exceptionally intense in the spring and early summer, as a result of



On the Myllypelto experimental building project, a collaboration model involving the designers, builders, client, partners and users was developed.

which turnover fell well short of its targets. The project management model, which is very well suited to renovation, became much more common in 1997. A total of five jobs of this type, which is based on trust, were under way. In view of the new jobs obtained in the autumn, a much healthier order book can be expected for 1998.

Lohja region *Mr Tuomo Äyräväinen*

The turnover for the Lohja region was FIM 60 million and the unit posted a net loss. The competition situation changed dramatically when several construction companies extended their area of operations into Western Uusimaa Province. One privately financed residential project was started in 1997. In 1998 there are likely to be at least three such projects launched.

Residential construction

Major completed projects:

- As. Oy Helsingin Myllypelto, HATT, 120 dwellings
 - Haso Sorsavuori, HATT, 70 dwellings
 - Kiint. Oy Kaarenterttu, Sato, 65 dwellings
 - Kiint. Oy Kaarenkuusama, Tarveasunnot, 59 dwellings
- Total of 724 dwellings

Major projects under construction:

- Kiint. Oy Malminkartanonatie 25, HATT, 111 dwellings
 - Roihuvuoren Kiinteistöt, Sorsavuori, HATT, 91 dwellings
 - Vuorikatu 6, Realinvest, 31 dwellings
 - Salpausseläntie 14, façade renovation, HATT, 396 dwellings, Helsinki
- Total of 644 dwellings

Business premises construction

Major completed projects:

- silicon wafer plant for Okmetic, Vantaa
- cargo terminal and office for Finnair, Vantaa
- business premises for Koivunen Oy, Helsinki

Major projects under construction:

- Nokia research centre, Ruoholahti, Helsinki
- frame contract for Sanoma newspaper house, Helsinki
- Spektri Kvintti, Espoo
- Vuosaari Albatross service building, Helsinki
- manufacturing plant for Tellabs, Espoo
- Pitkääkoski activated charcoal filtering plant, Helsinki

Renovation

Major completed projects:

- Government House, Helsinki
- Museum of Applied Arts, Helsinki
- alterations to Stockmann department store, Helsinki

Major projects under construction:

- major renovation of Kesko head office, Helsinki
- Kasarminkatu 25, renovation, Helsinki
- alterations to Nordic Investment Bank, Helsinki
- Swedish Literature Association in Finland, renovation, Helsinki

Lohja region

Major completed projects:

- Sveitsi swimming pool in Hyvinkää
- Total of 10 dwellings

Major projects under construction:

- Renovation and extension of Lohja swimming pool
- Daycare centres at Rihipuisto and Lumpperintie, Nurmi-järvi
- Indoor car park for HOK, Hyvinkää



Regional Director Mauri Varjonen (right) received the ISO 9001 certificate. "This is like a driving licence. The rules are there, now you have to follow them."



The Turku Courthouse site got full recognition from the client for tidiness and proper management.



Technology centres in various parts of Finland act as business incubators. NCC Puolimatka in Tampere acted as the midwife to technology centres in Hermia and Jyväskylä.

Construction, rest of Finland

Mr Markku Markkola

Construction focused on a handful of growth centres. Heavy industry's investment in construction declined, but there was a corresponding increase in the demand for manufacturing premises mainly in the electronics industry. Cost increases were more moderate than in Greater Helsinki. Orders in hand at the end of 1997 were FIM 458 million, compares with FIM 410 million a year earlier.

Southwest Finland

Mr Mauri Varjonen

The Southwest Finland unit's turnover was FIM 292 million and its financial performance was satisfactory. The region's turnover was 20% above the budgeted figure. In the region, 32 projects were handed over to the clients. Operations were strongly concentrated in the Turku and Salo economic zones. Investments by industry brought in new opportunities for construction as residential construction was on a par with the previous year's level. During the financial year a separate renovation department went into business and improvements on it are continuing. Half of the turnover was generated by residential construction, 450 new dwellings were completed and 288 were renovated. At year-end a total of 631 new dwellings were under construction. The number of employees remained constant throughout the financial year. The Southwest Finland unit's construction operations received ISO 9001 certification on 31 December 1997.

Southeast Finland

Mr Olli-Pekka Teerijoki

The Southeast Finland region's turnover was FIM 167 million and its financial performance was unsatisfactory. The

amount of new construction in the region has held steady and growth is forecast, particularly in residential construction. A site agent office was opened in Lappeenranta during the financial year. The Southeast Finland unit has developed residential construction to bring it more closely into line with customers' needs and expectations. On-site brick-laying has been used for apartment buildings as this gives the building a distinguished appearance, a longer life and lower maintenance costs. One way of competing for new jobs has been speed in completing premises to meet the needs of trade and industry. The quality system was documented so that certification will take place in spring 1998.

Western Finland

Mr Jorma Kivimaa

The Western Finland region's turnover was FIM 352 million and its financial performance was satisfactory. Turnover for the region grew substantially, over 100% for the Tampere regional office. A significant part was played by growth in residential construction. The number of dwellings completed almost quadrupled to 653 units. Privately financed housing construction was restarted after an interval of some years. The building plot inventory was beefed up to ensure conti-



The Ilkka newspaper's press and the Post Office celebrate their new building. The President of Finland, Martti Ahtisaari, started up the 1-print press in Seinäjoki and got an oven-fresh newspaper to take with him.



Privately financed dwellings are under construction at Kuopio harbour. A home of your own in the centre of town and beside a lake – the Finnish dream.

nunity. The main thrust of operations is on the university towns, Tampere, Jyväskylä, and also Vaasa, where a permanent site agent office was established at the end of the year. Technology centre projects were completed in both Tampere and Jyväskylä, for which continuation projects are under preparation. NCC Puolimatka's Tampere regional office is a part-owner of the technology centres in Tampere and Jyväskylä. The unit's quality work passed a major milestone when the unit's quality system was certified at the end of 1997.

Eastern Finland Mr Jouko Ryhtiä

The turnover for the Eastern Finland region was FIM 110 million and the unit posted a net loss. The amount of construction remained low in the region, but renovation and industrial construction were up in comparison with the previous year. 142 dwellings were completed. In Kuopio construction focused on residential construction in the harbour area. The organization was revamped at the end of the year, with Jouko Ryhtiä taking over as Regional Manager on 1 December 1997. At the same time, management and production support, such as contract estimating and procurement, were concentrated in Kuopio. The Joen-

suu office is responsible for construction in its area, with Project Manager Ari Laamanen in charge. The Eastern Finland unit's quality system was documented and certification will take place in spring 1998.

Northern Finland Mr Eero Kuittinen

The Northern Finland region unit's turnover was FIM 194 million and its financial performance was satisfactory. Growth was up on the previous year by roughly 60%. Oulu with its neighbouring municipalities was one of the four growth centres in Finland where there was a substantial increase in construction. Oulu's net population gain from migration has been about 2,000 residents a year, as a result of which residential construction held steady even during the economic downswing. Now that economic conditions have improved, the demand for owner-occupied housing has increased markedly in the Oulu area. In the Kokkola economic zone this has been seen mainly in the form of an increase in investment by industry. During the financial year phase II of Enso Fine Papers Oy's paper machine project was completed along with its auxiliary buildings. During the year a start was made on building three large projects for Nokia

Southwest Finland

Major completed projects:

- Turku courthouse
 - extension to Turku Hall
 - ABB Kanavatehdas, Turku
 - Forssan Kirjapaino printing works, Forssa
 - Raisio Ltd, malt house, Raisio
- Total of 450 dwellings

Major projects under construction:

- Nokia Tk 3 project, Salo
 - As. Oy Linnankatu 29, Turku
 - Eerikkilä ball games hall, Tammela
 - Salo sports hall
 - Haloila Oy, extension, Masku
 - production plant for Elteosähkö Oy, Turku
- Total of 524 dwellings

Southeast Finland

Major completed projects:

- Nastola Shell station
 - Luumäki service centre
 - Ahtiala parish centre, Lahti
 - Sotka furniture showroom, Karhula
 - Koskisen Oy, office building, Järvelä
- Total of 313 dwellings

Major projects under construction:

- Riihenmäki school, Mäntsälä
 - Koskisen Oy, coating plant extension and planing plant for timber yard, Järvelä
 - Käpylä sheltered housing, Kouvola
- Total of 296 dwellings

Western Finland

Major completed projects:

- Hermia 4, Nokia Mobile Phones, Tampere
 - Jyväskylä Technology Centre, applied chemistry institute
 - Ilkka Print, printing house, Seinäjoki
 - Saarioisten, broiler slaughterhouse, Sahalahti
 - Ressu, waste treatment plant, Tampere
- Total of 653 dwellings

Major projects under construction:

- Hallituskatu 20, renovation, Tampere
 - Isojoki School Centre
 - Prisma department store extension, Jyväskylä
- Total of 480 dwellings

Eastern Finland

Major completed projects:

- Paloaho activity centre, daycare and training building for the seriously handicapped, Kuopio
 - Asunto Oy Kuopion Kotisatama, 18 privately financed dwellings
 - building for Sato Asumisoikeus Oy Hankkija, 61 tenant-owner dwellings, Kuopio
- Total of 142 dwellings

Major projects under construction:

- Petonen sheltered housing, Kuopio
 - major renovation and extension to Joensuu sports hall
 - Asoasunnot Oy Satamakatu 23, 34 tenant-owner dwellings, Kuopio
- Total of 131 dwellings

Northern Finland

Major completed projects:

- Salcomp Oy, extension, Kemijärvi
 - Salla customs and border post
 - Polar Electro Oy, extension and indoor car park, Kempele
 - Kaustinen Folk Art Centre
- Total of 285 dwellings

Major projects under construction:

- Tuirankartano, old people's home, daycare hospital and indoor car park, Oulu
 - main building of the University of Oulu
 - Nokia Corporation, Technology Park, Oulu
 - Nokia Corporation, extension, Limingantulli, Oulu
 - Nokia Corporation, extension, Rusko, Oulu
 - zinc-saline solution plant for Outokumpu, Kokkola
 - OMG powder production plant, Kokkola
- Total of 181 dwellings

Corporation in Oulu. The quality system was documented during the accounting period and ISO 9001 certification was awarded in January 1998.

Real estate development

Mr Jorma Abokas



The real estate development unit achieved the volume and financial performance targets set for it in 1997. The unit started up at the beginning of 1997 and it concentrates on developing new projects for business premises, commercial properties, hotels and logistics on company-owned plots or on partners' plots as part of cooperation agreements. The main thrust in operations is on Greater Helsinki. The real estate unit is a strategic part of NCC Real Estate. The unit may also act as the owner of buildings after commissioning their construction.

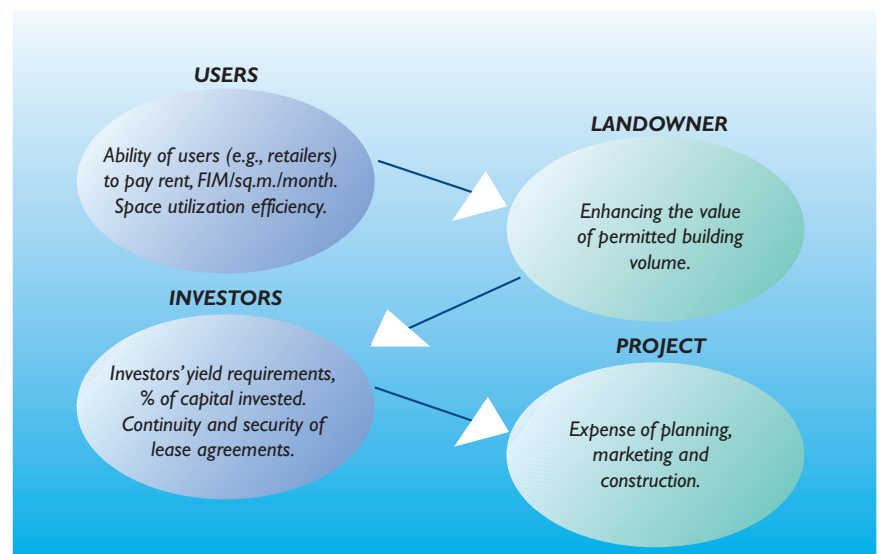
During 1997 the construction of the final building in the Spektri Business Park, Kvintti, was started in the north-

ern part of Tapiola. It was completed in early 1998 and it complements the Spektri Business Park as a complex with an excellent location, superb service concept and peerless surroundings. Spektri houses some 50 companies and about 1,300 employees. All the premises in the project were leased out before the building was completed and properties have been sold to Finnish investors.

The successful product and service concept is being further developed at the new Stella Business Park, located at the junction of the Turku motorway and Helsinki Ring Road I. The construction of this project will begin in spring 1998.

The real estate unit has launched the designing of a state-of-the-art office building in the centre of Helsinki. Construction will begin in spring 1998. Scheduled for start-up in the next few years are projects such as the Airport Plaza in Vantaa and the Leppävaara regional centre in Espoo. Collaboration by several parties has led to an implementation plan for the Leppävaara regional centre, which will include a large shopping centre, an office and service centre, and housing.

Assessing the value of a commercial project



International operations

NCC-Puolimatka International Oy

The turnover from international operations was FIM 151 million and its financial performance was in line with the budget. Compared to the previous year, however, the financial performance was a great improvement. During the financial year operations were hived off to NCC-Puolimatka International Oy and its subsidiary ZAO Rapko. A radical reorganization was carried out and Moscow was made the hub of operations. The international unit's market area is Russia and the Baltic states. The majority of customers are Western companies establishing themselves in Russia. Completed during the financial year were a board mill for AssiDomän of Sweden in St Petersburg and the Liepāja wastewater treatment plant in Latvia. Many investment projects by Western companies are starting up and the prospects for 1998 are better than before. Business conditions in Russia are now settling down, with inflation slowing, the rouble stabilizing and general optimism on the increase. However, there is still uncertainty in the region due to doubts about the continuation of the tax treaty between Finland and Russia and because of changes in legislation. Participation in large infrastructural schemes will be in partnership with NCC Major Projects.

Civil engineering

The civil engineering unit's turnover was FIM 16 million and the unit posted a net loss. New jobs did not match up to the targets and the unit's volume and financial performance were well below the budgeted figures. In 1998 Olavi Knihtilä, M.Sc. (Eng.) was appointed as Director in charge of the unit. The main emphasis in the civil engineering unit is being switched to Southern Finland.



Company President Markku Markkola and his interpreter, Eeva-Leena Alhos, celebrating the decision to build a canning plant for PLM in Moscow.

NCC Puolimatka built a board mill for AssiDomän of Sweden (above) in St Petersburg. The plant was declared open by the Swedish Prime Minister, Göran Persson (in the middle).



International operations

Major completed projects:

- board mill for AssiDomän, St Petersburg
- Sklifosovski Institute toxicology hospital, renovation, Moscow
- extension to Japanese embassy, Moscow
- Lindström laundry, St Petersburg

Major projects under construction:

- Liepāja wastewater treatment plant, Latvia
- aluminium beverage can plant for PLM, Moscow
- Sklifosovski cardiology centre, Moscow
- Sklifosovski transplantation centre, Moscow



PHOTO: OPTIPLAN OY

Stella Business Park is the second of its kind in Finland. The basis for it is the Spektri total concept – up-to-the-minute technology and new operating models and ways of working have been figured in. The design for Stella is the work of Optiplan Oy, which has the experience to identify with the user and to find out the customer's needs and wishes. Construction will be started in spring 1998 at the junction of Helsinki Ring Road I and the Turku motorway in Espoo. The four buildings of Stella Business Park will be completed before the new millennium.

Stella
Business Park

Optiplan Oy

Major completed projects:

- Spektri Kvintti, overall design
- daycare centre Mesikämmen, Salo, overall design
- Incap Oy, extension to business premises, Helsinki, overall design
- Väinö Aaltonen school, Turku, HEPAC design
- Jokiniemi school, Vantaa, structural design

Major projects under construction:

- Stella Business Park, Espoo, overall design
- Kesko head office, renovation, architectural design
- Kivikko service centre, Helsinki, structural design
- Merkos shopping centre, Riihimäki, overall design
- business premises for Elteo Sähkö Oy, Turku, overall design
- 3 schools, Järvenpää, electrical design
- Isku commercial building, St Petersburg, overall design

Seinälevy Oy

Major deliveries:

- Pakinkylä cloverleaf, noise barriers
- Precast deliveries:
 - As. Oy Laivurinkatu 2, Turku
 - Naantalin Vuokratalot / Pirttiluodontie
 - As. Oy Turun Havulanmäki
 - As. Oy Turun Merililja

Major projects under construction:

- Viikki noise barriers
- Precast deliveries:
 - Helsinki Water / Pitkääkoski active filtration plant
 - As. Oy Turun Ilkanrinne
 - As. Oy Lohjan Nummentaustantie
 - As. Oy Helsingin Paciuksenkaari
 - Fennia block, Helsinki

Building Design

Optiplan Oy

Mr Matti Leino



Optiplan's turnover was FIM 17 million and its financial performance was unsatisfactory. Turnover was up by 10% on the previous year. The share of non-NCC Puolimatka invoicing was up by 20%. Demand was particularly brisk in Greater Helsinki. In spite of buoyant demand, competition on price is still intense.

Optiplan has offices in Turku and Vantaa. At the beginning of the year a team of architects was set up at the Vantaa office, which clearly boosted Optiplan's status in Greater Helsinki. The office took in some important office projects and the number of residential planning jobs also grew. The design of wood-built apartment buildings was started and expert services for renovation were also augmented. The services of the Turku office and its complement of personnel were unchanged. Optiplan Oy planned nearly 1,800 dwellings during the accounting period, for 1,100 of which Optiplan was also responsible for the architectural design. This number included the HEPAC design for housing for 288 people in the Turku student village.

Concrete panels

Seinälevy Oy

Mr Jukka Rantanen



Seinälevy's turnover was FIM 34 million and its financial performance was satisfactory. Turnover was up on the previous year by 20%. At the beginning of October another precasting factory was started in Turku, which boosted capacity by 40%. The new plant produces precast concrete wall panels and other products. The production of noise barrier panels also grew manifold during the accounting period. About 40% of the turnover was generated by deliveries of thin-shell precasts for civil defence shelters and about 40% by precast panels for housing. The prospects for 1998 are better than the previous year's.

Internal services

Mr Jukka Lahtinen



NCC Puolimatka's internal specialist and service operations are handled as follows:

Controller operations: Matti Tuulio

Personnel: Anna Maria Karjalainen

Legal affairs: Kari Korpela

Financing: Jorma Hyvärinen

Treasury services: Pertti Kallio

Communications: Ritva Norrgrann

Data administration and computer

service: Riitta Takanen

Health and safety at work and services in Myyrmäki: Tapio Mäkelä

Development and Nordic cooperation

Mr Jyri Mäkelä



NCC Puolimatka's development operations were organized as a separate unit at the beginning of 1997. The mission of the unit is to guide and coordinate research and development in such a way that it offers maximum support for the company's strategic aims and enhances its competitiveness. The development had five staff at year-end.

Jyri Mäkelä also serves as the Nordic cooperation coordinator for the NCC Group.

Plant and equipment services

Mr Jyri Mäkelä (in addition to his other duties)

Plant and equipment services were organized as a separate unit at the beginning of 1997. Plant and equipment West is responsible for the Southwest, Western and Northern Finland regions, Plant and equipment East for the Southern, Southeast and Eastern Finland regions.



PHOTO: JUSSITAINEN

Excavated in the steep side of a rock bluff, the Kaustinen Folk Art Centre is based on an architectural competition held in 1990, which was won by a design team led by architect Rainer Mahlamäki. A lot of wood and stone were used in the building. The heart of the centre, its concert hall, was excavated out of rock. It is an interesting solution also for its acoustic aspects, as the rugged rock surface reflects sound in many directions. The large amount of craftsmanship used on the building and its numerous details, the final implementation of which could only be decided on at the last moment, kept the site workers on their toes. The result was so well appreciated that the Kaustinen Folk Art Centre was chosen as the South and Central Ostrobothnia construction engineering work of the year.



Turnover and results

The NCC Puolimatka Group's turnover, based on the degree of completion, was FIM 2,031 million in 1997 (FIM 1,577 million in 1996). The turnover figure includes FIM 65 million in sales of shares in spec construction and FIM 22 million in sales of tracts of land in the form of plots and shares. Exports accounted for FIM 151 million (FIM 80 million), which is 7% of consolidated turnover (5% in 1996).

The Group's profit before extraordinary items and taxes was FIM 17 million (FIM 11 million). The Group's profit from operations before depreciation was FIM 37 million (FIM 28 million), which is 1.8% of turnover (1.8%). The return on investment was 10.7% (8.3%).

NCC Puolimatka Oy volume of business in 1997 was larger than forecast. The net profit failed to reach the target set. Regional fluctuations in the growth in demand led to higher construction costs in the centres of growth, an eventuality for which the company was not fully prepared. Of the volume of building construction in Finland, state-supported housing accounted for more than 50%. This was a higher percentage than in 1996.

Balance sheet status

The NCC Puolimatka Group's balance sheet total at year-end was FIM 547 million (FIM 381 million in 1996) and its shareholders' equity was FIM 142 million (FIM 131 million). Interest-bearing liabilities at year-end were FIM 63 million (FIM 11 million). Cash in hand and at bank plus deposits with the parent company totalled FIM 41 million (FIM 132 million). The equity ratio was 30.2% (39.9%).

The company's liquidity was favoura-

ble throughout the financial year in spite of considerable investments in plots of land included in inventories.

Investment

Capital expenditure on fixed assets amounted to FIM 16 million. Net investment in plots of land included in inventories and in the shares of plot holding companies amounted to FIM 159 million.

A FIM 200 million commitment from PMA-Invest Oy to purchase plots of land agreed in a corporate transaction with NCC Puolimatka was fulfilled in its entirety.

Group structure

Changes in Group structure

At the beginning of July, export operations as specified by contract, along with the subsidiaries ZAO Rapko, NCC Projects Oy (in liquidation), NCC Puolimatka Eesti OÜ and affiliated company KP-Kaupunkiprojektien Kehitys, were transferred Oy NCC Puolimatka Oy's wholly owned new subsidiary NCC-Puolimatka International Oy, the issued stock of which was acquired in February 1997.

Measures to wind up NCC Projects Oy were completed at the end of December.

NCC Puolimatka Oy's percentage of ownership in the affiliated company Tampereen Teknologikeskus Oy fell to 25% in the second half of the financial year.

NCC Puolimatka Oy's parent company

NCC Puolimatka Oy's parent company is NCC AB of Sweden, which is one of the Nordic region's leading con-

struction and real estate companies and which has Sweden, Finland, Denmark and Norway as its domestic market.

The divisions

The NCC Puolimatka Group's business divisions have been Building in Finland, Civil Engineering, Project Exports, Construction Design and Real Estate.

At the end of the financial year, Building in Finland was divided into six regional profit centres: Helsinki Metropolitan Area, Southwest Finland, Western Finland, Southeast Finland, Eastern Finland and Northern Finland. Seinälevy Oy, which is based in Turku in Southwest Finland, specializes in manufacturing prefabricated panels for housing and prefabricated civil defence shelters.

In addition to the profit centres for housing construction, business premises construction, renovation and Western Uusimaa Province, new profit centres for housing renovation and Southern Häme Province were established in the Helsinki Metropolitan Area unit. The new profit centres went into business at the start of 1998. The Southern Häme Province profit centre mainly concentrates on the Hämeenlinna, Riihimäki and Hyvinkää areas.

It was decided to wind up the operations of the Civil Engineering division in their present form. Jobs in hand will be completed in summer 1998.

Project exports are largely in Russia and the Baltic states. NCC Puolimatka has responsibility for business in Russia and the rest of the CIS as well as the Baltic states on behalf of the entire NCC Group. Operations in Libya were wound up during the year under review.

Construction design is practised by

Optiplan Oy and its subsidiaries.

The Real Estate Division was established in the early months of the year. The division concentrates primarily on the development of business premises and commercial projects in the Helsinki Metropolitan Area, promotor projects and marketing, and short-term ownership.

NCC Puolimatka's in-house specialist and service units are plant hire, the support & development services unit, and the head office.

Output

The new buildings completed by the NCC Puolimatka Group in 1997 amounted to 1.71 million cubic metres (2.19 million cubic metres in 1996). During the financial year, 2,577 dwellings were completed (1,786 in 1996), of which 18 (0) were privately financed spec construction.

The volume of new construction in progress at year-end was 1.98 million cubic metres (1.28 million cubic metres). The number of dwellings under construction was 2,317 (1,902), of which 105 (0) were privately financed spec construction. The number of unsold, completed spec dwellings was 3 (0).

Personnel

At year-end, NCC Puolimatka Oy had 1,565 employees (1,405 in 1996). The Group had 1,761 employees at year-end (1,530), of which 80% were site personnel.

Effort was deployed in upgrading the staff's skills in marketing, languages, vocational and environmental matters and quality, and their working capability and ways of improving it were invested in.

The trend in the number of employees was upward, although seasonal variations in employee numbers are typical of this industry. In the planning of personnel structure, the aim is to ensure continuity.

Development

In 1997 the Western Uusimaa, Southwest Finland and Western Finland profit centres were awarded ISO 9001 accreditation. The Helsinki Metropolitan Area was certified in 1995. The other units building in Finland aim at certification for their quality systems during spring 1998.

Procedures for collaboration with subcontractors were developed jointly with selected strategic partners.

In progress were a number of TEKES-financed schemes as part of programmes for construction-related environmental technology, wooden building, industrial in-situ construction, and renovation technology.

A joint project with the Technical Research Centre of Finland for the enhancement of the Puolimatka technological strategy was launched in the autumn.

Major development projects were launched with the aim of gradually replacing information management systems, and the corporate visual image of the NCC Puolimatka Group was remodelled in line with NCC AB's revamped Nordic corporate look.

Research and development costs were booked as annual expenses.

Orders in hand

Growth in building construction continued in 1997 at a faster pace than

had been forecast. The number of new building starts is estimated at approximately 31 million cubic metres in 1997 and 1998, which means an increase of a third over the previous two years. However, the demand for construction focused overwhelmingly on the Helsinki Metropolitan Area and a handful of other centres of growth. Nevertheless, building companies have their order books for Finland in better shape than the long-term average.

The NCC Puolimatka Group's unvoiced orders in hand rose by FIM 342 million since the beginning of 1997, reaching FIM 1,028 million at year-end. The orders held are 90% for building construction in Finland.

Prospects for 1998

Demand for investment in building construction in Finland appears to continue to gain strength in 1998, even if growth will be smaller than in 1997. Uncertainty about growth is fed by cuts in state housing loans and interest relief, the full effects of which will not be seen until the autumn. Building companies are continuing to exercise caution in starting spec construction, and it will not replace the cuts in state-backed housing construction.

NCC Puolimatka's goal is to retain its market share in building construction in Finland. In the Greater Helsinki area, the development, promotion and marketing of business premises and commercial space will be energetically pursued. The main thrust in exporting is on investments by Western companies and investments with Western backing in the Moscow and St Petersburg regions of Russia.

INCOME STATEMENTS

		(FIM 1,000) Group 1.1.-31.12.1997	1.1.-31.12.1996	Parent Company 1.1.-31.12.1997	1.1.-31.12.1996
TURNOVER	2,3)	2,031,494	1,576,834	1,935,707	1,556,010
Increase (+) or decrease (-) in stocks of finished goods		3,288	2,167	3,225	1,810
Other operating income	4)	3,397	5,860	3,240	6,056
Costs	5,6)	2,001,600	1,556,975	1,909,765	1,536,611
PROFIT FROM OPERATIONS BEFORE DEPRECIATION		36,579	27,886	32,407	27,265
Depreciation	7)	19,895	18,049	17,153	16,492
OPERATING PROFIT		16,684	9,837	15,254	10,773
Financial income and expenses	8,9)	-126	979	-1,332	1,335
BROFIT BEFORE EXTRAORDINARY ITEMS, APPROPRIATIONS AND TAXES				13,922	12,108
Extraordinary income and expenses					
Group contribution				0	-1,160
PROFIT BEFORE APPROPRIATIONS AND TAXES		16,558	10,816	13,922	10,948
Change in depreciation difference	7)			-2,187	-4,971
Direct taxes	10)	-5,742	-3,765	-3,941	-2,152
PROFIT BEFORE MINORITY INTERESTS		10,816	7,051		
Minority interests		5	41		
NET PROFIT FOR THE YEAR		10,821	7,092	7,794	3,825

The currency exchange rate at
31.12.1997: FIM 5.4268 = USD 1

BALANCE SHEETS

ASSETS		(FIM 1,000)		Parent Company	
		Group	31.12.1996	31.12.1997	31.12.1996
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS					
Intangible assets	11)				
Intangible rights		1,843	1,914	841	694
Goodwill		40,000	45,000	36,000	45,000
Consolidation goodwill		2,601	3,197		
Other capitalized expenditure		422	622	39	620
		44,866	50,733	36,880	46,314
Tangible assets	11)				
Machinery and equipment	13)	47,940	46,380	42,017	43,549
Other tangible assets		71	71	65	65
		48,011	46,451	42,082	43,614
Financial assets	12,14,24)				
Shares in subsidiaries				4,463	7,428
Shares in associated companies		24	496	0	675
Other shares		2,471	1,170	2,654	1,170
Loan receivables		200	747		
		2,695	2,413	7,117	9,273
CURRENT ASSETS					
Inventory					
Raw materials and consumables		982	479		
Work in progress	15)	8,546	6,183	8,526	5,301
Finished products/ goods		2,415	1,489		
Other stocks	16)	179,528	4,822	179,528	4,822
		191,471	12,973	188,054	10,123
Receivables	17,19)				
Trade receivables		179,266	119,310	142,820	114,713
Loan receivables		14,190	60,855	27,218	65,184
Prepaid expenses and accrued income		25,430	17,345	23,650	17,249
		218,886	197,510	193,688	197,146
Cash in hand and at bank		40,653	71,017	21,961	67,510
ASSETS		546,582	381,097	489,782	373,980

BALANCE SHEETS

LIABILITIES AND SHAREHOLDER'S EQUITY		(FIM 1,000)		Parent Company	
		Group 31.12.1997	31.12.1996	31.12.1997	31.12.1996
SHAREHOLDER'S EQUITY	20)				
RESTRICTED EQUITY					
Share capital		24,660	24,000	24,660	24,000
Share issue		0	660	0	660
Reserve fund		99,735	99,735	99,735	99,735
		124,395	124,395	124,395	124,395
NON-RESTRICTED EQUITY					
Other non-restricted equity		6,387	-722	3,208	-617
Net profit for the year		10,821	7,092	7,794	3,825
		17,208	6,370	11,002	3,208
MINORITY INTERESTS		52	49		
PROVISIONS					
Accumulated difference in depreciation	7)			7,158	4,971
Obligatory reserves	21)	9,311	10,236	9,106	9,971
LIABILITIES					
Non-current					
Pension loans	22)	45	10,051	45	8,894
Deferred tax liabilities		2,134	1,457		
		2,179	11,508	45	8,894
Current	19, 23)				
Pension loans		55	757	55	669
Advances received	15)	78,144	53,618	41,732	52,544
Trade payables		97,822	71,398	92,898	72,453
Construction fund commitment	17)	28,978	0	28,978	0
Accrued liabilities and deferred income		103,388	81,022	95,961	77,046
Other current liabilities		85,050	21,744	78,452	19,829
		393,437	228,539	338,076	222,541
LIABILITIES AND SHAREHOLDER'S EQUITY		546,582	381,097	489,782	373,980

The currency exchange rate at
31.12.1997: FIM 5.4268 = USD 1

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

SOURCE OF FUNDS	(FIM 1,000)		Parent Company		
	Group	31.12.1997	31.12.1996	31.12.1997	31.12.1996
Funds generated from operations					
Net loss for the year	10,821	7,092	7,794	3,825	
Depreciation (+)	19,895	18,049	19,340	21,463	
Increase (+)/ decrease (-) in obligatory reserves	-925	3,179	-865	3,017	
Increase/ decrease in deferred tax liabilities	677	1,407			
Total funds generated from operations	30,468	29,727	26,269	28,305	
From sales of fixed assets	1,331	1,923	12,900	4,832	
From reduction in short-term loan receivables	547	0			
From increase in long-term liabilities	0	0	0	880	
From change in minority interests	3	0			
Share issue	0	4,895	0	4,895	
From other increase in shareholder's equity	17	0			
	1,898	6,818	39,169	38,912	
TOTAL FOR SOURCE OF FUNDS	32,366	36,545			
APPLICATION OF FUNDS					
To net investments	17,747	17,755	16,930	30,005	
To reduction in minority interests	0	15			
To other reduction in shareholder's equity	0	9			
To reduction in valuation items	0	2,947	0	2,948	
To reduction in long-term liabilities	10,006	14,576	8,849	672	
	27,753	35,302	25,779	33,625	
CHANGE IN NET WORKING CAPITAL	4,613	1,243	13,390	5,287	
CHANGE IN NET WORKING CAPITAL					
Cash in hand and at bank	-30,364	-35,285	-45,549	-32,476	
Short-term financial assets	21,377	27,781	-3,457	31,204	
Inventories	178,498	7,008	177,931	6,029	
Current liabilities	-164,898	1,739	-115,535	530	
	4,613	1,243	13,390	5,287	
NET WORKING CAPITAL AS AT 1 JAN	52,960	51,717	52,237	46,950	
NET WORKING CAPITAL AS AT 31 DEC	57,573	52,960	65,627	52,237	

The currency exchange rate at
31.12.1997: FIM 5.4268 = USD 1

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting conventions, 31 December 1997

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 contracting agreement is made with a company-owned 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 reorded.

- 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 entered in project monitoring on a day-to-day basis, 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 reorded as costs under variable costs.

- The construction margin of long-term spec projects, as per percentage of completion, is income-recognized on the basis of the percentage of completion or of the percentage of shares in co-ops sold, whichever is the lower. Sales of shares are booked in the profit and loss account on the basis of the deeds of purchase.

- On the assets side of the balance sheet, the total of the revenue booked according to the percentage of completion 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 residual value of work in progress after the application of the percentage of completion method is based on 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 21.

Items denominated in foreign currency

Receivables and debts in foreign currency have been converted into Finnish marks at the average rate quoted by the Bank of Finland on the date of closing the books. An exception to this is receivables hedged with forward rate agreements, which are valued at the forward rate.

Valuation of inventory

Inventory have been valued at the direct acquisition cost or probable resale price, whichever is the lower.

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 income.

Any losses from the assignment of fixed assets are given under Other 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 statements, 31 December 1997

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's equity as at the acquisition date. The difference arising from elimination has been treated as goodwill or a reserve which is either depreciated or debited according to plan.

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

Minority interests are given in the balance sheet as a separate item.

The associated companies are consolidated using the equity method. The share in associated companies' net profits/ losses for the financial year, according to the Group's interest, is given under Other expenses from business operations.

The accumulated depreciation difference in the consolidated financial statements is divided between deferred tax liability and shareholders' equity. The change in tax liability has been noted in the income statement.

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

Subsidiaries:

NCC-Puolimatka International Oy
ZAO Rapko (Rapco Ltd)
ZAO NCC Projects
NCC-Puolimatka Eesti Oü
Optiplan Oy
AS Optiplan Eesti
Optisaf
PMA-palvelut Oy
Puolimatkan LKV Oy
Seinälevy Oy

Associated companies:

KP-Kaupunkiprojektien Kehitys Oy
ZAO Eurolog Park Pulkov

NCC Puolimatka Oy belongs to the NCC AB Group of Sweden.

NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)		Parent Company	
	Group			
	31.12.1997	31.12.1996	31.12.1997	31.12.1996
2. Turnover by business sector				
Building construction	1,816,005	1,454,787	1,816,005	1,454,787
Export	152,232	79,650	80,523	72,958
Real estate	24,059	0	24,059	0
Civil engineering	15,120	28,265	15,120	28,265
Building component industry	34,340	28,223	0	0
Building design	17,258	15,634	0	0
Other business	4,053	3,900	0	0
Less intra-Group	-31,573	-33,625	0	0
Total turnover	2,031,494	1,576,834	1,935,707	1,556,010
3. Turnover by market area				
Finland	1,910,836	1,530,810	1,855,184	1,483,053
Russia	141,376	75,643	77,185	69,268
Other countries	10,855	4,006	3,338	3,689
Less intra-Group	-31,573	-33,625	0	0
Total turnover	2,031,494	1,576,834	1,935,707	1,556,010
4. Other income from business operations				
Production for own use	0	38	0	38
Rental income from fixed assets	1	5	1	5
Proceeds from sale of fixed assets	538	414	538	414
Service income	4,030	6,280	2,701	5,599
Less intra-Group	-1,172	-877	0	0
Total other income from business operations	3,397	5,860	3,240	6,056
5. Costs				
Raw materials and consumables:				
Purchases during year	464,271	327,712	439,512	323,736
Changes in reserves	-175,210	-4,530	-174,706	-4,220
Non-Group services	965,536	786,953	947,362	801,759
Personnel expenses	345,463	311,806	308,531	285,257
Rents	12,317	10,869	9,246	9,215
Other expenses	388,061	124,016	378,712	120,560
Other operating costs:				
Losses on sale of fixed assets	538	149	509	304
Costs of winding up business operations	619	0	599	0
Share of associated companies' profit/ loss	5	0	0	0
Total expenses	2,001,600	1,556,975	1,909,765	1,536,611
6. Staff, wages and salaries				
The number of employees				
- average	1,653	1,456	1,486	1,330
- at the start of the year	1,530	1,371	1,405	1,248
- at the end of the year	1,761	1,530	1,565	1,405
Accrual-based wages and salaries:				
Direct wages and salaries	215,711	193,348	191,348	175,552
Social wages and salaries	44,943	42,896	40,418	39,875

	(FIM 1,000)		Parent Company	
	Group		31.12.1997	31.12.1996
	31.12.1997	31.12.1996		
Mandatory social security expenses	76,757	69,777	69,354	64,385
Voluntary social security expenses	8,052	5,785	7,411	5,445
	345,463	311,806	308,531	285,257
Perquisites at taxable values	4,154	4,031	3,451	3,295
Total	349,617	315,837	311,982	288,552
Total wages and salaries paid:				
Board of Directors and President	3,026	2,450	2,034	1,745
Other staff	239,911	229,860	215,506	205,762
Total wages and salaries paid	242,937	232,310	217,540	207,507
7. The depreciation of fixed assets subject to wear and tear is based on a previously made depreciation schedule.				
The depreciation periods, which are based on the estimated economic life, are as follows;				
	Years			
Intangible rights	5 - 10			
Goodwill	11			
Group goodwill	5			
Other long-term expenses	5 - 10			
Machinery and equipment	5 - 15			
Book depreciation				
Intangible rights	916	880	360	369
Goodwill	5,000	5,000	4,750	5,000
Other long-term expenses	200	200	105	200
Machinery and equipment	15,523	16,788	14,125	15,894
Group goodwill	676	207		
Income from Group reserve	-2	0		
Book depreciation	22,313	23,075	19,340	21,463
Scheduled depreciation				
Intangible rights	916	880	359	369
Goodwill	5,000	5,000	4,750	5,000
Other long-term expenses	200	200	105	200
Machinery and equipment	13,105	11,762	11,939	10,923
Group goodwill	676	207		
Income from Group reserve	-2	0		
Scheduled depreciation	19,895	18,049	17,153	16,492
Difference in depreciation between book and scheduled depreciation for the accounting period				
Book depreciation	22,313	23,075	19,340	21,463
Scheduled depreciation	-19,895	-18,049	-17,153	-16,492
Change in depreciation difference	2,418	5,026	2,187	4,971
of which, change in tax liability	677	1,407		
and net result for year	1,741	3,619		
	0	0		

The currency exchange rate at
31.12.1997: FIM 5.4268 = USD 1

NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)		Parenta Company	
	Group			
	31.12.1997	31.12.1996	31.12.1997	31.12.1996
Accumulated difference between book and scheduled depreciation				
Machinery and equipment	7,621	5,202	2,187	4,971
Accumulated depreciation difference	7,621	5,202	2,187	4,971
of which, deferred tax liability	2,134	1,456		
shareholders' equity	5,487	3,746		
	0	0		
8. Financing income and expenses				
Interest income	1,179	3,648	1,291	3,684
Other financing income	0	1	0	0
Interest expense	743	-1,417	-845	-1,390
Exchange rate differences	1,695	1,004	1,453	799
Other financing expense	353	249	325	160
Total financing income and expenses	-126	979	-1,332	1,335
Exchange rate differences				
Calculated exchange rate gains	8,464	1,374	4,068	1,400
Realized exchange rate gains	1,906	2,139	393	2,135
	10,370	3,513	4,461	3,535
Calculated exchange rate losses	1,131	2,960	959	2,955
Realized exchange rate losses	8,496	1,970	4,347	1,970
	9,627	4,930	5,306	4,925
Exchange rate differences net	743	-1,417	-845	-1,390
9. Financing income and costs from Group companies				
Interest income			325	115
Interest expense			0	30
Total			325	85
10. Direct taxes				
For the year	5,041	2,316	3,941	2,152
From previous year	24	42	0	0
Accumulated excess depreciation	677	1,407	0	0
Total	5,742	3,765	3,941	2,152
11. Changes in fixed assets				
Intangible goods				
Intangible right				
Acquisition cost 1 Jan	6,742	6,320	1,356	938
Increases 1 Jan - 31 Dec	845	489	516	418
Decreases 1 Jan - 31 Dec	0	-67	-371	0
Acquisition cost 31 Dec	7,587	6,742	1,501	1,356
Accumulated scheduled depreciation 31 Dec	-5,744	-4,828	-660	-662
Book value 31 Dec	1,843	1,914	841	694

	(FIM 1,000)		Parent Company	
	Group			
	31.12.1997	31.12.1996	31.12.1997	31.12.1996
Goodwill				
Acquisition cost 1 Jan	55,000	55,000	55,000	55,000
Increases 1 Jan - 31 Dec	0	0	0	0
Decreases 1 Jan - 31 Dec	0	0	-5,500	0
Acquisition cost 31 Dec	55,000	55,000	49,500	55,000
Accumulated scheduled depreciation 31 Dec	-15,000	-10,000	-13,500	-10,000
Book value 31 Dec	40,000	45,000	36,000	45,000
Consolidation goodwill				
Acquisition cost 1 Jan	3,580	176		
Increases 1 Jan - 31 Dec	80	3,404		
Decreases 1 Jan - 31 Dec	0	0		
Acquisition cost 31 Dec	3,660	3,580		
Accumulated scheduled depreciation 31 Dec	-1,059	-383		
Book value 31 Dec	2,601	3,197		
Consolidation reserve				
Acquisition cost 1 Jan	267	267		
Increases 1 Jan - 31 Dec	2	0		
Decreases 1 Jan - 31 Dec	0	0		
Acquisition cost 31 Dec	269	267		
Accumulated scheduled depreciation 31 Dec.-269	-267			
Book value 31 Dec	0	0		
Other long-term liabilities				
Acquisition cost 1 Jan	2,341	2,254	2,339	2,254
Increases 1 Jan - 31 Dec	0	87	0	85
Decreases 1 Jan - 31 Dec	0	0	-2,273	0
Acquisition cost 31 Dec	2,341	2,341	66	2,339
Accumulated scheduled depreciation 31 Dec	-1,919	-1,719	-27	-1,719
Book value 31 Dec	422	622	39	620
Tangible assets				
Machinery and equipment				
Acquisition cost 1 Jan	81,100	70,325	61,471	40,252
Increases 1 Jan - 31 Dec	15,931	13,363	13,519	23,734
Decreases 1 Jan - 31 Dec	-2,916	-2,588	-5,703	-2,515
Acquisition cost 31 Dec	94,115	81,100	69,287	61,471
Accumulated scheduled depreciation 31 Dec	-46,175	-34,720	-27,270	-17,922
Book value 31 Dec	47,940	46,380	42,017	43,549
Other tangible assets				
Acquisition cost 1 Jan	71	71	65	65
Increases 1 Jan - 31 Dec	0	0	0	0
Decreases 1 Jan - 31 Dec	0	0	0	0
Acquisition cost 31 Dec	71	71	65	65
Accumulated scheduled depreciation 31 Dec	0	0	0	0
Book value 31 Dec	71	71	65	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.

The currency exchange rate at
31.12.1997: FIM 5.4268 = USD 1

NOTES TO THE FINANCIAL STATEMENTS

	Quantity	Holding %	(FIM 1,000) Par Value	Book Value	Net profit/loss	Group's stake in equity
12. Parent company's shares in subsidiaries, 31 December 1997						
NCC-Puolimatka International Oy	4,120	100	515	2,013	1,678	3,693
Optiplan Oy, Turku	100	100	1,000	1,825	-31	1,692
PMA-palvelut Oy, Helsinki	100	100	100	102	-3	79
Puolimatkan LKV Oy, Vantaa	15	100	15	15	0	73
Seinälevy Oy, Turku	1,000	100	100	508	460	987
Total shares in subsidiaries				4,463		

Shares in subsidiaries owned by a subsidiary, 31 December 1997

ZAO Rapko (Rapco Ltd), Moscow, Russia	10	100	RUR 100	1	-644	-611
ZAO NCC Projects, Moscow, Russia		100	USD 5	22	3	33
NCC-Puolimatka Eesti, Estonia	1	100	EEK 10	4	0	4
Optisaf, Lithuania	220	55	LTL 220	102	-11	116
AS Optiplan Eesti, Estonia	40	100	EEK 200	76	-17	51

Shares in associated companies owned by a subsidiary, 31 December 1997

KP-Kaupunkiprojektien Kehitys Oy, Helsinki	5	33.3	15	15	-4	10
ZAO Eurolog Park Pulkov, Russia		29	USD 4	19	-2	14

Other shares held by Group companies, 31 December 1997

	Quantity	Book Value
Kiinteistö Oy Rukan Valkeisrinne	140	762
Oustroi Oy	17	58
Tampereen Teknologikeskus Oy	650	477
Helsinki Telephone Company	204	622
Helsinki Telephone Oy	1,900	105
Joensuu Telephone Company	22	51
Loviisa Telephone Company	4	12
Kymi Telephone Company	10	18
Kuopio Telephone Company	13	34
Päijät-Häme Telephone Company	17	48
Oulu Telephone Company	45	63
Kokkola Telephone Company	12	22
Tampere Telephone Company	38	92
South Satakunta Telephone Company	1	1
Forssa Area Telephone Company	10	26
Häme Telephone Company	4	11
Salo Area Telephone Company	5	15
Riihimäki Area Telephone Company	1	3
West Telephone Company	5	9
Vaasa Province Telephone Company	11	34
Central Finland Telephone Company	1	8
Total other shares		2,471

13. 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.

	(FIM1,000)		Parent Company	
	Group	31.12.1996	31.12.1997	31.12.1996
	31.12.1997			
14. Shares and loans receivables included in long-term investments				
Group companies				
Shares	0	0	4,463	7,428
Associated companies				
Shares	34	684	0	675
15. The percentage of completion method affects the balance sheet items as follows:				
Assets				
Work in progress	661,203	507,059	610,159	504,323
Less percentage of completion income recognition	-652,657	-500,876	-601,633	-499,022
Work in progress	8,546	6,183	8,526	5,301
Liabilities				
Advance payments	794,588	596,037	694,722	588,036
Less percentage of completion income recognition	-716,444	-542,419	-652,990	-535,492
Advance payments	78,144	53,618	41,732	52,544
16. Other stocks				
Plot-owning companies and plots	152,640	4,822	152,640	4,822
Shares in companies under construction	22,718	0	22,718	0
Shares in completed companies	4,155	0	4,155	0
Other stocks	15	0	15	0
Total	179,528	4,822	179,528	4,822
17. Loan receivables and debts for housing associations and real estate holding companies				
Loan receivables	14,080	0	14,080	0
Construction fund commitment	28,978	0	28,978	0
18. Orders (FIM million)	1,802	1,293	1,631	1,261
The orders comprise those projects for which there is an agreement or a decision to start has been made.				
19. Group receivables and liabilities				
Group receivables				
Trade receivables			370	906
Loan receivables			13,091	4,413
Prepaid expenses and accrued income			95	438
			13,556	5,757
Group liabilities				
Current				
Trade payables			2,543	3,114
Accrued liabilities and deferred income			26	1,163
			2,569	4,277

The currency exchange rate at 31.12.1997: FIM 5.4268 = USD 1

NOTES TO THE FINANCIAL STATEMENTS

	(FIM 1,000)		Parent Company	
	Group			
	31.12.1997	31.12.1996	31.12.1997	31.12.1996
20. Changes in shareholders' equity				
RESTRICTED EQUITY				
Share capital 1 Jan	24,000	10,000	24,000	10,000
Registration of subscription issue 22.2.96	0	14,000	0	14,000
Registration of subscription issue 17 Feb	660	0	660	0
Share capital 31 Dec	24,660	24,000	24,660	24,000
Share issue 1 Jan	660	0	660	0
Subscription issue 19.12.95	0	14,000	0	14,000
Registration of subscription issue 22.2.96	0	-14,000	0	-14,000
Subscription issue 6.11.96	0	660	0	660
Registration of subscription issue 17 Feb	-660	0	-660	0
Share issue 31 Dec	0	660	0	660
Reserve fund 1 Jan	99,735	95,500	99,735	95,500
Subscription issue above par value 6.11.96	0	4,235	0	4,235
Reserve fund 31 Dec	99,735	99,735	99,735	99,735
NON-RESTRICTED EQUITY				
Accumulated profits/losses from previous period 1 Jan	6,370	-713	3,208	-617
Conversion adjustment	17	-9	0	0
Net profit for the year	10,821	7,092	7,794	3,825
Accumulated profits 31 Dec	17,208	6,370	11,002	3,208
DISTRIBUTABLE EQUITY				
Non-restricted equity	17,208	6,370		
Proportion of shareholders' equity in accumulated depreciation difference	-5,487	-3,746		
Distributable non-restricted equity	11,721	2,624		
Tax liabilities corresponding to voluntary reserves	2,134	1,457		

	(FIM 1,000) Group 31.12.1997	31.12.1996	Parent Company 31.12.1997	31.12.1996
21. Obligatory reserves				
Related to long-term projects:				
Guarantee reserve	6,602	8,471	6,482	8,291
Contract loss reserve	510	80	510	80
Related to other business:				
Rent guarantee reserve	2,014	500	2,014	500
Other obligatory reserves	185	1,185	100	1,100
Total	9,311	10,236	9,106	9,971
22. Long-term liabilities maturing in five years or more				
Pension loans	0	7,519	0	6,654
Total	0	7,519	0	6,654
23. Current liabilities				
Non-interest-bearing liabilities	330,126	227,762	278,021	221,872
Interest-bearing liabilities	63,311	777	60,055	669
Total	393,437	228,539	338,076	222,541
24. Tax values				
Shares				
- shares in subsidiaries	788	1,350	583	1,150
- shares in associated companies	32	414	0	405
- other shares	2,607	1,170	2,607	1,170
Book values have been used as tax values for other shares, as no confirmed tax values were available.				
25. Pledges given, mortgages as guarantees for loans and other liabilities				
Pledges given				
Deposit given as pledges				
for own liabilities	3,256	0		
for Group company's liabilities			3,256	0
Other liabilities				
Acquisition commitments	0	131,919	0	131,919
Counter-commitment liabilities				
for own liabilities	279,251	252,167	278,963	250,854
for subsidiary's liabilities			288	1,313

The currency exchange rate at
31.12.1997: FIM 5.4268 = USD 1

THE BOARD'S PROPOSAL FOR ACTION ARISING

FROM THE PROFIT/ LOSS FOR THE YEAR

According to the consolidated balance sheet, the Group's non-restricted equity is FIM 17,207,187.68, of which FIM 5,487,019.30 consists of items transferred to shareholders' equity from the accumulated depreciation difference. The parent company's non-restricted equity is FIM 11,001,628.58.

The parent company's net profit for the financial year is FIM 7,793,877.61 and the Group's net profit for the year is FIM 10,820,539.19.

The board proposes that no dividend be paid and that the parent company's net profit for the period be posted to the non-restricted equity.

Vantaa, 13 February 1998

Kenneth Orrgren
Chairman

Tommy Nilsson

Kai Hietarinta

Magnus Mannesson

Lars Wuopio

Markku Markkola
President

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, 25 February 1998

KPMG Wideri Oy Ab

Birger Haglund
Authorized Public Accountant

To the shareholder of NCC Puolimatka Oy

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of NCC Puolimatka Oy for the year ended 31 December 1997. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the au-

dit in order 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 the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements, showing a profit of FIM 10,820,539.19 in the consolidated income statement and a profit of FIM 7,793,877.61 in the parent company in-

come statement, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The 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 made by the Board of Directors on how to deal with the net profit for the year is in compliance with the Finnish Companies Act.

Vantaa, 25 February 1998

KPMG Wideri Oy Ab

Birger Haglund
Authorized Public Accountant

NCC GROUP IN BRIEF

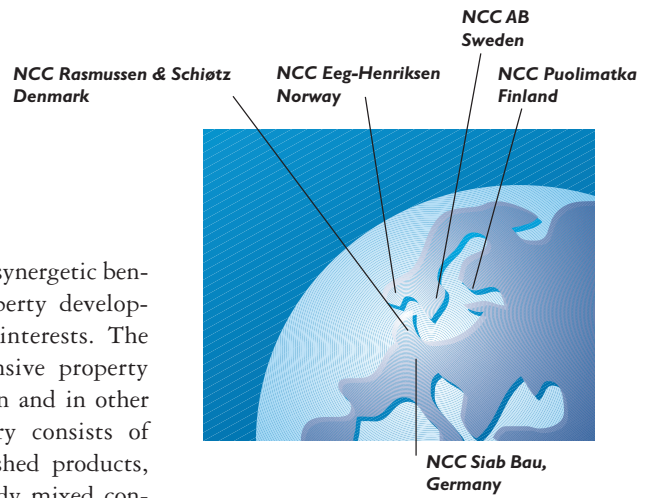
NCC AB – the foremost construction and real estate company in the Nordic region

The merger of NCC AB and Siab AB gave rise to a new NCC as the leading construction and real estate company in the Nordic region. NCC's turnover is more than 30 billion Swedish kronor and it employs some 20,000 people. NCC's business areas are civil engineering, housing, building, industry, real estate and invest. NCC shares are listed on the Stockholm stock exchange.

In its home market of Sweden, Denmark, Norway and Finland, NCC's business covers the entire spectrum of construction. In selected markets outside the Nordic region, NCC takes part in large, technically demanding civil engineering projects. NCC's real estate development deals with betterment projects both for sale and to augment its own portfolio. In Sweden the property portfolio is concentrated in the centres of growth and the

aim is to reap significant synergetic benefits by combining property development and construction interests. The Group has a comprehensive property portfolio both in Sweden and in other countries. NCC Industry consists of plant hire business, crushed products, asphalt products and ready mixed concrete.

It is the strategy of the NCC Group to strengthen its position in the Nordic region and neighbouring territories, to expand in selected project markets, and to adapt and focus its property portfolio in selected areas. NCC's vision is to be the foremost construction and real estate company, investing in quality, environmental work, efficiency and development power. The commitment of local companies is combined with a big corporation's strength and reliability.



NCC AB Business areas

	NCC-Puolimatka	NCC Rasmussen & Schiøtz	NCC Eeg-Henriksen	NCC Siab Bau
Civil Engineering	●	●	●	
Housing	●			●
Construction	●	●	●	
Industry		●		
Real Estate	●	●	●	
Invest				



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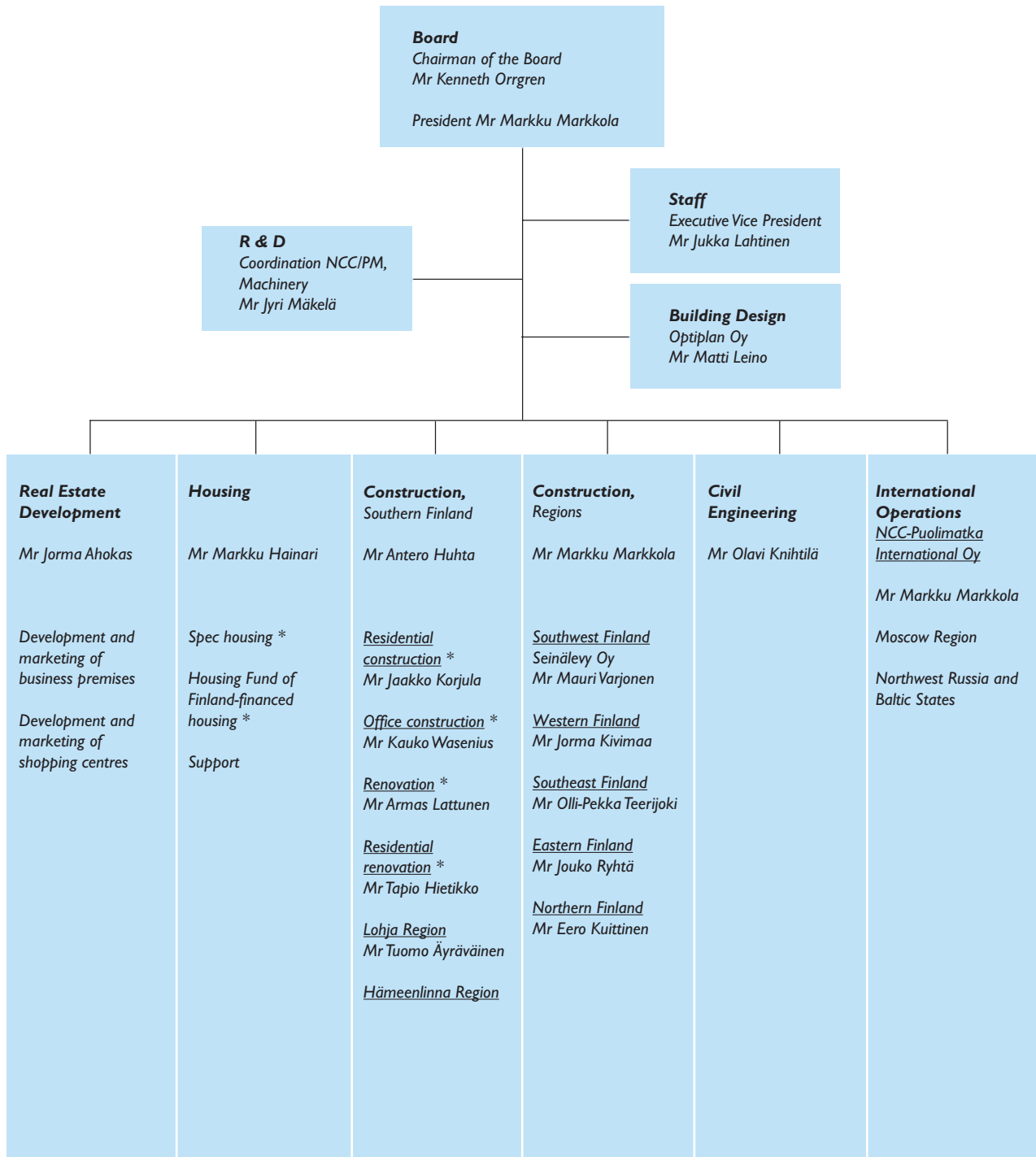
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NCC AB has special expertise in technically demanding, large-scale civil engineering projects. Among those under construction are the Arlanda Link (picture), which was started in 1995. Scheduled for completion in 1999, the project comprises 20 kilometres of railway line, 7 kilometres of excavated tunnels and three stations. The project is being carried out by the Arlanda Link consortium and it is valued at SEK 4.5 billion.

Also under construction is the 3.7 kilometre tunnel under the Öresund. A factory opened in Copenhagen will cast a total of 160 prefabricated tunnel sections over 8 metres high, 42 metres wide and 22 metres long. The project is being carried out by a consortium led by NCC AB. Its value is approximately SEK 5 billion and NCC's share is worth approximately SEK 1.2 billion.

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