NCC

ANNUAL REPORT 1999

CONTENTS

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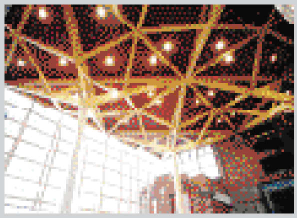
The paper has been certified for the Nordic Swan Environmental Label.
NCC Finland Oy, Communications and Financial Services.
Printed by Erweko Painotuote Oy, 2000.
On the cover:
NCC's Sales Negotiator, Architect Riikka Korkia-aho.

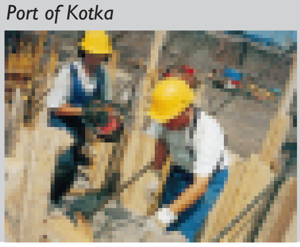
Housing Company Kultasiipi, Espoo



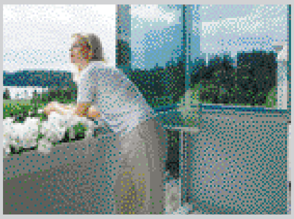
Sibelius Hall in Lahti

Takomo Office Building of Nokia, Helsinki

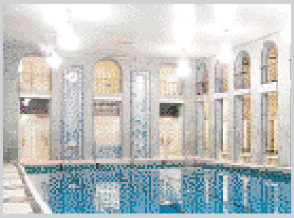
Port of Kotka



NCC IN BRIEF



Vihilahti Housing Area, Tampere



Yrjönkatu Swimming Pool, Helsinki

Kesko Headquarters, Helsinki

Tamglass Production Plant, Tampere

NCC Finland Oy

NCC Finland Oy's market area is Finland, Russia and the Baltic states. The company's turnover in 1999 was FIM 2.9 billion and it had 2,066 employees. NCC's divisions are Housing, Real Estate Development, Building, Civil Engineering, and Industry. Its customers are people who need housing, service and business facilities, corporations and organizations needing commercial and trading premises, and public authorities requiring social infrastructure services.

Mission

NCC competitively and profitably produces premises and services for living in, for leisure and for working, as well as infrastructure, that meet the company's customers' expectations for quality and profitability.

Vision

We are one of the strongest enterprises in our industry in terms of profitability, volume and regenerative capacity. Our products and services are in the forefront in our line of business. We are perceived as a cutting-edge company in terms of our environmental expertise and as a reliable partner for our quality production capabilities. We are an innovating company, one which gives its personnel new challenges and is a sought-after employer.

The NCC Group

NCC is the leading construction and real estate company in the Nordic region and the Baltic rim. The Group's turnover (net sales) in 1999 was FIM 26 billion (SEK 37.5 billion) with 24,000 employees. NCC has five business areas: Civil Engineering, Housing, Building, Industry and Real Estate. NCC shares are listed on the Stockholm Stock Exchange and its market capitalization at year-end was SEK 11 billion.

In its home market of Sweden, Finland, Norway and Denmark, NCC develops construction projects and builds roads, bridges, housing, industrial plants, hospitals, offices and other buildings. NCC also manufactures building materials and it is the Nordic region's leading producer of masonry, asphalt and industrial concrete. In Germany, an NCC subsidiary builds housing in the Berlin/Brandenburg and Hanover areas. The home market is expanding into Poland, where a subsidiary has been started. In other selected markets, NCC takes part in large, technically demanding civil engineering projects, either alone or jointly with its strategic partners. NCC's Real Estate Division has as its core business the development of properties for sale and it has the supporting operation of managing their administration. In Sweden, the real estate portfolio is concentrated in fast-growing areas where synergy benefits are available between construction and project development.

The Group's Business Sectors:

	NCC	NCC Finland	NCC Denmark	NCC Norway	NCC Germany	NCC Poland
Civil Engineering	●	●	●	●		●
Housing	●	●	●	●	●	●
Building	●	●	●	●		●
Industry	●	●	●	●		●
Real Estate	●	●	●	●		●

NCC Finland has entered the new millennium with a fair wind. The economic climate is favourable, there is demand for homes and business premises in the centres of growth, and internal development work is well in hand. In autumn 1999 a change of name was implemented and received a favourable welcome from both customers and personnel. The NCC Group livery and insignia mean that we will build a common corporate image in our home markets in the future.

Prospects improved

NCC Finland Oy's turnover in 1999 was FIM 2.9 billion. The net profit rose to FIM 90 million, a result which may be considered satisfactory. During the current financial year, the main thrust was on underpinning basic operations, so expectations of growth apply to future years. During the financial year, almost three hundred new employees were recruited.

Housing business in the Helsinki Metropolitan Area was developed in line with customers' needs by consolidating housing product development, sales and construction in the hands of one and the same organization. Continuity was ensured with the purchase of plots, mostly for housing construction, for approximately FIM 150 million. Demand has been strong for vacant business premises, particularly in the Helsinki Metropolitan Area, so there is demand for the Real Estate Development Division's Business Park-type office buildings. Continuity has been ensured by means of purchases of land. Projects for the next few years include the Business Park Airport Plaza near Helsinki-Vantaa International Airport and several projects in Espoo. A drag was exerted on profits by a refund claim on an export project booked against income in 1998 and a cost overrun on an all-wood congress and concert hall in Lahti, largely due to the unique structural solutions and compatibility problems with different materials.

There were large regional differences in demand for building. The best regional profits were in Turku, the Helsinki Metropolitan Area and Oulu. The biggest project in hand for the Civil Engineering Division was Kotka Harbour. At the end of the year, a contract worth some FIM 80 million was signed for the excavation of an access tunnel for a mine in Kemi in the form of a joint project with the parent company. The development of the Industry Division in line with the NCC concept was examined, and at the beginning of 2000, the acquisition of ready-mixed concrete business was published. The market area for exports continues to be Russia, in addition to which operations in the Baltic states are being reinforced by takeovers and by networking with local companies.

A year of growth and development

For NCC Finland Oy, 1999 was a year of growth and internal development. A transformation in the corporate culture has been launched by setting values and clear goals for the company. Resources, development work and training will in the future more clearly serve customer satisfaction and the achievement of results. During the year, team days were held for various groups of the personnel, during which the company's strategies were clarified and units' operations were planned. In the future, personnel motivation will be measured once a year by means of a survey of the corporate atmosphere. This is part of the parent company's Balanced Score Card benchmarking and will permit intra-Group comparisons in the future.

Outlook for the future

The Finnish national economy grew by 3.5 per cent in the past financial year and a rate of 4 per cent is forecast for the year 2000. The gross value of construction rose to FIM 90 billion, which is an increase of five per cent on the previous year. The start of the new millennium is marked by optimism; industrial capital spending is rising and construction is also getting a boost from major projects in the Helsinki Metropolitan Area: the redevelopment of the central Kamppi district, Vuosaari Harbour and the Leppävaara regional centre. Growth in construction is based on the real needs of corporate clients and residents, so there will be no construction of a purely speculative nature. Several years of inadequate housing production, combined with an exceptionally strong wave of urban migration, will continue to make large-scale housing construction necessary in the years ahead. The threshold to home-ownership is being lowered by a range of financing options. An unusually low vacancy rate for business premises in the Helsinki Metropolitan Area has boosted business rents and made new construction more profitable. The common concern of the industry is to recruit an adequate labour pool - particularly young people - for the construction business.

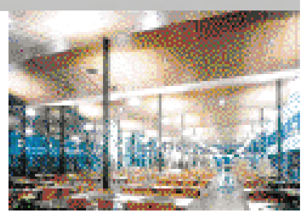
I would like to express my thanks to our customers and our personnel for the past year. I wish you success in the new millennium.

Matti Haapala
President

President Matti Haapala

Nokia Research Centre, Helsinki

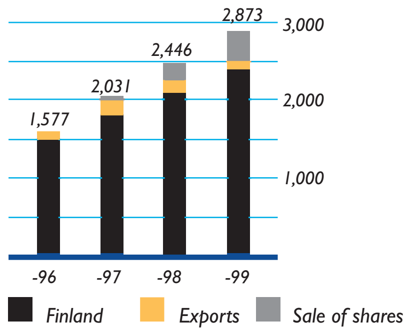
Smarthouse, Technopolis Oulu, Main Building



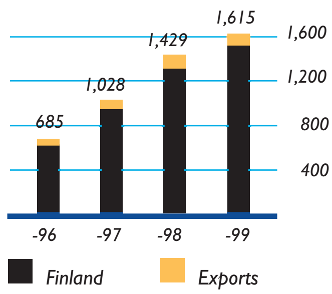
Quality work and customer-oriented service.

Smarthouse, Technopolis Oulu, Main Building

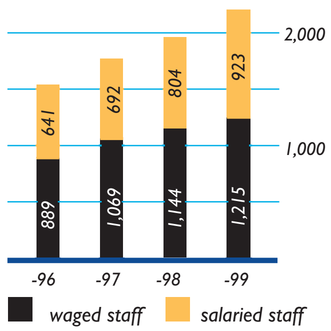
Turnover
(FIM million)



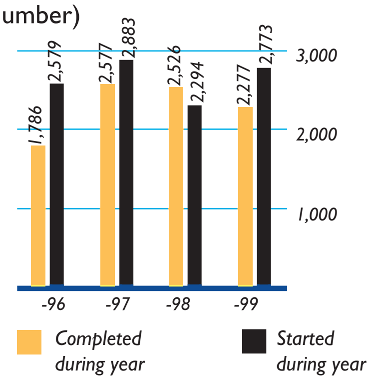
Uninvoiced Orders
(FIM million)



Personnel 31December



Dwellings Built
(number)



Consolidated Income Statements (FIM million)

	1999	1998	1997	1996
Turnover	2,873	2,446	2,031	1,577
Operating profit	95	17	17	10
Net financing expenses	-5	-5	0	1
Profit before appropriations and taxes	90	12	17	11

Consolidated Balance Sheets (FIM million)

	1999	1998	1997	1996
Assets				
Fixed assets	115	104	96	100
Inventory	542	356	191	13
Financial assets	450	375	260	268
Liabilities and shareholders’ equity				
Shareholders’ equity	280	148	142	131
Obligatory reserves	19	13	9	10
Liabilities				
Interest-bearing	279	150	63	11
Non-interest-bearing	529	524	333	229
Balance sheet total	1,107	835	547	381

Key Indicators

	1999	1998	1997	1996
Return on equity (ROE)	31.3	4.6	7.9	5.6
Return on investment (ROI)	23.0	7.3	10.7	8.3
Quick ratio	0.8	0.8	0.9	1.5
Equity ratio, %	30.8	23.0	31.2	39.9
Uninvoiced orders at year-end, FIM million	1,615	1,429	1,028	685
Average personnel	2,066	1,974	1,653	1,456

Formulas for Key Indicators

Return on equity (ROE):

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

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:

$$\frac{\text{Financial assets - receivables from housing holding companies}}{\text{Current liabilities - advance payments - construction fund commitments}}$$

Equity ratio:

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advanced payments - construction fund commitments + receivables from housing holding companies}}$$

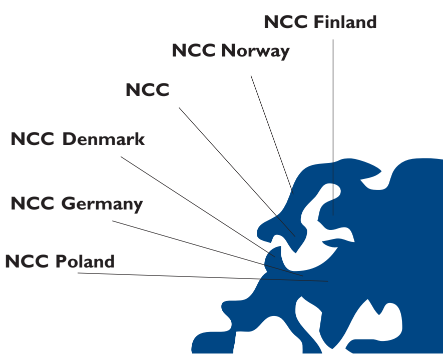
The currency exchange rate at 31.12.1999: FIM 5.9185 = USD 1

Front row, in the middle Lars Wuopio, NCC Civil Engineering, on the right Kai Hietarinta and on the left Matti Haapala.
Back row, from the right Kenneth Orrgren, NCC Housing, Markku Markkola and Magnus Mannesson, NCC Real Estate.

NCC Finland Oy's Board of Directors

1 Jan. - 31 December 1999
Lars Wuopio, Chairman
Matti Haapala (As of 20 April 1999)
Kai Hietarinta
Magnus Mannesson
Markku Markkola
Kenneth Orrgren

Kari Korpela served as secretary to the Board of Directors.



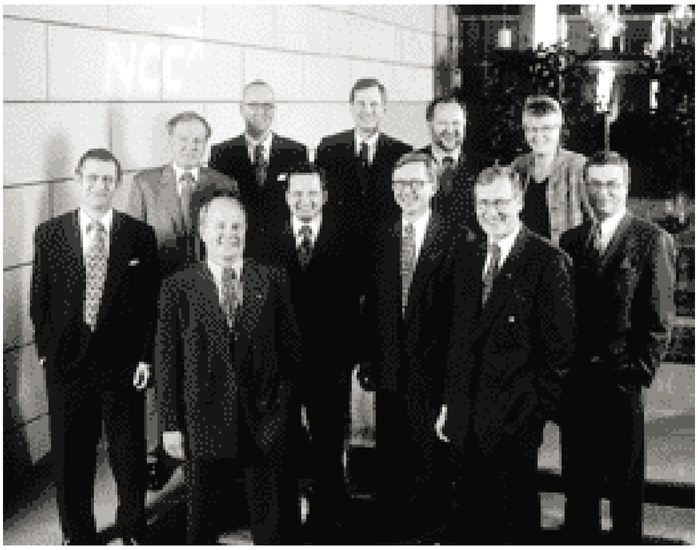
Company Management

Matti Haapala, M.Sc. (Eng., Econ.), served as the company's President as of 1 April 1999. Jukka Lahtinen, M.Sc. (Econ.) served as the Executive Vice President.

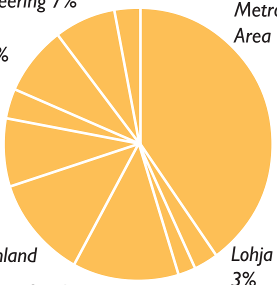
NCC Finland Oy's Auditors

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

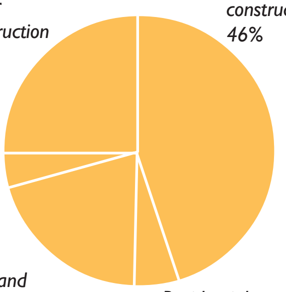
Management group: Front row from the left Antero Huhta, Building, Jukka Lahtinen, Internal Services, Timo U. Korhonen, International Operations, Heikki Miettinen, Housing, Matti Haapala, President, Jorma Ahokas, Real Estate Development Back row from the left Markku Hainari, Housing/ Development, Kauko Wasenius, Businessss Development, Jyri Mäkelä, Industry, Olavi Knihtilä, Civil Engineering and Ritva Norrgrann, Communications.



Breakdown of Turnover, Construction



Breakdown of Construction in Finland by Product



Turnover, Orders in Hand and Personnel of the Construction Units

	Turnover net of share sales (FIM million)	Uninvoiced orders	Personnel year-end
Building	520	388	230
Housing	628	433	503
Regions	1,110	573	922
Civil Engineering	173	121	70
International Operations	78	99	83
Total	2,509	1,614	1,808

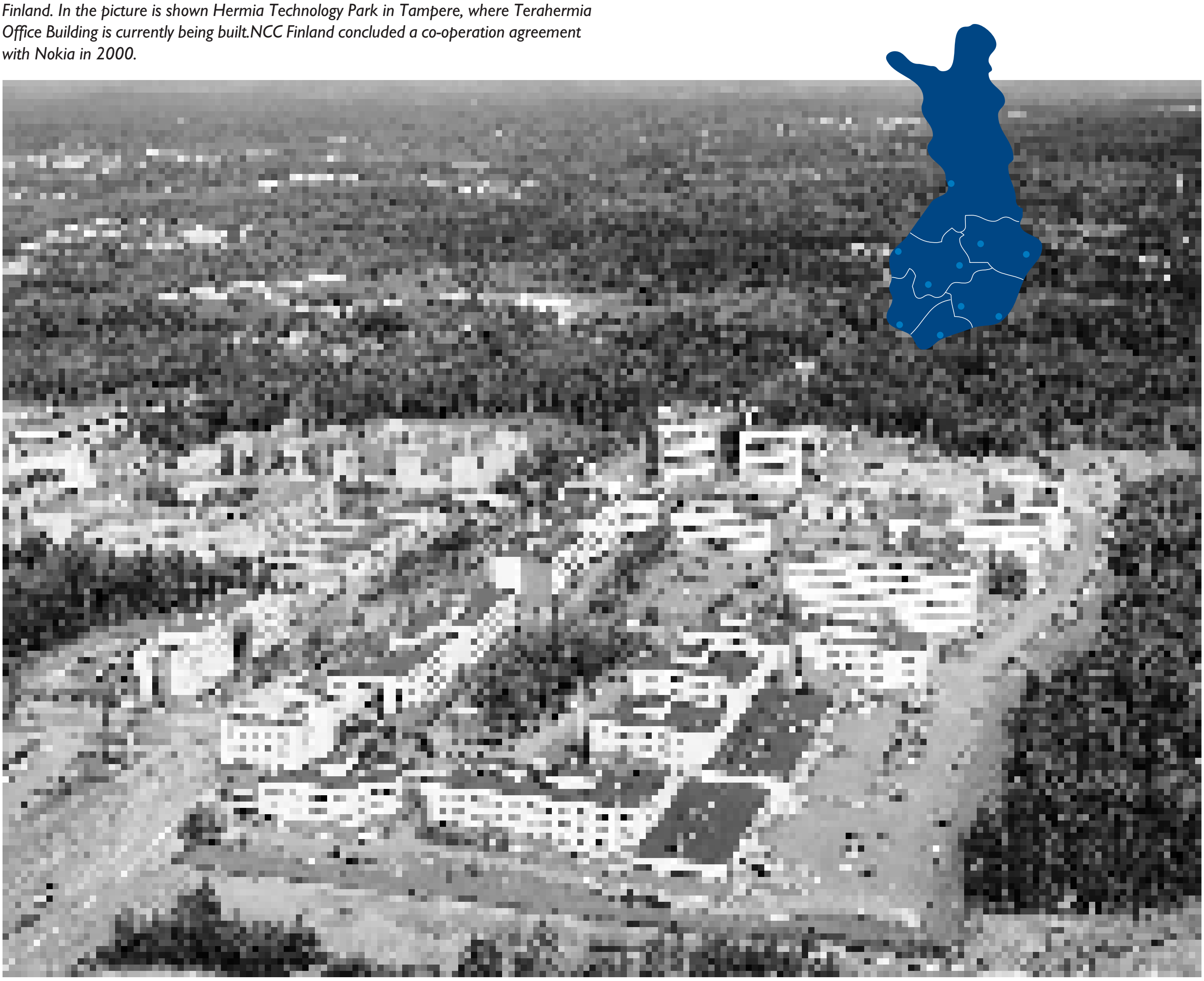
Dwellings Started During 1999

	All	Privately financed and co-operation projects
Housing:		
Housing South	714	290
Housing North	332	77
Hämeenlinna Region	71	71
Lohja Region	114	74
Southwest Finland	520	292
Western Finland	590	213
Southeast Finland	117	117
Eastern Finland	110	54
Northern Finland	205	98
Total	2,773	1,286

Among the dwellings started 613 units, i. e. 22%, were privately financed. At the year-end, 22 dwellings were unsold.

Regional Management: Front row from the left Juhani Rastas and Eero Kuittinen, Northern Finland, Rune Hagström, Ostrobothnia. Back row from the left Mauri Varjonen, Southwest Finland, Jouko Ryhtä, Eastern Finland, Olavi Tikkanen, Central Finland, Olli-Pekka Teerijoki, Southeast Finland and Jorma Kivimaa, Western Finland.*

Nokia is NCC Finland's key customer, for which we have built several office premises in Finland. In the picture is shown Hermia Technology Park in Tampere, where Terahermia Office Building is currently being built.NCC Finland concluded a co-operation agreement with Nokia in 2000.



REAL ESTATE DEVELOPMENT

The demand for real estate and premises in the centres of growth was strong and the outlook for the future is good.

The sum of the real estate deals completed during the financial year was FIM 250 million and the unit's net profit was good. The director of Real Estate Development is Jorma Ahokas and the unit employs 15 specialists in various product and service concepts.

The services provided by Real Estate Development are property development and commissioning, finding tenants, and offering high-yield properties to investors. Its products include the Business Park concept, office buildings, commercial facilities, hotels, and high-quality logistical centres. Under construction in the course of the year were Kiinteistö Oy Leppäkärki in Helsinki, Stella Business Park in Espoo and the Gigantti home appliance hypermarket in Vantaa. In the autumn, construction began on a shopping centre with 5,700 square metres of floor space in Kauniainen, and the final phase of the Stella development, called Terra, with some 10,000 square metres of floor space. Sold in the course of the year were Stella Solaris, approx. 5,000 square metres of floor area, Stella Luna, approx. 6,000 square metres of floor area, and the electronics store Gigantti, approx. 5,000 square metres of floor area.

Under development are a shopping centre with office buildings in Leppävaara, Business House Casa and Falcon Business Park in northern Tapiola, Stella II in the Perkkaa district of Espoo, and Business Park Airport Plaza and a technical wholesale facility in Vantaa. Also, the possibilities of employing the Business Park concept in other large cities was explored. The construction of the 2000 Dynamo Business Park began in Tampere during the autumn. In Vantaa, a high-tech logistical project is under development with the landowners and city authorities. Still under way is a project to build an underground motorway through the Kulosaari suburb of Helsinki.

The aim is to develop the local environs and its residential and employment facilities by freeing up space for housing and office construction.

Training for Real Estate Development staff focused particularly on honing skills in marketing, sales and construction commissioning. Several diploma theses were started and completed in the unit on its work, such as how to figure environmental requirements into design and construction more effectively. The unit's quality system was completed in autumn 1999 and it was duly adopted.

HOUSING

Housing construction turnover was FIM 660 million and its financial performance was good. The units of Housing are Helsinki Metropolitan Area South, Helsinki Metropolitan Area North, and the Lohja and Hämeenlinna regional offices. Heikki Miettinen took charge of the Housing unit in August 1999. Turn-over from commissioning and sales of housing was FIM 74 million and the net profit was in line with plans. Markku Hainari is in charge of the unit's and Housing's development activities.

Housing South

The unit's turnover was FIM 340 million and its financial performance was very good. The number of employees was 244. The manager in charge of the unit is Juha Korkiamäki.

Housing North

The unit's turnover was FIM 113 million and its financial performance was passable. The number of employees was 148. The manager in charge of the unit is Tapio Hietikko.

Lohja Region

The unit's turnover was FIM 86 million and its financial performance was good. The number of employees was 71. The manager in charge of the unit is Tuomo Äyräväinen.

Hämeenlinna Region

The unit's turnover was FIM 52 million and its financial performance was satisfactory. The number of employees was 40. The manager in charge of the unit is Jarmo Mäkelä.

Housing was reorganized in summer 1999. The division has responsibility for the commissioning, sale and construction of housing in the Helsinki Metropolitan Area, Lohja Region and Hämeenlinna Region. In other parts of Finland, housing construction is the responsibility of each regional unit on a local basis. During the financial year, construction started on 315 privately financed dwellings, in addition to which 200 dwellings were built on NCC-owned plots as partnership projects. Competitive and negotiated tenders led to 719 housing starts.

During the financial year, resources for commissioning construction and for sales of housing were beefed up, and plots of land suitable for housing construction were purchased. This will facilitate a further increase in spec housing production. Demand for housing has picked up, especially in the Helsinki Metropolitan Area. Favourable changes in the economy and in employment, belief in the permanence of jobs, low interest rates and long-term loans have led to an increase in the number of home buyers. The Housing division's output included both de luxe dwellings in the Munkkiniemi and Lauttasaari districts of Helsinki and moderately priced apartments and terraced houses. Most of NCC's output consists of high-quality family homes. Most of the privately financed projects were sold during construction. Some of the housing output was of so-called Sovereign owner-occupied housing, in which the customer is provided with a low-cost financing solution developed by NCC.

To improve customer satisfaction, efforts were devoted to the service capability and training of sales staff and site personnel. What is essential is to have a deep understanding of the customer's needs and to create an environment for living in through construction. The application of customer feedback in the design process has also been figured in. During the year, development work on housing product solutions was carried out in which the attributes of apartment buildings and wooden and masonry terraced housing were packaged. In the future, the same long-lasting, tested and workable structures will be applied in the company's production. Pilot projects of the product packaging scheme are under construction.

During the financial year, some FIM 150 million was used to acquire new plots of land. The main tracts were in the Lauttasaari district of Helsinki, in the Ymmersta district of Espoo, and in the Kartanonkoski garden city of Vantaa. In 2000, the construction of roughly a thousand privately financed dwellings will be started, about half of them by the regional units. The construction of some 600 dwellings will be started on NCC-owned plots in the form of partnership contracting.

Housing Construction Team on Site, Espoo

Sales Negotiators, Tampere

Project Manager at a Housing Construction Site, Vantaa

General Superintendent, Oulu

Close co-operation with the client.

Home Show, Espoo

The NCC Finland Oy Building business area is divided geographically between the Helsinki Metropolitan Area and seven regions. The main focus of operations is on Southern Finland, where demand is strongest. The other centres of growth in Finland are the Turku, Tampere, Jyväskylä, Vaasa and Oulu regions. Construction was buoyant in the centres of growth during the financial year. In the autumn, demand slowed, but it picked up again near the end of the year. The employment situation in construction also improved during the financial year, and in some specialist fields there was even a labour shortage. The uninvoiced orders for NCC's domestic building at year-end was the equivalent of roughly seven months of work, compared with an average for the industry of 6.5 - 8.5 months, depending on the location. Demand for construction was largely residential, but there was also an upturn in demand for commercial and office facilities. Communities with a net loss in migration have an excess of dwellings and service facilities in good condition, whereas the urban growth areas suffer from a shortage of dwellings, office premises and service buildings.

BUILDING

The turnover of construction in the Helsinki Metropolitan Area was FIM 520 million and its financial performance was good. Construction in the Helsinki Metropolitan Area is divided between business premises construction and renovation. The director of the division is Antero Huhta.

Business premises construction

The turnover of business premises construction was FIM 361 million and its financial performance was very good. The manager in charge of the unit is Antero Huhta (in addition to his regular job). The number of people employed by the unit was 146. The biggest business premises projects in the Helsinki Metropolitan Area were Takomotie 1 built for Varma-Sampo, an extension to the Ruoholahti Research Centre and an extension to the head offices in Keilalahti, in all of which Nokia is the occupier. The Takomo building in Pitäjänmäki was a design & build project, and it was completed at the end of the year, one and a half years ahead of schedule. The client was Varma-Sampo. The Institute of Occupational Health, which was built on the basis of a competitive tendering contract, won a medal in the Building Site of the Year competition, with work planning as a particularly strong point. At the end of the year, work started on an extension to Meilahti Hospital. During the financial year, the organization was reinforced to correspond better to the customers' needs.

Renovation

Renovation turnover was FIM 159 million and its financial performance was good. The manager in charge of the unit is Armas Lattunen. The number of people employed by the unit was 72. The steady growth in renovation continued. NCC's competitive advantage is its experienced personnel, combined with its excellent references of challenging renovations on venerable buildings in the city centre. A critical project in terms of scheduling was the repair of Finlandia Hall's façade, carried out by a consortium in eleven months. In spite of the complex approval and verification procedures and the periods of silence demanded by the usage of Finlandia Hall, it was completed in time to host EU conferences during Finland's presidency. Also of cultural and historical importance were the renovations of the Main Watch building, the Yrjönkatu swimming pool, and the Ateneum art gallery. A long-term project was the renovation of Kesko's head office in the Katajanokka district of Helsinki, where renovations are being carried out on facilities which are in use.

REGIONS

Southwest Finland

The unit's turnover was FIM 355 million and its financial performance was good. Mauri Varjonen is the regional manager. The Southwest Finland region comprises the Turku and Pori regional offices and its market area consists of Southwest Finland, Satakunta, and Kanta-Häme. During the financial year a total of 23 construction projects were completed. The number of dwellings completed was 401. During the period under review, a total of 99 privately financed dwellings were started and a number of new projects are in the planning stage. An R&D unit was completed for Nokia in Salo, and co-operation continued with the construction of Office 99. The number of employees increased in the course of the year by 15%, reaching 244 at year-end. The prospects for 2000 are still founded on an increase in privately financed housing production. The development of projects jointly with clients has also been a major focus of effort. The region's turnover targets are rising rapidly due to the construction of the Kuloinen shopping centre in Raisio. In personnel development, the main thrust is on increasing vocational skills. This is also taken into account in hiring. Acquisition of professional certificates is supported, for example, by training our staff to become qualified assessors for certification. Operational development in, for example, quality and environmental matters, moves ahead primarily in accordance with the company's joint development programmes and recognized needs. Privately financed housing production and partnership contracting projects make it increasingly necessary to attend to the customer's needs.

Western Finland
Tampere, Central Finland and Ostrobothnia regions

The unit's turnover was FIM 356 million and its financial performance was satisfactory. The Western Finland region is comprised of the Tampere and Central Finland regions, plus the Ostrobothnia regional unit, which was constituted in June. The serving manager of the Western Finland region and the Tampere region in Tampere is Jorma Kivimaa; the Ostrobothnia regional manager in Vaasa is Rune Hagström, and the Central Finland regional manager in Jyväskylä is Olavi Tikkanen. The Western Finland region had 308 employees, of whom 217 were blue-collar. Construction continued buoyantly in the centres of growth in the region. The order book was considerably healthier at year-end

Housing Company Kultasiipi, Espoo

Housing Company Tuohitorvi, Espoo

Gigantti, Vantaa

Quality
in everyday life.

Merkos Shopping Centre, Riihimäki

than it had been twelve months previously. The Western Finland region is a founder member of Tampere Technology Centre and has constructed a number of business buildings for it. During the financial year, KOy Hermia Kymppi was completed and KOy Terahermia was under construction in Tampere. There were 502 dwellings under construction at year-end, of which 117 were privately financed. One of the most demanding renovation projects was the refurbishment of Hotel Vaskia, where the job proceeded at a rate of one room a day. The Western Finland unit's development objectives are enhanced spec production management, forms of collaboration and customer service, and basic expertise in production. Efforts are also deployed on quality and environmental work. Training is held on changes in legislation etc., and also there is training to improve skills with computers and networking. New, young employees have been trained for a new trade through apprenticeships.

Southeast Finland

The unit's turnover was FIM 215 million and its financial performance resulted in a net loss. The regional manager is Olli-Pekka Teerijoki and the Lappeenranta area manager is Juha Rahkonen. The unit has business locations in Lahti, Kotka and Lappeenranta. Brisk action has been taken to step up market share in Lappeenranta and surrounding areas, for example by boosting personnel resources. Efforts are being made to keep the level of orders held steady by means of privately financed residential construction, negotiated contracting and industrial construction. The unit's main project was Sibelius Hall, a conference and concert centre built for the city of Lahti. This, the largest public building to be made of wood in a hundred years, was a challenging job for the unit's office staff and site personnel. There was no experience available in Finland of such a project, so the creativity and innovative capacity of the personnel were put to the test. Combining different materials and unique solutions led to the financial result of the project failing to fulfil the plans for it. The official opening of Sibelius Hall will be in March 2000.

During 1999, 179 dwellings were built in the Southeast Finland region, 19 of which were privately financed. There were 79 dwellings under construction. In October, plots of land were acquired in the prestigious Ankkuri district of Lahti. The construction of the first privately financed dwellings will begin in 2000. Privately financed construction is also being started in Lappeenranta. The personnel totalled 118, which is on a par with previous years. Training on schedule management and job planning was arranged for technical office staff, while site operatives took specialized building trade certificates. Further training will also be arranged in the future for master builders.

Eastern Finland

The unit's turnover was FIM 123 million and its financial performance was passable. The Eastern Finland regional manager is Jouko Ryhtä and the district manager for Joensuu is Ari Laamanen. There are offices in Kuopio and Joensuu, but the market area has been expanded to Varkaus and Mikkeli. The Eastern Finland region had 112 employees, of whom 84 were site operatives. The number of employees has risen because the emphasis in construction has shifted from subcontractors to using our own people. In all, 110 dwellings were built in the Eastern Finland region, 30 of which were privately financed. In Kuopio, the redevelopment of the port facility continues. The construction of the Sataman Helmi building is under way and in 2000 the privately financed development Satamankeidas will be started. At the end of the year, the Finnish Housing Association granted its Environmental Award for the redevelopment of the port facility into a gracious residential area. The main project was a residential development in the centre, owned by the cooperative housing association Asunto Oy Metropol, which was handed over to the client at the end of 1999. In 2000, the construction of dwellings will begin, in addition to Kuopio, in Joensuu, Varkaus and Mikkeli. The Eastern Finland unit's environmental programme is under development and it will be adopted in the course of 2000.

Northern Finland

The unit's turnover was FIM 221 million and its financial performance was good. The regional manager for Northern Finland is Eero Kuittinen. The operating area includes the provinces of Oulu and Lapland. The Kokkola regional office was separated in June and made part of the Ostrobothnia unit. The personnel employed by the Northern Finland region totalled 140, of whom 100 were site operatives. At the end of the year, 119 dwellings were under construction. Of the 377 dwellings completed, 314 were in Oulu. For some years, the backbone of the orders held has been business premises built for Technopolis Oyj in Oulu technology village for Nokia. In the course of the financial year, the main building of Technopolis Oulu - the Smarthouse - was completed for Nokia along with two NMP buildings. Under construction was the second phase of the Smarthouse and the Nokia extension 99 in Oulu. A contract was made for the construction of a border post on the Russian side neighbouring the Finnish municipality of Salla. In spring, the Finnish State Real Property Authority's Building Project of the Year for 1998 was announced. The winner was the new main building of the University of Oulu, which was built by NCC Northern Finland. In summer 2000, the Northern Finland unit will begin the construction of holiday homes in Ruka.

In 2000, after a long and meritorious career, regional manager Eero Kuittinen is to retire. Juhani Rastas, who started in the autumn 1999, has been chosen to succeed him. The prospects for the future of the Oulu region are good. Business premises are needed as new companies are started and the electronics industry expands. The need for homes and public buildings is also growing as the population rises along with jobs. The Kemi and Tornio region is being stimulated by an investment of over FIM 7 billion by Outokumpu. Investments amounting to more than FIM 1 billion are being placed in the Kuusamo and Ruka region.

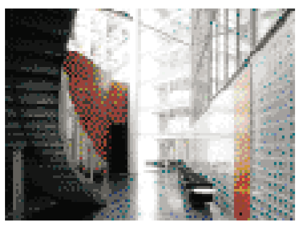
Grani Shopping Centre, Kauniainen

Takomo Office Building of Nokia, Helsinki

Nokia Research Centre, Helsinki

Space for success.

Nokia Research Centre, Helsinki



CIVIL ENGINEERING

During the financial year, demand held steady in the civil engineering field. According to advance information, growth in the sector was roughly 2-3%. Growth slowed during the financial year and it is forecast to continue slowing over the next few years. A factor in the downturn in volume is that a number of major projects are approaching completion. Large-scale infrastructural projects which are being planned, such as Vuosaari harbour and traffic projects in the Helsinki Metropolitan Area, have not yet started up. The sector's trend in costs continued to be moderate. In the second half of the financial year, there were signs of intensification in competition as a result of slowing growth. The shortage of trained personnel is still getting worse. Exacerbation of seasonal variations in the field will affect recruitment of skilled labour, particularly during the summer season, and will make it more difficult to practise a long-term employment policy. Economic growth is stimulating traffic and leading to higher expectations of service from transport networks. On the other hand, opportunities for deployments in earthmoving works are also on the increase as a result of the strong economy. Private financing is also gradually assuming a larger role.

The Civil Engineering division's turnover was FIM 173 million and its financial performance was unsatisfactory. The director in charge of the division was Olavi Knihtilä. The market area for Civil Engineering is Southern, Western and Eastern Finland. In addition to Vantaa, there are also regional offices in Turku and Kouvola, with Aarne Kortesuo and Ilkka Kimmo as regional managers. The number of people employed by the unit was 70. Operational development proceeded according to plan. However, it became markedly more difficult to obtain new orders in the second half of the year. For this reason, the outlook for 2000 is lower than previously forecast. One of the aims of Civil Engineering is to collaborate actively with other, similar divisions in the Group, in pursuit of synergy and cost savings for enhanced competitiveness and improved financial results. As a concrete example of Nordic partnership, the company received an order from Outokumpu Chrome Oy for excavating access tunnels for a chrome mine in Kemi. The value of the contract was roughly FIM 80 million. The work will be carried out in co-operation with NCC Civil Engineering. The biggest single order received by NCC Finland's Civil Engineering is the contract for the construction of a container terminal in Kotka. The work has proceeded according to plan and is roughly half way to completion. The work involves excavating 2.5 million cubic metres of rock, of which 1.9 million cubic metres had been completed by the end of the year under review. In the course of the year, a number of sites were started along the Helsinki-Leppävaara commuter railway line.

In everything it does, the unit complies with a quality system based on the SFS ISO 9001 standard, for which DNV Certification Oy granted certification at the end of the financial year.

INDUSTRY

The unit's turnover was FIM 76 million and its financial performance was good. The Industry division is directed by Jyri Mäkelä in addition to his regular job. The unit had 96 employees. Industry is responsible for the operations of the building plant centres. In accordance with the owner's strategy, the start-up of crushed aggregate, asphalt and ready-mix concrete production was considered during the financial year and the possibility of expansion by means of takeovers was examined. In January 2000, a transaction with Tampere-based Soraseula Oy was announced in which its ready-mix concrete business, including two batching plants with transport and pumping services, came into NCC's possession.

In May 1999, shares in Seinälevy Oy were sold to Ansion Sementtivalimo Oy. FIM 4.3 million in capital gains arose from the sale. In November the unit subscribed for a third of the issued stock of Päkaupunkiseudun Rakennusjäte Oy. The company is building a construction waste processing plant in the Ämmässuo district of Espoo during 2000. This makes NCC a pioneer in meeting the responsibilities of construction firms for their production in the processing and recycling of wastes.

In the course of the year 2000, approximately FIM 20 million was invested in machinery and equipment. Environmental, language and computer training was arranged for Industry division staff. The construction plant operation obtained certification readiness for its quality system in line with standard ISO 9002. External auditing by SFS took place in January 2000. At the end of the year under review, signs and other insignia were changed in line with NCC's new corporate identity.

Construction plant operations were the responsibility of the Eastern and Western Plant Centres. There were operational location in nine towns and the number of employees averaged 94. The Plant Centre's invoicing totalled FIM 59 million, which is up by more than 13% on the previous year. Its net profit was FIM 11.5 million. During the financial year, an extensive study was made of rationalizing and streamlining construction plant operations, as a result of which the organization will be refocused in early 2000. The Vantaa Plant Centre's operations will be upgraded to meet future demands in the fields of construction supporting services, quality, the environment and purchasing. Eight regional Plant Centres are responsible for construction plant services in the rest of Finland.

The main customers of the construction plant operation are NCC Finland's own construction units. It produces the supporting services needed for construction, plant hire, and repair shop services. Construction support services are being developed so that NCC Finland's building sites will receive hoisting, site huts, shuttering, heating and wiring services ready-installed and customized to the needs of the site. The Vantaa Plant Centre has readiness for electronic design services, in addition to which it is moving its products and services onto the Starnet intranet.

Finlandia Hall, Helsinki

Yrjönkatu Swimming Pool, Helsinki

Sklifosovsky Hospital Area, Moscow

Versatile expertise.

Trestle Bridges in Pasila, Helsinki

INTERNATIONAL OPERATIONS

NCC-Puolimatka International Oy

The turnover from international operations was FIM 76 million and the unit posted a net loss. Overseas operations are the responsibility of NCC-Puolimatka International Oy and its subsidiaries. Its market area is the Baltic states and the CIS, particularly Russia. Timo U. Korhonen is the Managing Director of NCC-Puolimatka International Oy. The number of people employed by the unit was 83. The result was affected by the construction of the PLM can manufacturing plant in Moscow. The reasons for the failure were the collapse of the Russian market following the economic crisis, start-up difficulties of Western-style industrial production, and difficulties in managing the work of certain local subcontractors. There was no significant improvement in the Russian economy in 1999. Long-lasting relationships with customers and local knowledge made it possible to win jobs on a scanty market. In spite of the contraction of the market, the overseas operations managed without trimming personnel. The main focus of effort in the future will be on deepening local knowledge by such means as reinforcing local organizations or by takeovers. At year-end, NCC-Puolimatka International had representation in Moscow and St Petersburg in Russia and in Estonia, Lithuania and Latvia.

In autumn 1999, an agreement was signed for the renovation of the Sklifosovsk Emergency Centre in Moscow. A French financial backer is involved in the project. Work will begin in early 2000. The project is a demanding one, as the hospital will be operational throughout the three-year construction period. Also, an agreement forming part of the Tacis programme was signed for the construction of a border post at Salla. Under construction were a cardiological hospital in Moscow and a cigarette factory for Philip Morris in St Petersburg, both of which were handed over to the clients at the end of 1999. In the course of 2000, greater efforts will be channelled to upgrading operations in the Baltic states. In addition to the contracting market, interest is also focusing on real estate development projects, either on company-owned plots or in partnership with the plot owner. Growing into a significant player in the region will necessitate obtaining local knowledge, mainly through takeovers. At the end of the year, an agreement was made on the purchase of a Latvian construction company.

Major projects under way:
Salla Border Crossing
Sklifosovsky Emergency Centre, Renovation, Moscow

Major projects completed:
Philip Morris Izhora Cigarette Factory, St Petersburg
Sklifosovsky Cardiological Centre, Moscow

BUILDING DESIGN

Optiplan Oy

The unit's turnover was FIM 26 million and its financial performance was unsatisfactory. Optiplan's Managing Director is Matti Leino. The company has design offices in Turku and Vantaa. The number of employees was 93, of whom 31 were engaged in architectural design, 29 in structural engineering and 26 in building engineering.

Optiplan's order books remained good in all categories of design, and uninvoiced orders at year-end corresponded to about six month's work. Among the major projects completed were the Nova and Solaris buildings in Business Park Stella, the Takomo office building for Nokia in Pitäjänmäki, and the technology village Pripoli in Satakunta. Items under construction include phases three and four of Stella, and commercial facilities for the Grani shopping centre and the Isku, Prisma and Gigantti retail chains. Projects starting up are Stella II and the Falcon Business Parks in Espoo. A total of 1,520 dwellings were designed during the financial year, of which Optiplan was responsible for the architectural design of 600. Also, 360 renovation sites were planned. Under construction in Lahti is Optiplan's 11th residential project in six years. New start-ups include the Kartanonkoski garden city in the Pakkala district of Vantaa.

INTERNAL SERVICES

The internal services provided by head office in support of business operation add value and enhance profit-making capacity. Head office also provides information needed by the corporate management and the parent company, reliably and graphically, in compliance with agreed deadlines. It is head office's duty to oversee NCC Finland Oy's operations so that they comply with the company's operational guidelines, official regulations and laws. In cooperation with the business operations, efficient ways are sought to attain and maintain operations in line with regulations. Head office's specialists participate within their specialities to augment the entire NCC Group's operations in such a way as to make them efficient in serving business activities.

The Unit head is Senior Vice President Jukka Lahtinen.

Head office's internal services are:
Data administration; Riitta Takanen
Finance and accounting; Pertti Kallio
Financing; Jorma Hyvärinen
Legal affairs; Kari Korpela
Controller operations; Matti Tuulio
Personnel; Anna Maria Karjalainen
Real estate, office and security services; Tapio Mäkelä
Communications; Ritva Norrgrann

BUSINESS DEVELOPMENT

The focus of development work is on customer service and culture, improving the quality of operations and products, utilizing synergy, and improving environmental skills.

The Unit Manager is Kauko Wasenius.

Business Park Stella, Espoo

Business Park Stella, Espoo
Teemu Juurinen, Director of Finance,
Sun Microsystems

Space for
efficient work.

BUSINESS
PARK

NCC – AN EVOLVING COMPANY

For the company, 1999 was a year of internal development and improvement in basic skills. Among the attributes which describe operational principles are high objectives, simple forms and continuous development of operations and capabilities. The company's strategies and its developmental priorities were refocused. Among the divisions, effort is being injected into spec housing construction and real estate development, and continuity for their operations is ensured through purchases of plots. The regional units' operational priorities and borderlines were revised. Training was stepped up for various groups of the personnel with the aim of applying resources more directly to attaining results. The importance of customer service was emphasized, both in training and in communications.

The corporate culture was developed by defining values and the corporate mission. In the units, theme days were held to discuss strategic guidelines and the units' factors of success, and to accelerate continuous development. As an aid to knowledge transfer between different groups of specialists, information synergy groups were formed. Interaction, particularly among site personnel, was improved at morning coffee and other sessions as well as through visits by the President to sites. At the end of the financial year, the personnel were surveyed to determine the corporate atmosphere. The results were used to calculate Balance Score Card indicators for motivation, commitment and ability. The survey will permit future comparisons within the Group and enable the management to keep a watch on trends in the company.

NCC's new logo was unveiled at the Nokia Research Centre site in October 1999. The whole Group management was present at the ceremony.

New corporate identity

NCC Finland went into business on 1 October 1999. Personnel and customers took a positive view of the name change. The corporate insignia were changed on the same occasion. For NCC Finland Oy, this meant an investment of about FIM 3 million in the new corporate identity.

On the Group level, NCC's strategic decision to expand geographically and to boost market shares and raise the value added in construction necessitates a strong brand. The aim is to strengthen the common Nordic image and to take a leading position as an evolving and responsible company. It is NCC's goal to be a positive influence on the development of society and at the same time to strengthen its links with the main stakeholders such as customers, owners, the authorities, the personnel and the general public. The brands communicate NCC's values and promises to the customers.

Purchasing and quality

A comprehensive development programme was launched in purchasing. The key areas are improvements in logistics and subcontractor networking. Competitive edge was also sought through intra-Group collaboration. The prices and terms of delivery of the main materials in the Nordic countries were checked out and joint agreements resulted in substantial discounts. The harmonization of quality and environmental systems was continued, the aim being to create a common operating system for the company. The attributes of the housing product and design guidelines for the company's own projects were also defined. Typical housing products fulfil the expectations and requirements of each group of customers.

Information technology development

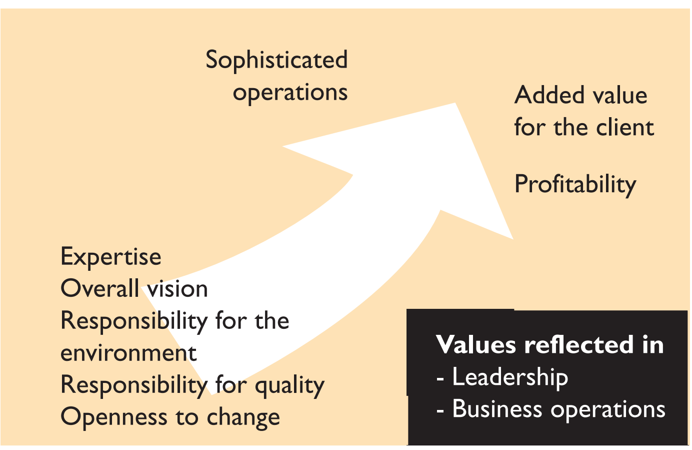
Replacement and maintenance projects aimed at solving the Y2K problem guided work, both on systems and on the technology side. During the financial year, a new pay system, a budgeting system and an office system were brought on line. The remaining Y2K changes were made in the project assessment system. In information technology, the main emphasis was on standardizing workstations and upgrading data communications. The advantages of scale were used through all-Group agreements.

Environmental work

Construction and the environment

The management of environmental aspects has an important impact on a construction company's business. Construction also has considerable landscaping and aesthetic effects on the environment. However, companies have limited possibilities to make a difference, as decisions are often made at the planning permission stage, for example. The main way is to select designers with high professional skills and to pursue design systematically within the requirements set. The underlying principle of NCC Finland Oy's environmental work is to act and to contribute in areas in which the company has adequate scope of influence. A construction compa-

Group Corporate Culture



ny that is environmentally aware and is environmentally responsible respect the following minimum requirements in its operations:

Environmental risk management

Environmental risk management comprises the recognition of regional and local environmental risks and preemptive prevention. This does not mean merely avoiding major environmental damage, but enhanced control over even small actions that affect the state of the environment. Typical risks related to construction include the following:

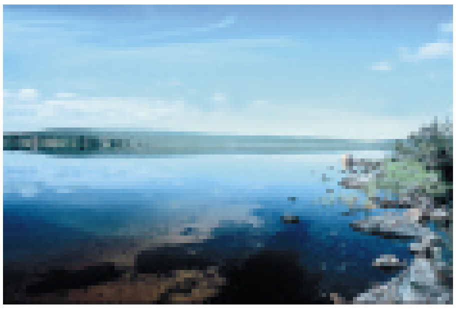
- Escapes of hazardous chemicals into the environment
- Construction on possibly contaminated soil
- Materials containing substances dangerous to the environment or human health in old buildings and structures
- Use of materials and supplies which are dangerous to the environment or to human health in construction
- Design and construction of non-useful buildings or building components.

Control and improvement of product's environment performance

When it is able to influence the design, NCC makes environmentally sound design decisions and choices. In order to achieve this, it must have sufficient information on the environmental impacts of entire buildings, building systems and materials. The development and manufacture of environmentally friendly products involve business opportunities. This will also soon be required by various international environmental treaties and programmes. Recognizing the health impacts of buildings and management of them are also subareas in which mastery will be essential in the future.

Reducing consumption and responsible waste processing

The planning and implementation of a building sites' purchases and deliveries can reduce consumption of materials, reduce treatment costs, and improve work efficiency. Efficient sorting and recycling of waste can save on materials and reduce the quantity of waste sent to landfills.



Environmental objectives and their implementation

The environmental objectives for the product:

In respect of the housing product, it has been decided to advance in small steps. The objective has been set to use M1-class finishing materials in occupied room spaces. To ensure the economic life cycle of the product, an eco-assessment is calculated for spec projects. The commonest environmental emissions included in construction is also calculated for this. In 1999, eco-assessments were made of 30 housing projects.

Targets for waste from sites and management of environmental aspects:

Objectives for waste disposal on construction sites have been specified according to the type of building and for specific types of production.

Objectives for waste disposal and the results achieved:

- Waste costs: waste costs' percentage in overall construction costs 0.21%
- Waste quantities: kilos of waste per cubic metre of building volume 5.5
- On the level of waste utilization: mixed waste as percentage of overall waste quantity 53%
- sites at which measurements were made: 44 sites.

Measurements are in progress in all the regional construction units. The aim is to produce an environmental plan for each site.

Expertise and training:

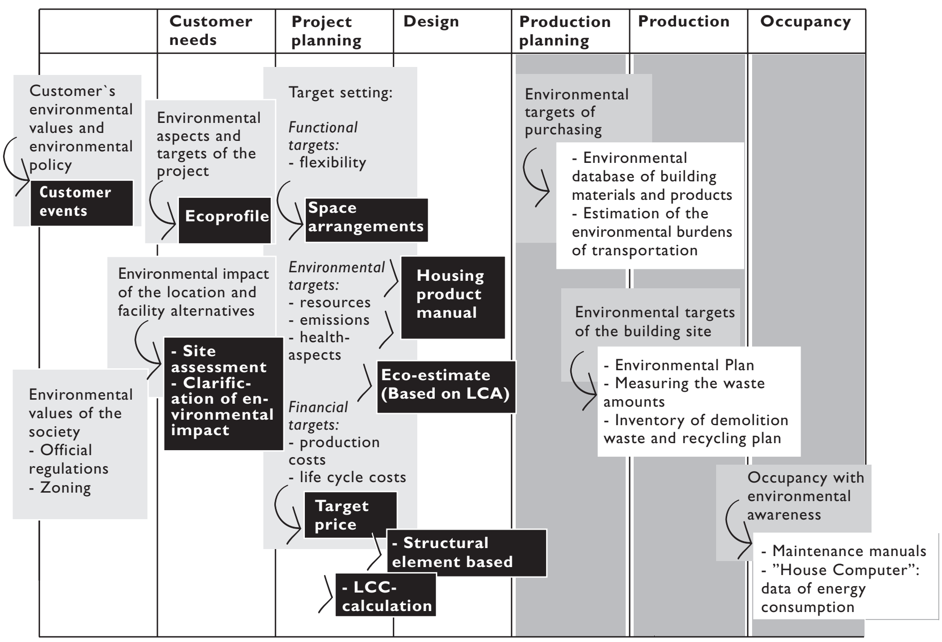
With the goal of enhancing environmental expertise on the levels of the individual worker and of work sites.

To achieve the goals, environmental training materials have been produced for sites and on-site training has been started.

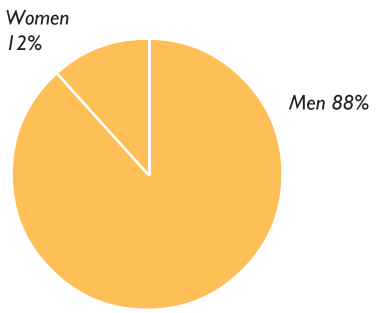
Environmental system:

In 1999, a manual describing the company's environmental system was produced.

Management of Environmental Aspects in the Construction Process



Personnel distribution by gender



Educational achievement distribution

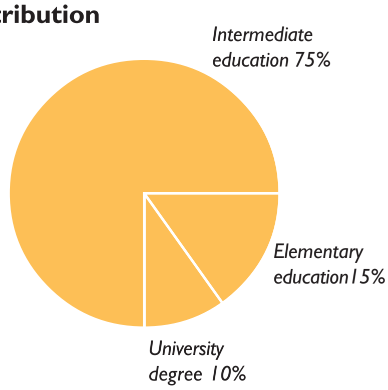
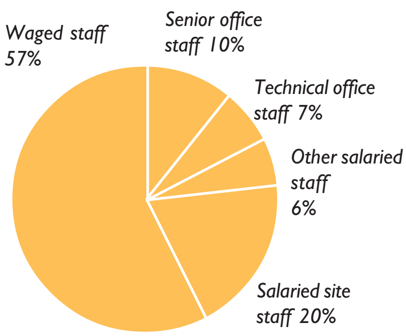
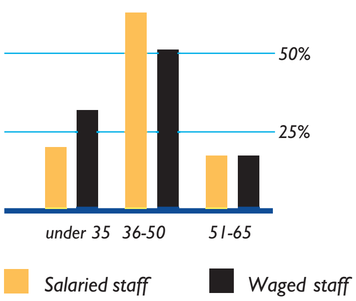


Table of professional groups



Age distribution

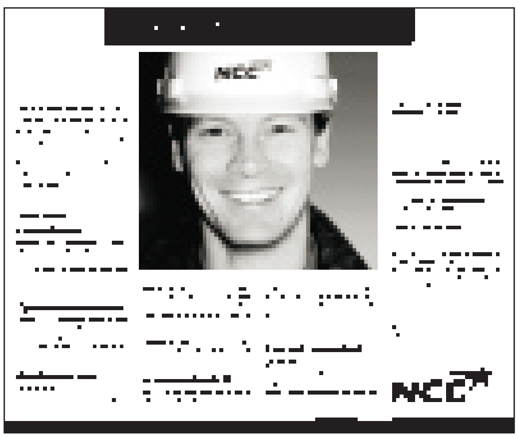


Personnel

NCC had a total of 2,119 employees at year-end, 77% of them site personnel. The number of employees increased in construction by almost three hundred as a result of dynamic growth in output. Of the personnel, 88% are men. Fifty-one per cent of the personnel are aged 36-50, so recruitment is focusing attention on hiring young people. By the end of June, 62% of the office staff hired were under 30 years of age. Of the office staff, 73% had completed intermediate education (technical college, technical school or commercial school), 15% had completed secondary education, and tertiary education had been completed by 10%. During the first six months of the financial year, 48% of the office staff recruited had completed technical education (technical college, technical school or university). Of the employees, 401 have taken a vocational certificate, of which 103 were basic certificates, 271 vocational and 27 specialist certificates.

Training and induction were major foci of effort in the past financial year. In the Helsinki Metropolitan Area, an extensive induction course was run for new production office staff, which will also be continued in 2000. As in previous years, many office employees took part in information technology and language training. Combined induction and language courses were held in Sweden in cooperation with the NCC University. A number of office personnel also participated in a four-week Strategic Leadership course at the NCC University.

During the financial year, preventive rehabilitation work was continued: 300 people took part in various courses, seminars and sessions aimed at promoting physical health. In the regions, exercise programmes continued for almost 400 people, some of them as part of the 'Fit for Life' project. In the course of the year, a time-based pay system was introduced for personnel as well as a new pay calculation program. Also, design work was started on a new personnel information system.



In 1999, about 300 new employees started working at NCC.

Change of name

The change of NCC Puolimatka Oy's company name to NCC Finland Oy was entered in the Trade Register on 1 October 1999.

Turnover and results

The NCC Finland Group's turnover in 1999, calculated on the percentage of completion, was FIM 2,874 million (FIM 2,446 million in 1998). The turnover figure includes FIM 388 million (FIM 205 million) in sales of shares in spec construction and FIM 41 million (FIM 33 million) in sales of tracts of land in the form of plots and shares. The sales of shares have been income-recognized in accordance with the date on which the bills of sale were signed. Exports accounted for FIM 78 million (FIM 150 million) or 3% of the Group's turnover (6%).

The Group's profit before extraordinary items and taxes was FIM 90 million (FIM 12 million). The Group's profit from operations before depreciation was FIM 95 million (FIM 17 million), which is 3.3% of turnover (0.7%). The return on investment was 23.0% (7.3%) and the return on equity was 31.3% (4.6%).

The Group's volume of business was close to the target and the profit target was achieved in all units except for Project Exports and Southeast Finland Construction. In spite of the losses of the Southeast Finland unit, the Group's main business, construction in Finland, posted a profit that was in line with the target mainly thanks to better results than targeted in the Helsinki Metropolitan Area, Southwest Finland and Northern Finland. Project Exports posted a net loss once again. Real estate development and industrial operations also posted a good profit. Civil engineering and housing business, which in the past year comprised the commissioning of housing construction, achieved the profit targets set for them.

Balance sheet status

The NCC Finland Group's balance sheet total at year-end was FIM 1,107 million (FIM 835 million in 1998) and its shareholders' equity was FIM 280 million (FIM 148 million). NCC AB boosted NCC Finland Oy's balance sheet by FIM 65 million by raising the number of shares with a par value of FIM 12,000 by 400 at a price per share of FIM 162,500, which increased the share capital by FIM 4.8 million and the share premium account by FIM 60.2 million. The increase was entered in the Trade Register on 20 December 1999.

Interest-bearing liabilities at year-end were FIM 279 million (FIM 150 million). Net financing expenses, net of exchange gains and losses on financing, were FIM 7.4 million (FIM 3.6 million), which is 0.26% (0.15%) of turnover. Cash in hand and at bank totalled FIM 101 million (FIM 56 million). The equity ratio rose to 31% (23%).

The company's liquidity was favourable throughout the financial year.

Investment

Net capital expenditure on fixed assets amounted to FIM 34 million (FIM 29 million in 1998). The investments mostly concerned replacements of construction plant. The capital tied up in plots of land increased by FIM 128 million and totalled FIM 321 million at year-end.

Group structure

Changes in the Group structure
Seinälevy Oy, a company specialized in prefabricated concrete panels for housing and in producing prefabricated civil defence shelters, was sold by a deed signed in Turku on 10 May 1999.

In November, the memorandum of association of Pääkaupunkiseudun rakennusjäte Oy was signed, a company in which NCC Finland has a one-third holding. The newly founded company's field of business includes the recycling of construction and demolition waste materials, processing and utilization.

A new subsidiary was started in Latvia, SIA NCC Puolimatka Latvia, and the subsidiary UAB NCC Puolimatka was founded in Lithuania.

Action was initiated to disband the Russian associated company ZAO Eurolog Park Pulkov and the winding-up of the Estonian subsidiary AS Optiplan Eesti is still in progress. The entire issued stock of the Lithuanian company UAB Optiplanas, UAB Optisaf by its former name, became owned by the NCC Finland Group.

NCC Finland Oy's parent company
NCC Finland Oy's parent company is NCC AB of Sweden, which is one of the Nordic region's leading construction and real estate companies and which has the Nordic region and the Baltic states as its main market.

The divisions

The NCC Finland Group's business divisions include Building in Finland, Housing, Real Estate Development, Civil Engineering, and Industry.

Building in Finland consists of the subdivisions 'Housing Construction' and 'Construction, Regions'. The Building Division consists of the renovation and business premises construction units in the Helsinki Metropolitan Area. Construction, Regions consists of five regional units: Southwest Finland, Western Finland, Southeast Finland, Eastern Finland and Northern Finland. Western Finland is still divided into the Pirkanmaa, Central Finland and Ostrobothnia business units. The regional business units are responsible for housing and other construction in their areas.

The Housing Division is responsible for residential building in the Helsinki Metropolitan Area and for residential and other construction in Lohja Regions and Hämeenlinna Region. The division was given responsibility during the year under review for the southern and northern Helsinki Metropolitan Area residential construction units and for the Lohja and Hämeenlinna Regions. Previously the division had been responsible exclusively for commissioning spec construction and for marketing in the Helsinki Metropolitan Area.

Construction design is practised by Optiplan Oy and its subsidiaries. Optiplan plays an important role in the development of NCC Finland's housing product and business park concept.

The new divisional and regional boundaries mostly came into force at the beginning of 2000.

Real Estate Development's business focuses on the development of business premises and retail projects in the Helsinki Metropolitan Area, commissioning construction work and marketing, and short-term ownership.

The Civil Engineering Division's field of business is the whole of Finland, and its units are Southern Finland, Western Finland and Eastern Finland. Civil Engineering has gained some major projects through the NCC Group's Nordic cooperation.

The main business areas for Project Exports are the Moscow and St Petersburg regions in Russia. NCC Finland has responsibility within the entire NCC Group for building construction in Russia and the rest of the CIS as well as the Baltic states.

The Industry Division's field of business is comprised of a building plant hire unit. In the course of the year under review, the start-up of soil and ready-mixed concrete operations was investigated in accordance with the NCC concept.

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

Output

The Building in Finland Division's output breaks down into the following percentages:

	-99	-98
New housing construction	45	40
Housing renovation	5	9
Offices and commercial construction	20	13
Industrial construction	4	10
Other construction	26	28

During the financial year, 2,277 dwellings were completed (2,526), of which 492 (156) were privately financed spec construction. The number of dwellings under construction was 2,567 (2,157), of which 581 (460) were privately financed spec construction. The number of unsold, completed spec dwellings was 22 (12). The number of housing starts in privately financed spec construction during the financial year was 613 (511 dwellings in 1998).

Personnel

At year-end, the parent company, NCC Finland Oy, had 1,954 employees (1,670 in 1998). The Group had 2,138 employees at year-end (1,948), of which 77% were site personnel (75%). NCC Finland Oy had an average of 1,826 employees during the year (1,613) and the Group had 2,066 (1,974). The figures include foreign personnel and shares in consortiums. The number of personnel increased due to a vigorous upsurge in construction output.

In recruitment, attention was focused on hiring young people and trained staff, and measures to maintain the working capacity of the personnel were continued.

The efforts deployed in training and orientation included induction training for new office staff, computer training and language teaching. Cooperation with NCC's training centre 'NCC University' in Sweden was continued.

At the beginning of 1999, a time-based pay system for employees was introduced along with a new wage and salary computation package in the salary department. Planning work was started on a new personnel information system.

Development

1999 was a year of new directions for the company's R&D. The attributes adopted as the principles of operations were challenging goals, simple forms and the continuous development of activities.

A change was initiated in the operational culture in the direction of improved customer services and quality operations.

In internal operations, efforts were deployed in enhanced management of design for spec housing products. A comprehensive development programme was launched in procurement.

The programme to combine the company's quality and environmental systems into a single operating system continued.

In order to speed up operational development, all units held common team days and information synergy teams were formed as a tool for communicating information between different specialist groups.

Research and development costs were booked as annual expenses.

Orders in hand

The NCC Finland Group's uninvoiced orders in hand rose by FIM 206 million since the beginning of 1999, reaching FIM 1,614 million at year-end. The orders held are 86% for Building in Finland (79% in 1998), 7% (13%) for Civil Engineering and 6% (8%) for Project Exports.

Events after the end of the financial year

In January 2000, the NCC Finland Group acquired Soraseula's ready-mixed concrete business, consisting of two concrete mixing plants located in Tampere and the entire issued stock of a Latvian construction company, SIA Irest Construction, which has been in business in Riga for five years and engages in project management contracting. It has about ten employees.

Prospects for 2000

In the course of the autumn, the growth forecasts for the Finnish economy in 2000 have been revised upwards and confidence on the part of both consumers and industry in the future has further improved. The healthy trend in the building industry is expected to continue in Finland in 2000. Construction will be powered ahead by strong domestic demand, thus expanding the GDP.

Migration to the urban centres of growth, above all to the Helsinki Metropolitan Area, seems to be pushing demand out of proportion to housing output. In 2000, there will be a record number of housing starts in Finland compared to the rates in the other Nordic countries and more than in any year since the late 1980s and early 1990s.

The vacancy rate for commercial and office buildings, especially in the Helsinki Metropolitan Area, is at a record low, so steady growth in demand is expected to continue in 2000.

Growth in the market for civil engineering is expected to slow down in 2000.

Uncertainty continues over project exports. Russia's proportion of Finland's construction exports is in decline, but Finnish construction contractors will increase their market share in the Baltic states.

On the whole, the prospects for 2000 will provide NCC Finland with prospects for growth in business and for improvements in profitability.

	Reference	(FIM 1,000) Group 1.1.-31.12.1999	1.1.-31.12.1998	Parent Company 1.1.-31.12.1999	1.1.-31.12.1998
Turnover	1.1.	2,873,566	2,446,410	2,782,389	2,268,369
Increase (+)/ decrease (-) in stocks of finished and unfinished goods		14,895	8,890	17,406	8,265
Other operating income	1.2.	8,652	6,418	9,601	5,896
Materials and services	1.3.	1,548,984	1,488,044	1,512,545	1,369,112
Personnel expenses	1.4.	431,362	384,532	390,929	336,210
Depreciation and write-downs	1.5.	23,621	20,731	19,875	16,867
Other operating costs	1.6.	798,350	551,492	766,892	531,086
Operating profit		94,796	16,919	119,155	29,255
Financial income and expenses	1.7.	-4,534	-4,488	-5,277	-1,315
Profit before extraordinary items				113,878	27,940
Extraordinary items	1.8.			-23,992	-9,900
Profit before appropriations and taxes		90,262	12,431	89,886	18,040
Appropriations	1.9.			-3,022	-5,411
Direct taxes	1.10.	-23,139	-5,761	-25,692	-4,677
Net profit for the year		67,123	6,670	61,172	7,952

The currency exchange rate at 31.12.1999: FIM 5.9185 = USD 1

BALANCE SHEETS

ASSETS	Reference	(FIM 1,000) Group 1.1.-31.12.1999	1.1.-31.12.1998	Parent Company 1.1.-31.12.1999	1.1.-31.12.1998
Fixed assets	2.1.				
Intangible assets	2.1.1.	31,874	36,851	28,382	32,499
Consolidation goodwill	2.1.1.	1,255	1,928		
Tangible assets	2.1.2.	75,330	61,688	70,435	55,562
Investments	2.1.3.	6,047	3,411	9,961	7,733
		114,506	103,878	108,778	95,794
Current assets	2.2.				
Inventory	2.2.1.	541,814	355,975	541,265	352,111
Deferred tax receivables	2.6.1.	3,456	0		
Non-current receivables	2.2.2.	850	0	850	0
Current receivables	2.2.3.	345,551	319,038	397,947	314,318
Cash in hand and at banks		100,988	56,041	79,059	44,408
		992,659	731,054	1,019,121	710,837
Assets		1,107,165	834,932	1,127,899	806,631
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	2.3.				
Share capital		29,460	24,660	29,460	24,660
Share premium account		159,935	99,735	159,935	99,735
Retained profits		23,877	17,207	18,954	11,002
Net profit for the year		67,123	6,670	61,172	7,952
		280,395	148,272	269,521	143,349
Minority interest		0	49		
Accumulation of appropriations	2.4.			15,591	12,569
Obligatory reserves	2.5.	19,043	13,171	18,780	12,779
Liabilities	2.6.				
Deferred tax liabilities	2.6.1.	4,522	3,645		
Non-current liabilities	2.6.2.	59,457	0	59,457	0
Current liabilities	2.6.3.	743,748	669,795	764,550	637,934
		807,727	673,440	824,007	637,934
Liabilities and shareholders' equity		1,107,165	834,932	1,127,899	806,631

The currency exchange rate at 31.12.1999: FIM 5.9185 = USD 1

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

(FIM 1,000)	Group		Parent Company	
	1.1.-31.12.1999	1.1.-31.12.1998	1.1.-31.12.1999	1.1.-31.12.1998
Cash flow from business operations				
Profit before extraordinary items	90,262	12,431	113,878	27,940
Adjustments:				
Profits and losses on the surrender of tangible and intangible assets	-5,738	-1,366	-6,487	-643
Planned depreciation	23,621	20,731	19,875	16,867
Financing income and expenses not paid	2,957	-928	2,906	-1,130
Change in uninvoiced portion of handed-over projects and post-completion reserves	18,779	19,863	16,287	6,883
Change in obligatory reserves	5,872	3,860	6,001	3,673
Cash flow before change in working capital	135,753	54,591	152,460	53,590
Change in working capital:				
Increase (-)/decrease in trade receivables	-27,263	-37,274	-29,606	-52,084
Increase (-)/decrease in loan receivables from housing associations and real estate holding	-8,574	-37,424	-8,574	-37,424
Increase (-)/decrease in current non-interest-bearing receivables	-1,967	-31,069	-4,064	-13,752
Increase(-)/ decrease (+) in inventories	-185,839	164,504	-189,154	-164,056
Increase (+)/decrease in trade payables	-44,820	12,256	-42,599	16,082
Increase (+)/decrease in construction fund commitment	-16,192	136,822	-16,192	136,822
Increase (+)/decrease in advances received	43,903	-930	50,733	24,859
Increase(+)/decrease(-) in non-interest-bearing debts	-11,100	30,215	-8,964	30,866
Change in working capital:	-251,852	-91,908	-248,420	-58,687
Cash flow from business operations before taxes	-116,099	-37,317	-95,960	-5,097
Direct taxes paid	-4,210	-7,722	-4,147	-8,179
Cash flow from business operations (A)	-120,309	-45,039	-100,107	-13,276
Cash flow from investments:				
Investments in material and immaterial goods	-35,822	-30,630	-34,722	-28,057
Income from disposal of material and immaterial goods	7,312	2,859	8,349	2,118
To reduction in minority interests	-49	-3		
Cash flow from investments (B)	-28,559	-27,774	-26,373	-25,939
Cash flow from financing				
Change in interest-bearing loans receivable			-37,781	-23,282
Paid share issue	65,000	0	65,000	0
Change in interest-bearing debts	128,815	88,201	133,912	84,945
Cash flow from financing (C)	193,815	88,201	161,131	61,663
Change in liquid assets (A+B+C) increase(+)/decrease(-)	44,947	15,388	34,651	22,448
Liquid assets at start of year	56,041	40,653	44,408	21,960
Liquid assets at year-end	100,988	56,041	79,059	44,408

The financial statements of NCC Finland Group have been drawn up in compliance with the new Finnish accounting ordinances which came into force on 31 December 1997. The information on the previous financial year has been reorganized in line with the new practice.

Consolidation conventions

Scope of the consolidated financial statements

The consolidated financial statements combine the parent company, NCC Finland Oy,and all the Group companies and associated companies included in fixed assets.

Cross-holdings of shares

Acquisition accounting has been applied to the consolidated financial statements. The acquisition cost of shares in subsidiaries has been eliminated against the subsidiaries' shareholders' equity at the time of acquisition. The difference arising from the elimination has been treated as goodwill or a Group reserve, which is either depreciated or debited according to plan.

Internal transactions and margins

Intra-Group transactions, unrealized margins on internal deliveries, internal receivables and debts have been eliminated, as has internal distribution of profits.

Minority interest

Minority interest has been shown in compliance with the principle of materiality as a separate item in the income statement and balance sheet.

Translation adjustments

The figures for the financial statements of foreign companies in the Group have been converted into Finnish marks at the rate issued by the Bank of Finland on the date of closing the books. Translation profits and losses arising from the elimination of foreign subsidiaries' shareholders equity have been entered in the income statement.

ZAO Rapco has been consolidated by means of the monetary non-monetary method.

Associated companies

Associated companies have been consolidated by the equity method. A proportion of associated companies' net profits/losses for the year, according to the percentage holding, is given under Other operating costs.

Turnover and principles of income-recognition

In the calculation of turnover, sales revenue is subjected to a deduction of indirect taxes and of exchange-rate differences on the sales revenue of projects denominated in foreign currency where these are not hedged with forward rate agreements or other similar agreements.

Income-recognition of long-term projects

Long-term projects are recognized as income on the basis of their percentage of completion. All projects are considered as long-term when they extend into two financial years. The percentage of completion method applies to all contracting agreements, cost-plus-fee contracts, target cost agreements, design-build agreements and other contracts as well as all spec projects in which a contract agreement is made with a company-owned housing society or 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, ending in the month in which the job is handed over to the client. The degree of completion is calculated as a ratio of the actual project costs ralative to the forecast total costs. The margin of long-term spec projects, as per percentage of completion, is income-recognized on the basis of the percentage of completion or on the percentage of shares sold in the co-op, whichever is the lower. Sales of shares are booked in the income statement on the basis of the deeds of purchase.

The residual value of work in progress after the application of the percentage of completion method is based on the variable acquisition costs of projects during the development and planning stage.

Items denominated in foreign currency

Receivables and debts in foreign currency have been translated into Finnish currency 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.

Exchange rate differences on the receivables and debts, denominated in foreign currency, of long-term projects hedged with forward rate agreements or similar are given under Financing income and expenses.

Valuation of inventory

Inventory has been valued at the variable acquisition costs or the probable resale price, whichever is the lower.

Valuation of fixed assets

Fixed assets are entered on the balance sheet at the acquisition cost less planned depreciation. Planned depreciation has been calculated as straight-line depreciation on fixed assets over their economic life.

The depreciation periods are as follows:

	Years
Intangible rights	5 - 10
Goodwill	11
Consolidation goodwill	5
Other non-current expenditure	5 - 10
Buildings and structures	10
Machinery and equipment	5 - 15

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.

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, for example, the estimated guarantee expenses of long-term projects that have been handed over and the loss exceeding the probable recognition as an expense of a long-term project in progress.

Appropriations

Depreciation differences are appropriations. The total of the accumulated appropriations in the financial statements is divided into tax liability and shareholders' equity. The change in appropriations for the financial year, less tax liability, is included in the year's net profit. Appropriations are thus taken into account in previous years, so they have no effect on income when the accounting conventions are changed in respect of deferred tax liability. The part of the appropriations booked in shareholders' equity is not counted as part of the Group's disposable assets.

Income taxes

Entered in the income statement as income taxes are the taxes calculated under tax regulations on the Group companies' profit for the financial year, adjustments of previous years' taxes, and deferred taxes.The deferred tax liability or credit is calculated for the interim differences between taxation and the financial statements, using the tax rate for following years confirmed as at the date of closing the books. The balance sheet includes the entire deferred tax liability and the deferred tax credit is shown at the probable amount.

Deferred tax liabilities and credits are dealt with only in the consolidated financial statements.

(FIM 1,000)	Group 1.1.-31.12.1999	Group 1.1.-31.12.1998	Parent company 1.1.-31.12.1999	Parent company 1.1.-31.12.1998
1.1. TURNOVER				
Turnover by divisions				
Building in Finland	2,400,524	2,196,908	2,400,524	2,196,206
Exports	78,387	149,868	0	0
Housing	164,495	0	164,495	0
Real Estate Development	39,055	32,547	39,055	32,547
Civil Engineering	173,066	39,616	173,066	39,616
Industry	16,593	40,934	5,249	0
Building Design	25,473	23,934	0	0
Other business	5,905	3,949	0	0
Less intra-Group	-29,932	-41,346	0	0
Turnover, total	2,873,566	2,446,410	2,782,389	2,268,369
Turnover includes sales of shares in spec construction				
Building construction in Finland	218,689	172,740	218,689	172,740
Housing	153,665	0	153,665	0
Real estate development	15,998	32,156	15,998	32,156
Total	388,352	204,896	388,352	204,896
Turnover by market area				
Finland	2,825,111	2,337,888	2,782,389	2,268,369
Russia	78,130	147,419	0	0
Other countries	257	2,449	0	0
Less intra-Group	-29,932	-41,346	0	0
Turnover, total	2,873,566	2,446,410	2,782,389	2,268,369
Percentage in turnover of projects not yet handed over at year-end	1,021,089	922,239	906,002	872,521
1.2. Other operating income				
Profits on the sale of fixed assets	5,955	1,425	6,650	686
Service income	4,723	6,988	2,924	5,210
Other	27	183	27	0
Less intra-Group	-2,053	-2,178	0	0
Other opereating income, total	8,652	6,418	9,601	5,896
1.3. Materials and services				
Materials, supplies and goods:				
Purchases during the year	470,523	491,632	431,532	416,237
Change in inventory (increase-/decrease+)	-170,943	-155,614	-171,748	-155,791
	299,580	336,018	259,784	260,446
External services	1,249,404	1,152,026	1,252,761	1,108,666
Materials and services, total	1,548,984	1,488,044	1,512,545	1,369,112

The currency exchange rate at
31.12.1999: FIM 5.9185 = USD 1

(FIM 1,000)	Group		Parent company	
	1.1.-31.12.1999	1.1.-31.12.1998	1.1.-31.12.1999	1.1.-31.12.1998
1.4. Personnel expenses and number of personnel				
Personnel expenses:				
Wages and salaries	330,573	294,332	299,249	256,279
Pension expenses	58,694	52,679	52,923	45,614
Other personnel expenses	42,095	37,521	38,757	34,317
Total	431,362	384,532	390,929	336,210
Management salaries and emoluments:				
Presidents	3,780	2,878	2,707	1,966
Board members	90	30	90	30

The agreed pensionable age for Board members employed by NCC Finland Oy is 60. Approximately FIM 1,823,000 has been allocated to cover the costs of the share option programme carried out by NCC AB, including employee benefits. Ten members of NCC Finland‘s management are included in the option programme.

	Group 1.1.-31.12.1999	Group 1.1.-31.12.1998	Parent company 1.1.-31.12.1999	Parent company 1.1.-31.12.1998
Average number of personnel for year:				
- Salaried	888	753	715	614
- Wage-earners	1,178	1,221	1,111	999
Total	2,066	1,974	1,826	1,613
Number of personnel at year-end:				
- Salaried	915	801	754	653
- Wage-earners	1,223	1,147	1,200	1,017
Total	2,138	1,948	1,954	1,670
1.5. Depreciation and write-downs				
Intangible rights	858	888	526	393
Goodwill	5,000	5,000	4,500	4,500
Consolidated goodwill	626	673		
Other long-term expenditures	222	195	28	5
Buildings and structures	180	52	180	52
Machinery and equipment	16,735	13,923	14,641	11,917
Total	23,621	20,731	19,875	16,867
1.6. Other operating costs				
Purchases of land and shares and issues	595,265	371,910	595,265	371,910
Rents	14,819	19,370	10,728	9,622
Voluntary personnel expenses	10,957	8,169	9,626	7,473
External administrative services	6,724	5,447	7,719	8,168
Other office and administrative expenses	30,921	23,861	27,726	20,181
Other construction expenses	122,596	110,384	99,605	93,420
Other operating costs	17,068	12,351	16,223	20,312
Other operating costs, total	798,350	551,492	766,892	531,086

The currency exchange rate at 31.12.1999: FIM 5.9185 = USD 1

(FIM 1,000)	Group 1.1.-31.12.1999	1.1.-31.12.1998	Parent company 1.1.-31.12.1999	1.1.-31.12.1998
1.7. Financial income and expenses				
Dividend income				
From Group companies	0	0	0	1,721
From others	16	7	16	7
	16	7	16	1,728
Total income from investments included in assets, total	16	7	16	1,728
Other interest and financial income				
From Group companies	156	362	2,504	878
From others	896	1,163	560	476
	1,052	1,525	3,064	1,354
Interest income from long-term investments included in assets and other interest and financial income, total	1,068	1,532	3,080	3,082
Interest expenses and other financial expenses				
From Group companies	8,327	4,346	8,317	4,391
From others	144	831	90	208
	8,471	5,177	8,407	4,599
Exchange rate gains				
Calculated exchange rate gains	13,848	7,271	124	262
Realized exchange rate gains	3,615	2,928	0	0
	17,463	10,199	124	262
Exchange rate losses				
Calculated exchange rate losses	5,149	5,800	74	59
Realized exchange rate losses	9,445	5,242	0	1
	14,594	11,042	74	60
Exchange rate differences, net	2,869	-843	50	202
Financial income and expenses, total	-4,534	-4,488	-5,277	-1,315
1.8. Extraordinary items				
Group contributions received			1,318	0
Group contributions paid			25,310	9,900
Extraorinary items, total			-23,992	-9,900
1.9. Appropriations				
Difference between scheduled depreciation and depreciation in taxation			3,022	5,411
			3,022	5,411
1.10. Direct taxes				
Income taxes on actual business				
- for financial year	25,713	4,195	25,686	4,681
- for previous years	6	55	6	-4
Change in deferred tax liability	-2,580	1,511	0	0
Direct taxes, total	23,139	5,761	25,692	4,677

2.1. FIXED ASSETS/GROUP

(FIM 1,000)

2.1.1. Intangible assets

	Intangible rights	Goodwill	Consolidation Goodwill	Other long-term liabilities	Total
Acquisition cost 1 Jan.	8,256	55,000	3,660	2,341	69,257
Increases 1 Jan.-31 Dec.	971	0	0	136	1,107
Decreases 1 Jan-31 Dec	-16	0	0	0	-16
Acquisition cost 31 Dec.	9,211	55,000	3,660	2,477	70,348
Accumulated depreciation and write-downs 1 Jan.	6,632	20,000	1,732	2,114	30,478
Accumulated depreciation of decreases and appropriations	-11	0	0	0	-11
Depreciation for financial year	858	5,000	673	221	6,752
Accumulated depreciation 31 Dec.	7,479	25,000	2,405	2,335	37,219
Book value 31 Dec.	1,732	30,000	1,255	142	33,129

2.1.2. Tangible assets

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	741	1,501	118,143	71	120,456
Increases 1 Jan.-31 Dec.	46	357	31,026	500	31,929
Decreases 1 Jan-31 Dec.	0	0	-3,486	0	-3,486
Acquisition cost 31 Dec.	787	1,858	145,683	571	148,899
Accumulated depreciation and write-downs 1 Jan.	0	52	58,716	0	58,768
Accumulated depreciation of decereases and appropriations	0	0	-2,114	0	-2,114
Depreciation for financial year	0	180	16,735	0	16,915
Accumulated depreciation 31 Dec.	0	232	73,337	0	73,569
Book value 31 Dec.	787	1,626	72,346	571	75,330

Consolidation reserve	
Acquisition cost 1 Jan.	269
Increases 1 Jan.-31 Dec.	47
Acquisition cost 31 Dec.	316
Accumulated income-recognition	-316
Book value 31 Dec.	0

(FIM 1,000)

	Group 1.1.-31.12.1999	1.1.-31.12.1998	**Parent company** 1.1.-31.12.1999	1.1.-31.12.1998
2.1.3. Investments				
Shares in Group companies				
Acquisition cost 1 Jan.			4,445	4,445
Increases 1 Jan.-31 Dec.			0	0
Decreases 1 Jan.-31 Dec.			-508	0
Acquisition cost 31.12.			3,937	4,445
Shares in associated companies				
Acquisition cost 1 Jan.	23	23	0	0
Increases 1 Jan.-31 Dec.	2,081	0	2,081	0
Decreases 1 Jan.-31 Dec.	0	0	0	0
Acquisition cost 31.12.	2,104	23	2,081	0

	Group (FIM 1,000) 1.1.-31.12.1999	1.1.-31.12.1998	Parent company 1.1.-31.12.1999	1.1.-31.12.1998
Stocks and shares in other companies				
Acquisition cost 1 Jan.	3,288	3,288	3,288	3,288
Increases 1 Jan.-31 Dec.	658	0	658	0
Decreases 1 Jan.-31 Dec.	-3	0	-3	0
Acquisition cost 31.12.	3,943	3,288	3,943	3,288
Receivables from other companies				
Acquisition cost 1 Jan.	100	100	0	0
Increases 1 Jan.-31 Dec.	0	0	0	0
Decreases 1 Jan.-31 Dec.	-100	0	0	0
Acquisition cost 31.12.	0	100	0	0
Investements, total	6,047	3,411	9,961	7,733

Shares in subsidiaries held by the parent company	Quantity	Holding %	Currency	Par value	Book value/FIM
NCC-Puolimatka International Oy, Helsinki 1)	4,085	99.15	FIM	511	1,996
Optiplan Oy, Turku	100	100	FIM	1.000	1,825
PMA-palvelut Oy, Helsinki	100	100	FIM	100	101
Puolimatkan LKV Oy, Vantaa	15	100	FIM	15	15
Shares in subsidiaries, total					3,937
Shares in associated companies held by the parent company					
Pääkaupunkiseudun rakennusjäte Oy	10,000	33.33	FIM	2,081	2,081
Shares in subsidiaries held by subsidiaries					
ZAO Rapco (Rapco Ltd), Moscow, Russia	10	100	RUR	100	1
ZAO NCC Projects, Moscow, Russia		100	USD	5	22
ZAO NCC Puolimatka, Moscow, Russia	100	100	RUR	10	9
NCC-Puolimatka Estonia Oü	1	100	EEK	40	15
UAB NCC Puolimatka, Lithuania	100	100	LTL	10	14
SIA NCC Puolimatka Latvia	100	100	LVL	2	19
UAB Optiplanas, Lithuania	400	100	LTL	160	108
AS Optiplan Eesti, Estonia	40	100	EEK	200	76
NCC-Puolimatka International Oy, Helsinki 1)	35	0.85	FIM	4	29

1) Group holding totals 100%.

Shares in associated companies held by a subsidiary					
KP-Kaupunkiprojektien Kehitys Oy, Helsinki	5	33.30	FIM	15	15
ZAO Eurolog Park Pulkov, Russia		29	USD	4	19
Other stocks and shares held by the Group					3,943

The currency exchange rate at
31.12.1999: FIM 5.9185 = USD 1

(FIM 1,000)	Group		Parent company	
	1.1.-31.12.1999	1.1.-31.12.1998	1.1.-31.12.1999	1.1.-31.12.1998
2.2. CURRENT ASSETS				
2.2.1. Inventory				
Materials and supplies	0	805	0	0
Work in progress	34,746	16,842	34,197	16,791
Finished products	0	3,008	0	0
Plot-owning companies and plots	260,586	192,555	260,586	192,555
Shares in companies under construction	231,006	131,298	231,006	131,298
Shares in completed companies	15,220	11,455	15,220	11,455
Other inventory	256	12	256	12
Inventory, total	541,814	355,975	541,265	352,111
Income-recognition according to percentage of completion affects the balance sheet items as follows:				
Assets				
Work in progress	1,026,621	907,890	915,208	854,091
Less percentage of completion income recognition	-991,875	-891,048	-881,011	-837,300
Work in progress	34,746	16,842	34,197	16,791
Liabilities and shareholders' equity				
Advances received	1,185,814	1,034,459	1,070,519	967,632
Less percentage of completion income recognition	-1,064,697	-957,246	-953,195	-901,041
Advances received	121,117	77,213	117,324	66,591
Receivables from and debts to housing associations and real estate holding companies				
Current				
Trade receivables	14,426	92	14,426	92
Loan receivables	60,078	51,503	60,078	51,503
Construction fund commitments	149,609	165,800	149,609	165,800
2.2.2. Long-term receivables				
Other receivables	850	0	850	0
Long-term receivables, total	850	0	850	0
2.2.3. Current receivables				
Trade receivables	243,708	216,540	223,379	193,802
Receivables from Group companies				
Trade receivables	95	0	1,131	1,103
Loan receivables	0	0	73,550	36,293
Accured assets	0	880	2,332	782
	95	880	77,013	38,178
Loan receivables	60,728	51,694	60,729	51,630
Other receivables	1,700	0	1,700	0
Accured assets	39,320	49,924	35,126	30,708
	101,748	101,618	97,555	82,338
Current receivables, total	345,551	319,038	397,947	314,318

The currency exchange rate at
31.12.1999: FIM 5.9185 = USD 1

(FIM 1,000)	Group		Parent company	
	1.1.-31.12.1999	1.1.-31.12.1998	1.1.-31.12.1999	1.1.-31.12.1998
Material items included in accrued assets				
Value-added taxes	4,858	8,569	4,295	7,839
Uninvoiced portion of projects handed over	12,993	22,651	12,992	9,198
Personnel expenses	689	219	380	49
Group contributions receives	0	0	1.318	0
Other accured assets	20,780	19,365	18,473	14,404
Accured assets, total	39,320	50,804	37,458	31,490
2.3. Shareholders' equity				
Share capital				
Share capital 1 Jan.	24,660	24,660	24,660	24,660
Subscription issue	4,800	0	4,800	0
Share capital 31 Dec.	29,460	24,660	29,460	24,660
Share premium account				
Share premium account 1 Jan.	99,735	99,735	99,735	99,735
Subscription issue above par value	60,200	0	60,200	0
Share premium account 31 Dec.	159,935	99,735	159,935	99,735
Retained profits				
Retained profits 1 Jan.	23,877	17,207	18,954	11,002
Retained profits 31 Dec.	23,877	17,207	18,954	11,002
Net profit for financial year	67,123	6,670	61,172	7,952
Shareholders' equity, total 31 Dec.	280,395	148,272	269,521	143,349
Distributable shareholders' equity				
Retained profits	23,877	17,207	18,954	11,002
Net profit for the financial year	67,123	6,670	61,172	7,952
Portion of accumulated depreciation difference entered in shareholders' equity	-11,069	-9,371		
Total	79,931	14,506	80,126	18,954
2.4. Accumulation of appropriations				
Accumulated depreciation difference				
Buildings and structures				
Depreciation difference 1 Jan.			53	0
Increase/ decrease			-57	53
Depreciation difference 31 Dec.			-4	53
Machinery and equipment				
Depreciation difference 1 Jan.			12,516	7,158
Increase/ decrease			3,080	5,358
Depreciation difference 31 Dec.			15,596	12,516
Accumulated depreciation difference, total				
Depreciation difference 1 Jan.			12,569	7,158
Increase/ decrease			3,022	5,411
Depreciation difference 31 Dec.			15,591	12,569

(FIM 1,000)	Group		Parent company	
	1.1.-31.12.1999	1.1.-31.12.1998	1.1.-31.12.1999	1.1.-31.12.1998
Division of accumulated appropriations between tax liability and shareholders' equity				
Depreciation difference in separate companies' financial statements	15,591	13,016		
Deferred tax liability	-4,522	-3,645		
Portion of shareholders' equity	11,069	9,371		
2.5. Obligatory reserves				
Guarantee reserve	11,986	7,596	11,936	7,446
Contract loss reserve	2,167	262	2,167	262
Rent guarantee reserve	200	974	200	974
Other obligatory reserves	4,690	4,339	4,477	4,097
Total	19,043	13,171	18,780	12,779
2.6. LIABILITIES				
2.6.1. Deferred tax liability and credits				
Deferred tax credits				
From matching differences	3,456	0		
	3,456	0		
Deferred tax liability				
From appropriations	4,522	3,645		
	4,522	3,645		

The consolidated balance sheet for 1998 shows only the deferred tax liability included in appropriations.

	Group 1.1.-31.12.1999	Group 1.1.-31.12.1998	Parent company 1.1.-31.12.1999	Parent company 1.1.-31.12.1998
2.6.2. Non-current liabilities				
Debts to Group companies				
Other debts	59,457	0	59,457	0
Non-current liabilities, total	59,457	0	59,457	0
2.6.3. Current liabilities				
Loans from financial institutions	0	5,096	0	0
Pension loans	42	45	42	45
Advances received	121,117	77,213	117,324	66,591
Trade payables	65,155	109,372	63,399	104,204
Debts to Group companies				
Trade payables	103	706	2,981	4,776
Other debts	219,457	145,000	219,457	145,000
Deferred liabilities	2,486	314	37,686	10,201
	222,046	146,020	260,124	159,977
Construction fund debts	149,609	165,800	149,609	165,800
Other debts	38,742	31,090	36,835	28,909
Deferred liabilities	147,037	135,159	137,217	112,408
Current liabilities, total	743,748	669,795	764,550	637,934

The currency exchange rate at
31.12.1999: FIM 5.9185 = USD 1

(FIM 1,000)	Group		Parent company	
	1.1.-31.12.1999	1.1.-31.12.1998	1.1.-31.12.1999	1.1.-31.12.1998
Material items included in deferred liabilities				
VAT and income taxes	30,023	12,853	29,570	12,473
Post-completion reserves on handed-over projects	42,829	33,708	40,319	20,238
Personnel expenses	62,345	51,729	58,034	45,558
Group contribution paid	0	0	35,210	9,900
Other deferred liabilities	14,326	37,183	11,770	34,440
Deferred liabilities, total	149,523	135,473	174,903	122,609

2.6.4. Interest-bearing liabilities

Current	219,499	150,141	219,499	145,045
Non-current	59,457	0	59,457	0
Total	278,956	150,141	278,956	145,045

2.7. CONTINGENT LIABILITIES

Loans	42	45	42	45
Pledges for own commitments				
Mortages given	0	19,800	0	19,800
Pledges given	67	20	67	20
	67	19,820	67	19,820
Counter-commitment liabilities				
for own liabilities	381,265	377,971	354,797	321,485
for subsiadiary‘s liabilities			26,468	56,486
	381,265	377,971	381,265	377,971
Guarantees given by parent company NCC AB	15,000	141,306	0	17,101

Complete information on the financial statements is included in the official balance sheet book produced by the company.

THE BOARD'S PROPOSAL FOR ACTION ARISING FROM THE PROFIT FOR THE YEAR

The parent company's distributable equity is FIM 80,126,065.00. The Group's distributable equity is FIM 79,930,742.23, after the depreciation difference posted to the shareholders' equity is deducted from the consolidated shareholders' equity.

The Board proposes to the annual general meeting that no dividend be paid and that the company's net profit for the year, being FIM 61,172,186.70, be posted to retained profits.

Vantaa, 1 February 2000

Lars Wuopio Chairman	Kenneth Orrgren
Kai Hietarinta	Magnus Mannesson
Markku Markkola	Matti Haapala President

AUDITOR'S 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, 17 February 2000

KPMG Wideri Oy Ab

Birger Haglund
Authorized Public Accountant in Finland

AUDITORS' REPORT

To the shareholder of NCC Finland 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 Finland Oy for the year ended 31 December 1999. 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 audit 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 67,123,199.53 in the consolidated statement and a profit of FIM 61,172,186.70 in the parent company income 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 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, 17 February 2000
KPMG Wideri Oy Ab

Birger Haglund
Authorized Public Accountant
in Finland

ORGANIZATION 9 MARCH 2000

The Board:
Lars Wuopio
Kenneth Orrgren
Kai Hietarinta
Magnus Mannesson
Matti Haapala
Markku Markkola

President
Matti Haapala

- **Business Development** — *Kauko Wasenius*
- **Internal Services** — Vice President, *Jukka Lahtinen*
- **Building Design** — Optiplan Oy, *Matti Leino*

- **Real Estate Development** — *Jorma Ahokas*
  - **Products:**
    - Office and Business Premises
    - Business Parks
    - Shopping Centres
    - Hotels
    - Logistics Products
- **Building, Helsinki Area** — *Antero Huhta*
  - **Design & Build**
  - **Develop-ment**
  - **Office and Commercial Construction** — *Antero Huhta*
  - **Renovation** — *Armas Lattunen*
- **Housing** — *Heikki Miettinen*
  - **Building Development** — *Markku Hainari*
  - **Southern** — *Juha Korkiamäki*
  - **Northern** — *Tapio Hietikko*
  - **Hämeenlinna Region** — *Jarmo Mäkelä*
  - **Lohja Region** — *Tuomo Äyräväinen*
- **Building, Regions** — *Juhani Väisänen*
  - **Southwest Finland** — *Mauri Varjonen*
  - **Western Finland** — *Jorma Kivimaa*
    - ***Tampere Region*** — *Jorma Kivimaa*
    - ***Central Finland*** — *Olavi Tikkanen*
    - ***Ostrobothnia*** — *Rune Hagström*
  - **Southeast Finland** — *Olli-Pekka Teerijoki*
  - **Eastern Finland** — *Jouko Ryhtä*
  - **Northern Finland** — *Eero Kuittinen*
- **Civil Engineering** — *Olavi Knihtilä*
  - **Southern Finland**
  - **Western Finland** — *Aarne Kortesuo*
  - **Eastern Finland** — *Ilkka Kimmo*
- **Industry** — *Pentti Kuvaja*
  - **Equipment** — *Jyri Mäkelä*
  - **Crushed stone**
  - **Asphalt**
  - **Concrete**
- **International Operations** — NCC-Puolimatka International Oy, *Timo U. Korhonen*
  - **Russia**
    - Moscow
    - St Petersburg
  - **Baltic States**
    - Estonia
    - Latvia
    - Lithuania

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