NCC Companies, Finland

Annual Report 2002

REPORT FOR THE 1.1. - 31.12.2002 ACCOUNTING PERIOD

TURNOVER AND RESULTS

The NCC Finland Group's turnover in 2002, calculated on the percentage of completion, was MEUR 737.5, an increase of MEUR 108.7 on the previous year (MEUR 628.8 in 2001). The turnover figure includes MEUR 139.3 (MEUR 75.2) in sales of shares in spec construction and MEUR 28.4 (MEUR 24.2) in sales of tracts of land in the form of plots and shares plus plot transfers to production. The sales of shares have been income-recognised in accordance with the date on which the bills of sale were signed. Exports accounted for MEUR 21.8 (MEUR 12.4) or 3% (2%) of the Group's turnover.

The Group's profit before extraordinary items and taxes was MEUR 23.8, being a increase of MEUR 17.4 on the previous year's figure (MEUR 6.4). The Group's profit from operations before depreciation was MEUR 31.0 (MEUR 14.0) which is 4.2% of turnover (2.2%). The return on investment was 13.1% (6.7%) and the return on equity was 19.3% (5.2%).

Housing construction was strong in 2002. The main emphasis in housing construction moved strikingly in favour of privately financed construction. Housing sales, fuelled by low interest rates, took off at a rapid pace at the start of the year and outperformed the previous year by a clear margin. There was no significant change in government-supported housing construction. A lot of business facilities had been built in the previous few years, and since the demand for premises declined at the same time and office underutilisation rates rose, no new spec office building projects were launched during the financial year.

The orders in hand were in line with targets and healthy throughout the year.

The good result for the financial year was due largely to success in housing sales. The downturn in stocks of unsold, completed housing also resulted in profit being carried forward from the previous year due to accounting matches. Moreover, the steady number of orders facilitated accurate tendering, and there was no need to resort to underpricing. The business units started in the beginning of the year all posted a net profit.

BALANCE SHEET STATUS

The NCC Finland Group's balance sheet total at year-end was MEUR 388.1 (MEUR 390.2 in 2001) and its shareholders' equity was MEUR 88.0 (MEUR 84.3). The dividend paid in 2002 to the parent company NCC AB was EUR 13,869,000.

The key indicators on the balance sheet improved and interest-bearing liabilities declined. The balance sheet was strengthened, particularly on the housing business side, due to the decline in unsold, completed housing. On the real estate business side, some of the completed projects were still left on our balance sheet and interest-bearing debts increased in this respect. At year-end it was decided to launch the construction of a new head office for NCC Finland. The project was sold at the same time so that the construction will not encumber our balance sheet.

Interest-bearing liabilities on the balance sheet at year-end were MEUR 144 (MEUR 171). Financing expenses net of exchange gains and losses were MEUR 7.1 (MEUR 7.4), which is 0.96% (1.18%) of turnover. Loans to housing companies whose buildings were under construction on the responsibility of NCC Finland Oy totalled MEUR 11.8 (MEUR 0) at year-end. Cash in hand and at bank totalled MEUR 17.1 (MEUR 18.3). The equity ratio rose to 24.5% (22.9%).

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

INVESTMENTS

Net capital expenditure on fixed assets amounted to MEUR 8.3 negative (MEUR +11.0 in 2001), due to the handover of building plant business to the sister company Altima Oy. The capital tied up in plots of land increased by MEUR 20.4 and totalled MEUR 108.2 (MEUR 87.7) at year-end.

GROUP STRUCTURE

Changes in the Group structure

In accordance with the aims of NCC AB's business reorganisation, NCC Finland Oy's plant hire interests were sold

FINNISH NATIONAL THEATRE, HELSINKI
PHOTO: VOITTO NIEMELÄ

at the end of June to Altima Oy in the form of a business interest transaction. Altima Oy's present owner is Altima Group AB, which is owned by NCC AB.

As of 1 January 2003, NCC Finland Oy was divided into three new companies: NCC Rakennus Oy, NCC Property Development Oy and NCC Roads Oy. The companies are owned by the Swedish corporation NCC AB.

NCC Rakennus Oy's field of business is building construction, including the construction of housing, business premises, commercial property and public buildings as well as other facilities. Of its subsidiaries, Optiplan Oy engages in full-service design and NCC International Oy is responsible for the Group's operations in the Baltic countries and Russia.

The services provided by *NCC Property Development Oy* are in real estate development, commissioning construction and finding tenants, and in offering high-yield properties to investor-customers.

NCC Roads Oy engages in aggregate and precast concrete business. NCC Roads Oy's subsidiary Interasfaltti Oy performs asphalt contracting as well as maintenance services for roads and streets.

In October, Interasfaltti Oy was amalgamated with its parent company, Oy Läntinen Teollisuuskatu 15, and the name of Oy Läntinen Teollisuuskatu 15 was changed to Interasfaltti Oy. Interasfaltti Oy's Latvian subsidiary SIA Intercommication was liquidated during the financial year.

At the end of September, NCC Finland Oy acquired the issued stock of Hämeen Maa-aines Oy, a company engaging in aggregate business.

Action to liquidate Optiplan Oy's subsidiaries S-Planners Oy and Enertek Oy was brought to completion. Optiplan Oy's new subsidiary Rakennussuunnittelu A. Sahla Oy, acquired in spring 2002, was liquidated. The business of the liquidated companies continues within Optiplan Oy. At the same time, Optiplan Oy's Estonian subsidiary AS Optiplan Eesti was also liquidated.

Action continues to liquidate the Russian associated company ZAO Eurolog Park. The name of Pääkaupunkiseudun rakennusjäte Oy was changed to Rakentajien Ekopark Oy and the shares in the Latvian property-owning company SIA NCC Speks Investment were transferred to inventories.

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 rim as its prime market areas.

The divisions

The divisions of the NCC Finland Group are Construction, Property Development, Roads, and Altima, whose plant hire business was sold at the end of June to the now NCC AB-owned Altima Group AB.

Construction includes eleven profit centres; building construction in the Helsinki Metropolitan Area, housing construction in the Helsinki Metropolitan Area, Uusimaa and Southern Häme, Southwest Finland, Central Finland, Eastern Finland, Northern Finland, international operations, construction design, business development, and service units. International operations are the responsibility of the subsidiary NCC International Oy, together with its subsidiaries in the Baltic countries and Russia. Construction design is the responsibility of Optiplan Oy and its subsidiaries.

The Property Development division includes services for property development, commissioning construction and finding tenants, and offering high-yield properties to investor-customers.

The Roads division provides services in aggregate and precast concrete business, asphalt contracting, and maintenance services for roads and streets. Its subsidiary Interasfaltti Oy performs both asphalt contracting and maintenance services for roads and streets.

OUTPUT

Construction output broke down into the following percentage figures:

	2002	2001
New housing construction	44%	45%
Other building construction	39%	41%
Renovation	12%	9%
Civil engineering	1%	3%
International construction	4%	2%

During the financial year, 2,392 dwellings were completed (2,187), of which 538 (868) were privately financed spec construction. The number of dwellings under construction was 3,329 (2,617), of which 1,027 (508) were privately financed spec construction. During the financial year, the construction of 1,066 (446) privately financed spec construction dwellings was started. 1,147 (642) spec construction dwellings were sold, and the number of unsold, completed spec dwellings at year-end was 84 (320).

BOARD OF DIRECTORS, CORPORATE MANAGEMENT AND AUDITORS

Board of Directors

Until 20 February 2002

Matti Haapala, chairman

Ulf Wallin, Timo U. Korhonen, Jukka Lahtinen

As of 20 February 2002

Alf Göransson, chairman

Ulf Wallin, Björn Andersson, Timo U. Korhonen

Kari Korpela served as secretary to the Board of Directors.

Corporate management

Timo U. Korhonen, M.Sc. (Eng.) serves as the company's President and Jukka Lahtinen, M.Sc. (Econ.) is the Executive Vice President.

AUDITORS

The auditor of NCC Finland Oy is KPMG Wideri Oy Ab, with Birger Haglund, APA, M.Sc. (Econ.) as the auditor in charge.

PERSONNEL

At year-end, the parent company, NCC Finland Oy, had 1,971 (2,159 in 2001). The Group had 2,324 (2,427) employees at year-end. NCC Finland Oy had an average of 2,047 (2,222) employees during the year and the Group had 2,558 (2,513). The decline in personnel was due mainly to Altima becoming a sister company.

As in previous years, the backbone of training activities was formed by diploma training programmes for construction workers and office personnel. In the diploma training programme for office personnel, a production management diploma course began as a higher level for site managers. Training was continued in skills for management, information technology, languages, customer relations and contractual matters. Independent internet-based studying was introduced in language learning. Training in competition laws was attended by 150 people engaged in making contracts.

To ensure future personnel resources, collaboration with institutes of education was intensified.

On the basis of the results from a personnel survey, measures on improvement and adjustment were drawn up for the units' action plans. The testing and introduction of the personnel data system continued.

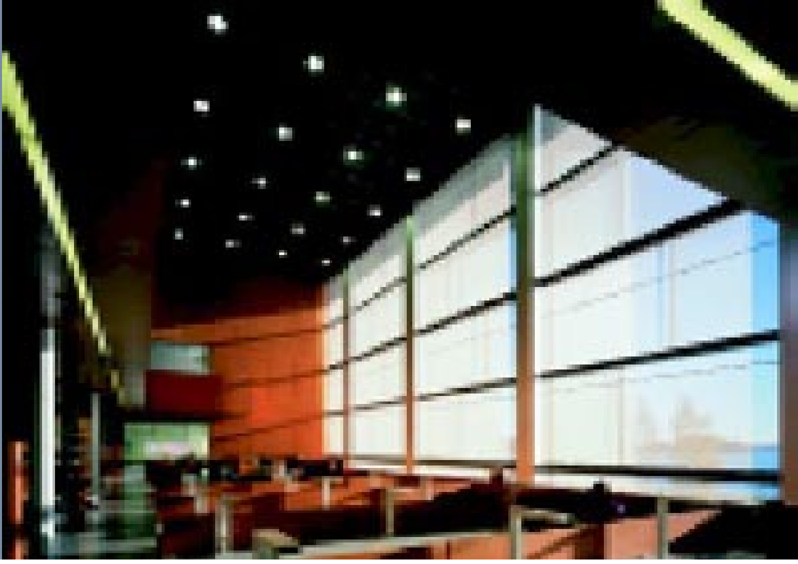
Particular attention was paid to improving on-the-job safety on building sites.

In occupational health care, activities for maintaining working fitness were emphasised. Established forms of rehabilitation were continued and the rehabilitation, open rehabilitation and weight-watching of older employees were developed and started. Training in dealing with intoxicants was started for personnel engaged in work safety and health matters.

DEVELOPMENT

The main thrust in development work in 2003 was on improving products, services, commercialisation, and operational development.

The stabilisation and commercialisation of the design solutions for the TähtiKoti ("Star Home") continued, and commercialisation of the marketing and sales service model



TRITONIA, SCIENCE LIBRARY, VAASA
- CHOSEN AS THE SENATE PROPERTIES PROJECT OF THE YEAR 2001.
PHOTO: PENTTI POTKONEN

was started. The content and product qualities of the Aktiivi-Koti ("Active Home") concept were reviewed on the basis of the experiences and lessons of the first completed projects. Development work continued on the EKO concept intended for needs-based business facility projects.

Further improvements were made in time and cost control for project management, and the company's quality system was changed to make it process-driven. Pilot projects related to 3-D product modelling were started.

Research and development costs were booked as annual expenses.

ORDERS IN HAND

The NCC Finland Group's non-income-recognised orders in hand increased slightly over the end of the previous year, being MEUR 315 (MEUR 282) at year-end. Foreign projects accounted for roughly 5% (5%) of the orders held. Of the orders in Finland, slightly over half are in the Helsinki Metropolitan Area.

OUTLOOK FOR 2003

The international trend continues to be uncertain. This uncertainty is also reflected in the Finnish economy, interest rates, and the purchasing decisions of home-buyers and companies. The so far relatively strong confidence in the economy of industry and consumers is keeping up consumer demand, which in turn stimulates demand for housing, commercial and other construction. Housing construction is forecast to be at least on a par with the previous year's level. The growth target for government-subsidised housing production may be delayed due to elections, however. Deterioration in the economies of local authorities will postpone necessary investments in construction or cause them to be privately financed. Renovation is forecast to continue growing and its importance will grow as a subdivision of construction. We believe that our turnover from building construction in Finland will be at least on a par with last year's figure. Roughly half of the volume will be from construction in the Helsinki Metropolitan Area.

The main thrust in international operations in the Baltic countries is on negotiated contracts and on spec building construction in locally implemented housing and other building construction. In Russia, the intention is to build construction projects for Western companies on a traditional project export basis and to carry out local contracts with international financing. The turnover from export projects is forecast to grow in 2003 as projects under preparation in both the Baltic countries and Russia get underway.

In the partition of the company, building construction, international business and the Optiplan Group's design operations are part of NCC Rakennus Oy's building construction division. Real estate business continues under the name of NCC Property Development Oy and asphalting and aggregate business continues under the name of NCC Roads Oy. Plant hire business, which was hived off in the summer, continues under the name of Altima Oy.

Partition on 1.1.2003

NCC Finland Oy

CONSTRUCTION	PROPERTY DEVELOPMENT	NCC ROADS	ALTIMA
NCC RAKENNUS OY Timo U. Korhonen Business identity Code FI17655142	NCC PROPERTY DEVELOPMENT OY Jorma Ahokas Business identity Code FI17655193	NCC ROADS OY Olli Kokkonen Business identity Code FI17655150	ALTIMA OY Timo Toivanen Business identity Code FI16142599

NCC FINLAND OY

	2002	*2001*	*2000*	*1999*	*1998*
Consolidated income statements (MEUR)					
Turnover	737.5	628.8	592.5	483.3	411.4
Operating profit	31.0	14.0	29.5	15.9	2.8
Financial income and expenses	-7.2	-7.6	-3.0	-0.8	-0.7
Extraordinary items	1.0				
Profit before taxes	24.8	6.4	26.5	15.1	2.1
Consolidated balance sheet (MEUR)					
Assets					
Fixed assets	40.1	56.5	53.1	19.3	17.5
Inventory	168.5	196.7	187.5	91.1	59.9
Financial assets	179.5	137.0	107.8	75.8	63.0
Liabilities and shareholders' equity					
Shareholders' equity	88.0	84.8	80.0	47.2	24.9
Obligatory reserves	9.9	6.4	3.2	3.2	2.2
Liabilities					
Interest-bearing	144.1	171.0	109.2	46.9	25.3
Non-interest-bearing	146.1	128.0	156.0	88.9	88.0
Balance sheet total	388.1	390.2	348.4	186.2	140.4
Indicators					
Return on equity (ROE)	19.3	5.2	29.1	31.3	4.6
Return on investment (ROI)	13.1	6.7	21.3	23.0	7.3
Quick ratio	0.8	0.5	0.5	0.7	0.6
Equity ratio,%	24.5	22.9	24.7	28.4	19.6
Non-income recognised backlog of orders (MEUR)	315	282	358	289	255
Average personnel	2,558	2,513	2,476	2,066	1,974

Formulas for the key indicators

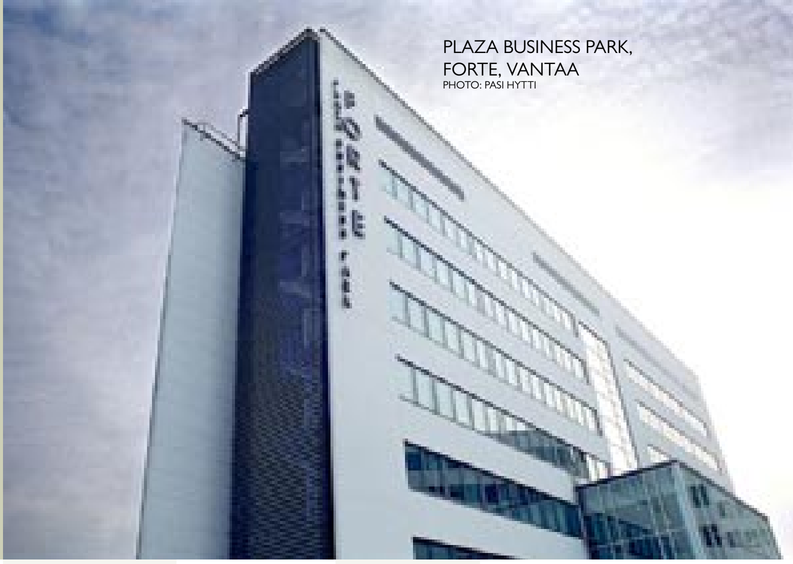
Return on equity (ROE): $\dfrac{\text{Profit before extraordinary items, appropriations and taxes less taxes for the year}}{\text{Shareholders' equity + minority interest (avarage for year)}}$

Return on investment (ROI): $\dfrac{\text{Profit before extraordinary items, appropriations and taxes + interest expenses and other financing expenses}}{\text{Balance sheet total less non-interest-bearing debts (avarage for year)}}$

Quick ratio: $\dfrac{\text{Financial assets}}{\text{Current liabilities less advance payments}}$

Equity ratio: $\dfrac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total less advance payments}}$

INCOME STATEMENTS



PLAZA BUSINESS PARK,
FORTE, VANTAA
PHOTO: PASI HYTTI

	Reference	(€ 1,000) GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
Turnover	1.1.	737,470	628,758	687,812	593,322
Increase (+)/ decrease (-) in stocks of finished and unfinished goods		-29,029	19,857	-30,973	20,681
Production for own use		830	1,203	434	950
Other operating income	1.2.	2,731	1,564	2,649	1,899
Materials and services	1.3.	513,222	435,475	488,480	420,769
Personnel expenses	1.4.	92,890	97,062	77,833	84,423
Depreciation and write-downs	1.5.	7,809	8,382	4,934	5,603
Other operating costs	1.6.	67,060	96,479	58,552	89,297
Operating profit		31,021	13,984	30,123	16,760
Financial income and expenses	1.7.	-7,248	-7,552	-6,522	-6,831
Profit before extraordinary items		23,773	6,432	23,601	9,929
Extraordinary items	1.8.	1,000		449	-3,211
Profit before appropriations and taxes		24,773	6,432	24,050	6,718
Appropriations	1.9.			1,489	-1,502
Direct taxes	1.10.	-7,116	-2,141	-7,532	-2,080
Net profit for the year		**17,657**	**4,291**	**18,007**	**3,136**

BALANCE SHEETS

	Reference	GROUP 1.1.-31.12.2002 (€ 1,000)	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
ASSETS					
Fixed assets	2.1.				
Intangible assets	2.1.1.	5,632	6,550	3,819	4,719
Consolidation goodwill	2.1.1.	12,850	13,938		
Tangible assets	2.1.2.	19,654	34,083	12,628	26,792
Investments	2.1.3.	1,952	1,937	25,715	25,189
		40,088	56,508	42,162	56,700
Current assets	2.2.				
Inventory	2.2.1.	168,511	196,676	163,462	194,322
Deferred tax receivables	2.6.1.	2,775	2,070		
Current receivables	2.2.3.	159,611	116,569	156,097	119,635
Cash in hand and at banks		17,103	18,346	13,512	14,506
		348,000	333,661	333,071	328,463
Assets		**388,088**	**390,169**	**375,233**	**385,163**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	2.3.				
Share capital		5,964	5,964	5,964	5,964
Share premium account		40,186	40,186	40,186	40,186
Retained profits		24,242	33,820	20,188	30,922
Net profit for the year		17,657	4,291	18,007	3,136
		88,049	84,261	84,345	80,208
Minority interest		2	534		
Accumulation of appropriations	2.4.			4,015	5,504
Obligatory reserves	2.5.	9,913	6,346	9,349	6,219
Liabilities	2.6.				
Deferred tax liabilities	2.6.1.	1,585	1,931		
Non-current liabilities	2.6.2.	20,728	25,728	20,728	25,728
Current liabilities	2.6.3.	267,811	271,369	256,796	267,504
		290,124	299,028	277,524	293,232
Liabilities and shareholders' equity		**388,088**	**390,169**	**375,233**	**385,163**

APARTMENT BUILDINGS, LAUTTASAARI, HELSINKI
PHOTO: NCC COMMUNICATIONS

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

(€ 1,000)

	GROUP		PARENT COMPANY	
	1.1.-31.12.2002	1.1.-31.12.2001	1.1.-31.12.2002	1.1.-31.12.2001
Cash flow from business operations				
Profit before extraordinary items	23,773	6,432	23,601	9,929
Adjustments:				
Profit and loss from disposal of material and immaterial goods	769	-280	791	-281
Planned depreciation	7,809	8,382	4,934	5,603
Financing income and expenses not paid	1,432	1,833	1,432	1,833
Increase (+)/ decrease (-) in uninvoiced portion of handed-over and partially income-recognized projects and post-completion reserves	-5,824	7,582	-4,516	6,989
Increase (+)/ decrease (-) in obligatory reserves	3,567	3,141	3,129	3,148
Cash flow before change in working capital	31,526	27,090	29,371	27,221
Change in working capital:				
Increase (-)/decrease in trade receivables	-46,873	2,471	-46,821	75
Increase (-)/decrease in loan receivables from housing associations and real estate holding	11,982	-36,256	13,257	-36,256
Increase (-)/decrease in current non-interest-bearing receivables	-3,817	-980	-1,664	1,016
Increase(-)/ decrease (+) in inventories	28,164	-9,198	30,860	-9,226
Increase (+)/decrease in trade payables	-5,097	-3,917	-6,206	-3,713
Increase (+)/decrease in construction fund commitment	11,748	-13,422	11,748	-13,422
Increase (+)/decrease in advances received	9,213	-5,042	7,080	-4,889
Increase(+)/decrease(-) in non-interest-bearing debts	-542	3,274	-3,247	1,157
Change in working capital:	4,778	-63,070	5,007	-65,258
Cash flow from business operations before taxes	36,304	-35,980	34,378	-38,037
Direct taxes paid	-5,028	-9,255	-4,487	-7,616
Cash flow from business operations (A)	**31,276**	**-45,235**	**29,891**	**-45,653**
Cash flow from investments:				
Investments in material and immaterial goods	-6,904	-16,305	-5,332	-13,884
Income from disposal of material and immaterial goods	15,746	4,820	15,146	3,830
Increase (+)/ decrease (-) in minority interests	-532	530		
Cash flow from investments (B)	**8,310**	**-10,955**	**9,814**	**-10,054**
Cash flow from financing				
Dividend	-13,869			
Increase (-)/ decrease (+) in interest-bearing loan receivables			2,761	429
Dividend			-13,869	
Increase (+)/ decrease (-) in interest-bearing debts	-26,960	61,865	-26,380	60,744
Group contribution received/ paid			-3,211	-6
Cash flow from financing (C)	**-40,829**	**61,865**	**-40,699**	**61,167**
Increase(+)/ decrease (-) in liquid assets (A+B+C)	**-1,243**	**5,675**	**-994**	**5,460**
Liquid assets at start of year	18,346	12,671	14,506	9,046
Liquid assets at year-end	17,103	18,346	13,512	14,506

ACCOUNTING CONVENTIONS

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 balance sheet. In accordance with the relevance principle the minority interest has not been separated in income statement.

Translation adjustments

The figures for the financial statements of foreign companies in the Group have been converted into Euros 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.

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.

Turnover includes the share of building work and the share trading in spec projects as well as plots at their acquisition cost. For partnership projects on which NCC Finland acts as a contractor for construction on a plot formerly owned by the company, turnover includes the proportion of the building work and the value of the plots at market prices.

Income-recognition of long-term projects

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

Additionally, accounting practice was changed on the Group level in line with the parent company´s conventions: as a result, gross margin in contracts amounting to more than SEK 100 million (approc. MEUR 10.8) will not be income-recognised according to the percentage of completion method until the completion level exceeds 50%.

The degree of completion is calculated as a ratio of the actual projects costs relative to the forecast total costs. The market-based construction margin of long-term spec housing projects and commercial building projects which are to be sold at the company´s own risk 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. The margin on the property development of long-term commercial building projects undertaken and to be sold at the company´s own risk, is income-recognized in its entirety in accordance with extent of sales of shares. Sales of shares are booked in the income statement on the basis 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 - 20
Other non-current expenditure	5 - 10
Buildings and structures	10
Buildings and structures	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. 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 deferred tax liability in toto 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.

(€ 1,000)

		GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
1.1.	TURNOVER				
	Turnover by divisions				
	Building construction in Finland	607,628	545,510	607,628	545,510
	International operations	21,842	12,363		
	Real estate development	64,163	33,405	64,163	33,405
	Industry	44,667	38,187	15,076	13,077
	Building design	7,279	6,296		
	Other business	1,395	1,878	945	1,330
	Less intra-Group	-9,504	-8,881		
	Turnover, total	737,470	628,758	687,812	593,322
	Turnover includes sales of shares in spec construction				
	Building construction in Finland	131,864	74,083	131,864	74,083
	International operations	2,341			
	Real estate development	5,097	1,089	5,097	1,089
	Total	139,302	75,172	136,961	75,172
	Turnover includes sales of plots and shares in plots as well as plot transfers to production				
	Building construction in Finland	24,420	20,415	24,420	20,415
	Real estate development	3,991	3,754	3,991	3,754
	Total	28,411	24,169	28,411	24,169
	Turnover by market area				
	Finland	725,110	625,248	687,812	593,322
	Russia	11,376	5,884		
	Estonia	6,874	3,453		
	Lithuania	-79	1,344		
	Latvia	3,693	1,710		
	Less intra-Group	-9,504	-8,881		
	Turnover, total	737,470	628,758	687,812	593,322
	Percentage in turnover of projects not yet handed over at year-end	249,559	227,891	239,417	219,838
1.2.	**Other operating income**				
	Profits on the sale of fixed assets	376	344	354	314
	Service income	1,403	2,053	1,014	1,448
	Other	2,357	197	1,281	137
	Less intra-Group	-1,405	-1,030		
	Other opereating income, total	2,731	1,564	2,649	1,899
1.3.	**Materials and services**				
	Materials, supplies and goods:				
	Purchases during the year	102,442	94,778	89,225	85,939
	Purchases of land and shares and issues	160,275	95,494	159,356	94,738
	Change in inventory (increase-/decrease+)	-864	10,659	-113	11,455
		261,853	200,931	248,468	192,132
	External services	251,369	234,544	240,012	228,637
	Materials and services, total	513,222	435,475	488,480	420,769

(€ 1,000)	GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
1.4. Personnel expenses and number of personnel				
Personnel expenses:				
Wages and salaries	72,031	73,915	61,202	64,620
Pension expenses	10,213	13,280	8,242	12,542
Other personnel expenses	10,646	9,867	8,389	7,261
Total	92,890	97,062	77,833	84,423
Management salaries and emoluments:				
Presidents	593	940	350	628
Board members		42		42

The agreed pensionable age for Board members employed by NCC Finland Oy is 60.
The costs of the share option programme carried out by NCC AB has recognized as income statement years 1999 - 2001.

(€ 1,000)	GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
Average number of personnel for year:				
- Salaried	1,141	1,083	854	893
- Wage-earners	1,417	1,430	1,193	1,329
Total	2,558	2,513	2,047	2,222
Number of personnel at year-end:				
- Salaried	1,089	1,086	849	880
- Wage-earners	1,235	1,341	1,122	1,279
Total	2,324	2,427	1,971	2,159
1.5. Depreciation and write-downs				
Intangible rights	224	191	160	142
Goodwill	1,344	1,115	1,065	896
Consolidation goodwill	815	861		
Other long-term expenditure	79	105	17	12
Buildings and structures	205	138	113	88
Machinery and equipment	4,918	5,805	3,355	4,298
Other tangible assets	224	167	224	167
Total	**7,809**	**8,382**	**4,934**	**5,603**
1.6. Other operating costs				
Rents	12,706	6,562	11,464	5,657
Voluntary personnel expenses	2,377	2,347	1,947	1,986
External administrative services	1,834	1,915	1,850	1,909
Other office and administrative expenses	8,881	9,043	7,295	7,725
Other construction expenses	40,869	76,087	35,323	71,693
Other operating costs	393	525	673	327
Other operating costs, total	**67,060**	**96,479**	**58,552**	**89,297**

(€ 1,000)

		GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
1.7.	**Financial income and expenses**				
	Dividend income				
	From Group companies				
	From others	236	35	236	35
		236	35	236	35
	Total income from investments included in assets, total	236	35	236	35
	Other interest and financial income				
	From Group companies	654	601	1,158	1,162
	From others		329		269
		654	930	1,158	1,431
	Interest income from long-term investments included in assets and other interest and financial income, total	890	965	1,394	1,466
	Interest expenses and other financial expenses				
	From Group companies	7,850	8,219	7,850	8,226
	From others	149	144	136	52
		7,999	8,363	7,986	8,278
	Exchange rate gains				
	Calculated exchange rate gains	252	1,091		
	Realized exchange rate gains	93	466	87	37
		345	1,557	87	37
	Exchange rate losses				
	Calculated exchange rate losses	454	697		
	Realized exchange rate losses	30	1,014	17	56
		484	1,711	17	56
	Exchange rate differences, net	-139	-154	70	-19
	Financial income and expenses, total	**-7,248**	**-7,552**	**-6,522**	**-6,831**
1.8.	**Extraordinary items**				
	Group contributions received			97	58
	Profit of machinery of the Construction	1,000		1,000	
	Group contributions paid			648	3,269
	Extraordinary items, total	1,000	0	449	-3,211
1.9.	**Appropriations**				
	Difference between scheduled depreciation and depreciation in taxation			-1,489	1,502
				-1,489	1,502
1.10.	**Direct taxes**				
	Income tax on actual business				
	- for financial year	7,604	2,026	7,300	2,066
	- for previous years	562	14	232	14
	Change in deferred tax liability	-1,050	101		
	Direct taxes, total	7,116	2,141	7,532	2,080

2.1. FIXED ASSETS / GROUP

2.1.1. Intangible assets

(€ 1,000)

	Intangible rights	Goodwill	Other long-term liabilities	Total	Consolidation Goodwill
Acquisition cost 1 Jan.	2,321	11,776	877	14,974	15,500
Increases 1 Jan.-31 Dec.	337	322	142	801	274
Decreases 1 Jan-31 Dec.	-154	-1,219		-1,373	-575
Acquisition cost 31 Dec.	2,504	10,879	1,019	14,402	15,199
Accumulated depreciation and write-downs 1 Jan.	1,595	6,273	556	8,424	1,562
Accumulated depreciation of decreases and appropriations	-82	-1,219		-1,301	-28
Depreciation for financial year	224	1,344	79	1,647	815
Accumulated depreciation 31 Dec.	1,737	6,398	635	8,770	2,349
Book value 31 Dec.	767	4,481	384	5,632	12,850

2.1.2. Tangible assets

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance paymets and construction in progress	Total
Acquisition cost 1 Jan.	648	1,993	49,046	2,377	461	54.525
Increases 1 Jan.-31 Dec.	19	165	5,116	417	67	5.784
Decreases 1 Jan-31 Dec.	-126	-670	-25,859		-528	-27.183
Acquisition cost 31 Dec.	541	1,488	28,303	2,794	0	33.126
Accumulated depreciation and write-downs 1 Jan.		246	20,020	176		20.442
Accumulated depreciation of decreases and appropriations		-154	-12,163			-12.317
Depreciation for financial year		205	4,918	224		5.347
Accumulated depreciation 31 Dec.	0	297	12,775	400	0	13.472
Book value 31 Dec.	541	1,191	15,528	2,394	0	19.654

Consolidation reserve	
Acquisition cost 1 Jan.	53
Increases 1 Jan.-31 Dec.	0
Acquisition cost 31 Dec.	53
Accumulated income-recognition	-53
Book value 31 Dec.	0

2.1. FIXED ASSETS/ PARENT COMPANY

2.1.1. Intangible assets

	Intangible rights	Goodwill	Other long-term liabilities	Total
Acquisition cost 1 Jan.	961	9,721	110	10,792
Increases 1 Jan.-31 Dec.	277		137	414
Decreases 1 Jan-31 Dec.	-78	-1,009		-1,087
Acquisition cost 31 Dec.	1,160	8,712	247	10,119
Accumulated depreciation and write-downs 1 Jan.	513	5,526	34	6,073
Accumulated depreciation of decreases and appropriations	-6	-1,009		-1,015
Depreciation for financial year	160	1,065	17	1,242
Accumulated depreciation 31 Dec.	667	5,582	51	6,300
Book value 31 Dec.	493	3,130	196	3,819

2.1.2. Tangible assets

(€ 1,000)

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance paymets and construction in progress	Total
Acquisition cost 1 Jan.	426	1,425	36,648	2,364	461	41,324
Increases 1 Jan.-31 Dec.	19	112	3,748	418	67	4,364
Decreases 1 Jan-31 Dec.	-126	-670	-24,367		-528	-25,691
Acquisition cost 31 Dec.	319	867	16,029	2,782	0	19,997
Accumulated depreciation and write-downs 1 Jan.		188	14,177	167		14,532
Accumulated depreciation of decreases and appropriations		-154	-10,701			-10,855
Depreciation for financial year		113	3,355	224		3,692
Accumulated depreciation 31 Dec.	0	147	6,831	391	0	7,369
Book value 31 Dec.	319	720	9,198	2,391	0	12,628

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

(€ 1,000)

2.1.3. Investments

	GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
Shares in Group companies				
Acquisition cost 1 Jan.			23,610	26,553
Increases 1 Jan.-31 Dec.			444	62
Decreases 1 Jan.-31 Dec.				-3,005
Acquisition cost 31.12.			24,054	23,610
Shares in associated companies				
Acquisition cost 1 Jan.	1,021	1,170	671	650
Increases 1 Jan.-31 Dec.		21		21
Decreases 1 Jan.-31 Dec.	-76	-170		
Acquisition cost 31.12.	945	1,021	671	671
Stocks and shares in other companies				
Acquisition cost 1 Jan.	916	813	908	806
Increases 1 Jan.-31 Dec.	119	105	110	104
Decreases 1 Jan.-31 Dec.	-28	-2	-28	-2
Acquisition cost 31.12.	1,007	916	990	908
Investments, total	1,952	1,937	25,715	25,189

	Quantity	Holding %	Currency	Par value	(€ 1,000) Book value
Shares in subsidiaries held by the parent company					
Interasfaltti Oy, Espoo	5,464	100 %	€	230	20,715
NCC International Oy, Helsinki 1)	7,965	99.56 %	€	167	2,564
Optiplan Oy, Turku	100	100 %	€	168	307
Hämeen Maa-aines Oy, Tampere	10	100 %	€	3	444
PMA-palvelut Oy, Helsinki	100	100 %	€	17	17
Puolimatkan LKV Oy, Vantaa	15	100 %	€	3	3
Vuorenvarma Ky, Vantaa		100 %	€		4
Shares in subsidiaries, total					24,054
Shares in associated companies held by the parent company					
Rakentajien Ekopark Oy	10,000	33.33 %	€	350	650
Arandur Oy	210	33.33 %	€	21	21
					671
Shares in subsidiaries held by subsidiaries					
NCC International Oy, Helsinki 1)	35	0.44 %	€	1	5
ZAO Rapko (Rapco Ltd), Moscow, Russia	10	100 %	RUB		
ZAO NCC Projects, Moscow, Russia		100 %	USD	5	4
ZAO NCC, Moscow, Russia	100	100 %	RUB	10	1
ZAO NCC North-West, Russia	100	100 %	RUB	16	1
NCC Ehitus Oü, Estonia	1	100 %	EEK	40	2
Inrestauraator Ehitus Oü, Estonia	2	100 %	EEK	400	252
UAB NCC Statyba, Lithuania	150	100 %	LTL	15	217
UAB Optiplanas, Lithuania	400	100 %	LTL	160	18
SIA NCC Konstrukcija, Latvia	10	100 %	LVL	2	286
1) Group holding totals 100%.					
Shares in associated companies held by a subsidiary					
KP-Kaupunkiprojektien Kehitys Oy, Helsinki	5	33.30 %	€	3	3
ZAO Eurolog Park Pulkov, Russia		29 %	USD	4	3
AS Baltifalt, Estonia	5,635	35 %	EEK	564	401
Other stocks and shares held by the Group					
Asunto Oy Riihentausta	599		€		26
Kiinteistö Oy Ojamonpatruuna	23		€		82
Kiinteistö Oy Rukan Valkeisrinne	140		€		128
Kiinteistö Oy Rukan Tähtikelo	5,000		€		113
Kiinteistö Oy Kokkolan Isokatu 5	120		€		67
Kiinteistö Oy Seinäjoen Yhdyskulma	716		€		111
Tahko Golf Club Oy	14		€		70
Golf Talma Oy	1		€		11
Oustroi Oy	17		€		10
Tampereen Teknologiakeskus Oy	664		€		144
Jyväskylän Teknoligiakeskus Oy	6		€		25
Teknologiakeskus Kareltek Oy	2,000		€		7
Elisa Communication Oyj	36,396		€		134
Joensuun Puhelin Oy	17		€		7
Loviisan Puhelin Oy	4		€		2
Kymen Puhelin Oy	9		€		3
Kuopion Puhelinyhdistys Oy	13		€		6
Päijät-Hämeen Puhelinosuuskunta	22		€		10
Oulun Puhelin Oy	30		€		9
Kokkolan Puhelin Oy	3		€		
Tampereen Puhelin Oyj	8,750		€		15
Etelä-Satakunnan Puhelin Oy	1		€		
Forssan Seudun Puhelin Oy	10		€		4
Hämeen Puhelin Oy	4		€		2
Salon Seudun Puhelin Oy	6		€		3
Riihimäen Puhelin Oy	1		€		
Lännen Puhelin Oy	3		€		1
Vaasan läänin Puhelin Oy	12		€		8
Kangasalan Kuorma-autoilijat Oy	4		€		7
Ksp Yhtiöt Oyj	2,140		€		1
Suomen Talotekniikan Kehityskeskus Oy	1		€		1
Other stocks and shares held by the Group total					1,007

	GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
(€ 1,000)				
2.2. CURRENT ASSETS				
2.2.1. Inventory				
Materials and supplies	2,816	1,908	1,840	1,294
Work in progress	5,390	34,419	4,034	35,008
Plot-owning companies and plots	92,541	77,152	91,744	74,823
Shares in companies under construction	54,130	49,500	54,130	49,500
Shares in completed companies	11,638	33,619	11,638	33,619
Other inventory	1,996	78	76	78
Inventory, total	168,511	196,676	163,462	194,322
Income-recognition according to percentage of completion affects the balance sheet items as follows:				
Assets				
Work in progress	249,567	268,633	235,612	262,056
Less percentage of completion income recognition	-244,177	-234,214	-231,578	-227,048
Work in progress	5,390	34,419	4,034	35,008
Liabilities and shareholders' equity				
Advances received	304,319	282,531	286,049	271,231
Less percentage of completion income recognition	-275,465	-262,890	-260,803	-253,065
Advances received	28,854	19,641	25,246	18,166
Receivables from and debts to housing associations and real estate holding companies				
Current				
Trade receivables	48,199	168	48,199	168
Loan receivables	46,851	58,833	45,576	58,833
	95,050	59,001	93,775	59,001
Construction fund commitments	45,495	33,747	45,495	33,747
2.2.3. Current receivables				
Trade receivables	92,776	45,879	88,194	41,581
Receivables from Group companies				
Trade receivables	29		754	547
Loan receivables		369	6,350	9,758
Accrued assets			99	27
	29	369	7,203	10,332
Receivables from Associated companies				
Trade receivables		53		
Loan receivables		334		
	0	387	0	0
Loan receivables	48,380	58,964	46,418	59,028
Other receivables		260		260
Accrued assets	18,426	10,710	14,282	8,434
	66,806	69,934	60,700	67,722
Current receivables, total	159,611	116,569	156,097	119,635
Material items included in accrued assets				
Value-added taxes	3,355	2,794	660	1,147
Uninvoiced portion of projects handed-over and partially income-recognized	9,409	4,371	7,258	3,302
Personnel expenses	703	141	656	73
Group contributions received			97	58
Other accrued assets	4,959	3,404	5,710	3,881
Accrued assets, total	18,426	10,710	14,381	8,461

(€ 1,000)

		GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
2.3.	**Shareholders' equity**				
	Share capital				
	Share capital 1 Jan.	5,964	5,964	5,964	5,964
	Share capital 31 Dec.	5,964	5,964	5,964	5,964
	Share premium account				
	Share premium account 1 Jan.	40,186	40,186	40,186	40,186
	Share premium account 31 Dec.	40,186	40,186	40,186	40,186
	Retained profits				
	Retained profits 1 Jan.	38,111	33,820	34,057	30,922
	Dividend	-13,869		-13,869	
	Retained profits 31 Dec.	24,242	33,820	20,188	30,922
	Net profit for financial year	17,657	4,291	18,007	3,136
	Shareholders' equity, total 31 Dec.	88,049	84,261	84,345	80,208
	Distributable shareholders' equity				
	Retained profits	24,242	33,820	20,188	30,922
	Net profit for financial year	17,657	4,291	18,007	3,136
	Portion of accumulated depreciation difference entered in shareholders' equity	-3,881	-4,728		
	Total	38,018	33,383	38,195	34,058
2.4.	**Accumulation of appropriations**				
	Accumulated depreciation difference				
	Buildings and structures				
	Depreciation difference 1 Jan.			-17	-19
	Increase / decrease			-12	2
	Depreciation difference 31 Dec.			-29	-17
	Machinery and equipment				
	Depreciation difference 1 Jan.			5,521	4,021
	Increase / decrease			-1,477	1,500
	Depreciation difference 31 Dec.			4,044	5,521
	Accumulated depreciation difference, total				
	Depreciation difference 1 Jan.			5,504	4,002
	Increase / decrease			-1,489	1,502
	Depreciation difference 31 Dec.			4,015	5,504
	Division of accumulated appropriations between tax liability and shareholders' equity				
	Depreciation difference in separate companies' financial statements	5,466	6,659		
	Deferred tax liability	-1,585	-1,931		
	Portion of shareholders' equity	3,881	4,728		
2.5.	**Obligatory reserves**				
	Guarantee reserve	3,265	3,553	3,246	3,536
	Contract loss reserve	48	73	48	49
	Rent guarantee reserve	996	387	996	387
	Other obligatory reserves	5,604	2,333	5,059	2,247
	Total	9,913	6,346	9,349	6,219

(€ 1,000)

		GROUP 1.1.-31.12.2002	1.1.-31.12.2001	PARENT COMPANY 1.1.-31.12.2002	1.1.-31.12.2001
2.6.	LIABILITIES				
2.6.1.	**Deferred tax liability and credits**				
	Deferred tax credits				
	From matching difference	2,775	2,070		
		2,775	2,070		
	Deferred tax liability				
	From appropriations	1,585	1,931		
		1,585	1,931		
2.6.2.	**Non-current liabilities**				
	Debts to Group companies				
	Other debts	20,728	25,728	20,728	25,728
	Non-current liabilities, total	20,728	25,728	20,728	25,728
2.6.3.	**Current liabilities**				
	Loans from financial institutions	238	908		
	Advances received	28,854	19,641	25,241	18,166
	Trade payables	21,440	26,568	19,448	25,738
	Debts to Group companies				
	Advances received			5	
	Trade payables	88	56	540	455
	Other debts	123,090	144,380	123,000	144,420
	Deferred liabilities	1,432	2,084	2,081	5,403
		124,610	146,520	125,626	150,278
	Construction fund debts	45,495	33,747	45,495	33,747
	Other debts	9,341	7,136	6,192	5,561
	Deferred liabilities	37,833	36,849	34,794	34,014
	Current liabilities, total	267,811	271,369	256,796	267,504
	Material items included in deferred liabilities				
	VAT and income taxes	5,718	1,653	5,274	1,113
	Post-completion reserves on projects handed-over and partially income-recognized	14,406	15,192	14,396	14,957
	Personnel expenses	13,593	18,205	11,922	14,213
	Group contribution paid			649	3,269
	Other deferred liabilities	5,548	3,883	4,634	5,865
	Deferred liabilities, total	39,265	38,933	36,875	39,417
2.6.4.	**Interest-bearing liabilities**				
	Current	123,328	145,288	123,000	144,380
	Non-current	20,728	25,728	20,728	25,728
	Total	144,056	171,016	143,728	170,108
2.7.	THE DEBTS OF COMPANIES INCLUDED IN INVENTORIES				
	Interest-bearing debts from non-Group parties of housing companies´ properties under construction	11,827		11,827	
2.8.	CONTINGENT LIABILITIES				
	Leasing liabilities				
	payable during the next accounting period	273		265	
	payable later	507		481	
	Leasing liabilities	780	0	746	0
	Counter-commitment liabilities				
	for own liabilities	102,176	80,807	96,477	73,438
	for subsiadiary`s liabilities			5,699	7,369
		102.176	80.807	102.176	

The parent company´s distributable equity is € 38,195,720.68. The Group´s distributable equity is € 38,019,096.45, after the dipreciation difference posted equity.

Because of the partitioning of the company, the Board of Directors does not propose a payment of dividend.

The shareholder´s equity of NCC Finland Oy will be distributed in the partion among the new companies as follows:

Share capital:	
NCC Rakennus Oy	4,365,000.00
NCC Roads Oy	784,000.00
NCC Property Development Oy	814,000.00
Total	5,963,000.00
NCC Finland Oy's share capital	5,963,943.87
Difference	-943.87
Share premium account:	
NCC Rakennus Oy	29,411,926.08
NCC Roads Oy	5,286,000.00
NCC Property Development Oy	5,489,000.00
Total	40,186,926.08
NCC Finland Oy's share premium account	40,185,982.21
Difference	943.87
Retained profits:	
NCC Rakennus Oy	29,663,491.95
NCC Roads Oy	3,228,589.55
NCC Property Development Oy	5,303,639.18
Total	38,195,720.68
NCC Finland Oy's retained profits	38,195,720.68
Difference	0.00

Vantaa, 29 January 2003

Alf Göransson
Chairman

Ulf Wallin

Björn Andersson

Timo U. Korhonen
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, 13 March 2003

KPMG Wideri Oy Ab

Birger Haglund
Authorized Public Accountant in Finland

AUDITOR'S REPORT

To the shareholders 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 2002. 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 statement, showing a profit of EUR 17,657,446.85 in the consolidated income statement and a profit of EUR 18,007,269.95 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 of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. As the decision of a demerger has been taken, the Board of Directors has no proposal on the distribution of funds.

Vantaa, 13 March 2003

KPMG Wideri Oy Ab

Birger Haglund
Authorized Public Accountant in Finland

Values:
Responsibility
Simplicity
Focus

PRESIDENT TIMO U. KORHONEN
PHOTO: KIMMO BRANDT

NCC
EXPECT A BIT MORE