NCC CONSTRUCTION LTD
Finland

REPORT FOR THE 1.1 – 31.12.2004 ACCOUNTING PERIOD

Turnover and results
The NCC Construction Group's turnover in 2004, calculated on the percentage of completion, was MEUR 728.3, being an increase on the previous year of MEUR 42.5 (MEUR 685.8 in 2003). The turnover figure includes MEUR 136.4 (MEUR 130.8) in sales of shares in spec construction and apartment sales and in sales of tracts of land in the form of plots and shares as well as MEUR 34.7 (MEUR 32.2) in 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. International operations accounted for MEUR 47.9 (MEUR 34.3) of the Group's turnover or 6.6 per cent (5.0%).

The Group's profit before extraordinary items and taxes was MEUR 27.0 (MEUR 18.6), being an increase on the previous year of MEUR 8.4. The Group's operating profit was MEUR 29.9 (MEUR 22.1), which is 4.1% of turnover (3.2%). Return on investment was 24.9% (18.7%) and the return on equity was 32.0% (24.8%)

In building construction, it was the second year of relatively steady and surprise-free conditions. Risk-management in tendering has improved, so there were no major disappointments among the contracts received. Input prices – i.e., materials, wages and subcontracts – have also developed for the main part as expected. In housing construction, particularly in the Helsinki Metropolitan Area, a substantial rise in input prices was due to a rise in the value of plots. A rapid rise in the price of steel has increased construction costs indirectly through the cost of precast slabs, etc. According to Statistics Finland, accessory inputs rose by 5.6% in a year and the overall construction index was up by 3.8%.

Housing sales fell slightly short of the targets. During the year, roughly 100 fewer homes were sold in Finland than in the previous year. There were still plenty of customers attending sales exhibitions, but an increase in supply and a public debate on a fall in housing prices exerted a drag on homebuyers' decision-making. The backlog of unsold, completed dwellings (57 units) increased slightly, but may still be considered to be a reasonable number compared with the number sold (1,057 units). Practically all the unsold, completed dwellings are in projects completed in autumn 2004.

Practically all the Finnish construction units achieved their targets for both volume and profit.

The subsidiary Optiplan Oy's financial result was weaker than forecast. For the most part, the costs associated with the reorganisation of the company were allowed for on the Group level in the previous financial statements, but not to a sufficient extent.

Exports posted a good result. Factors in the good result included a plot transaction effected in Latvia which also included an option on later construction. Towards the end of the year, spec housing construction was started in all the Baltic countries.

Balance sheet status
The NCC Construction Group's balance sheet total at year-end was MEUR 274.7 (MEUR 295.4 in 2003) and its shareholders' equity was MEUR 71.5 (MEUR 53.9).

Interest-bearing liabilities on the balance sheet at year-end were MEUR 47.8 (MEUR 69.9). Financing expenses net of exchange gains and losses were MEUR 3.1 (MEUR 3.5), which is 0.43% (0.51%) of turnover. Loans to housing companies whose buildings were under construction totalled MEUR 66.2 (MEUR 27.8) at year-end. Cash in hand and at bank totalled MEUR 18.0 (MEUR 21.1). The equity ratio rose to 31.5 per cent (20.9%).

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

Investments
Net capital expenditure on fixed assets amounted to MEUR 1.7 (MEUR 1.0). The capital tied up in plots of land increased by MEUR 4.3 and totalled MEUR 100.3 (MEUR 96.0) at year-end.

Group structure

Parent company
NCC Construction Ltd's parent company is NCC AB, 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.

NCC Construction Ltd's sister companies in Finland are NCC Property Development Oy and NCC Roads Oy.

Changes in NCC Construction's Group structure
Action continued to liquidate Insinööritoimisto Arena Oy, which is owned by the subsidiary Optiplan Oy. The company's business interests were transferred to Optiplan Oy in the previous year.

The issued stock of ZAO Rapko, a Russian subsidiary of NCC International Oy which had gone out of business, was sold and the holding in the dormant company KP-Kaupunkiprojektien Kehitys Oy rose from 33.3% to 66.6%.

The construction business of the Latvian company NCC Investment SIA was started.

The profit centres

NCC Construction's field of business is construction, including but not limited to the construction of housing, business premises, commercial properties and public works. NCC Construction has eight 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 and construction design. Supporting functions are the service units, business development, real estate procurement and business premises development. International operations are the responsibility of the subsidiary NCC International Oy, together with its subsidiaries and sister companies in the Baltic countries and Russia. Full-service construction design is the responsibility of Optiplan Oy and its subsidiaries.

Output

Construction output broke down into the following percentage figures:

	2004	*2003*
New housing construction	53 %	53 %
Other building construction	29 %	31 %
Renovation	12 %	10 %
International construction	6 %	6 %

During the financial year, 2,575 dwellings were completed (3,216), of which 889 (1,128) were privately financed spec construction. The number of dwellings under construction at year-end was 2,736 (2,839), of which 1,412 (1,072) were privately financed spec construction. In the Baltic countries, the number of spec housing units under construction was 138 (0). During the financial year, the construction of 1,367 (1,201) privately financed spec construction dwellings was started, of which 138 (0) were in the Baltic countries. 1,057 (1,157) spec construction dwellings were sold in Finland and 30 (0) were sold in the Baltic countries. The number of unsold, completed dwellings at year-end was 57 (42).

Board of Directors, company management and auditors

Board of Directors

Until 17 March 2004
Alf Göransson, Chairman
Ann-Sofie Danielsson
Ulf Wallin
Staffan Bennerdt
Timo U. Korhonen

As of 17 March 2004
Alf Göransson, Chairman
Ann-Sofie Danielsson
Ulf Wallin
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 Construction Oy is KPMG Wideri Oy Ab, with Juha Jokinen, APA, as the auditor in charge.

Personnel

At year-end, the parent company, NCC Construction Oy, had 1,992 employees (1,957 in 2002). The Group had 2,327 (2,287) employees at year-end. NCC Construction Oy had an average of 1,985 (1,922) employees during the year and the Group had 2,321 (2,145).

There were substantial activities in personnel development and training.

The backbone of training activities was formed by diploma training programmes for both construction workers and office personnel. Other priorities in training were as follows: life cycle expertise and design management, health and safety at work, worksite supervisors' training, job site economy and scheduling management, information technology, managerial skills, negotiation skills and language skills, and the Projectia system. A new production management training programme was launched. In all the profit centres, a total of 400 people were trained in subjects from output control to labour management and the use of foreign labour.

In the trainee programme, 320 trainees were hired.

In worksite health and safety, targets for the reduction of accident rates were made part of the management's result targets and safety levels were improved on building sites.

The working community was systematically improved on the basis of feedback from a personnel survey, and in occupational healthcare emphasis was placed on maintaining on-the-job fitness by arranging, for example, early rehabilitation courses. A job welfare model was drawn up for NCC, as part of which a job welfare development project was started with a new, expanded progress interview procedure at its core.

During 2004, new job-specific test categories were introduced in the pay system for salaried staff. The pay system will come into use in 2005.

Development

The main thrust in development work was on improving products and services, marketing, and production processes.

The kingpin of development work on NCC TähtiKoti was the customer's needs and the quality of service. Customer segmentation was redefined and tools were created for the utilisation of segmenting on the project level. The TähtiKoti service concept was described and technical implementation solutions were updated.

Development work on the life cycle model, renovation commercialisation and maintenance service concepts was continued.

Project management was developed in the field of time management, financial management and logistics. In addition to developing procedures and tools, efforts were deployed in introducing them. NCC's management system was altered to make it business process-driven and the Projectia electronic site office was developed to launch this.

NCC's costing tool was developed with the aim of improving life cycle costing and to meet Nordic requirements.

Development work on purchasing continued actively with a view to using the Group's size even better. Work was devoted to collaboration with key suppliers to conclude contracts on both the Group and the Finnish level. The search for new purchasing sources and new kinds of procedures was active.

Construction data management was developed in product modelling projects and in a research programme with Tekes.

Research and development costs were booked as annual expenses.

Orders in hand

The NCC Construction Group's non-income-recognised orders in hand were on a par with the previous year's for practically the entire year. In the autumn season, however, fewer new jobs were booked than in the previous year and the order book at year-end (MEUR 374) was MEUR 48 down on the same period in the previous year. The downturn in orders was as expected and was due to factors such as the increase in the percentage of completion of the large shopping centre contract in Leppävaara. The share of foreign projects fell to roughly (8%) of the orders held. This was partly due to the completion of the shopping centre in Tallinn and partly because not all new developer-builder projects have yet been entered in the order book. Of the orders in Finland, 56% are in the Helsinki Metropolitan Area, of which the biggest is still the contract for phase II of the construction of Leppävaara shopping centre. Other large contracts in the order book include the University of Tampere library in Tampere, the Temple of Jesus Christ of the Latter Day Saints in Espoo, and a logistics centre for Nokian Tyres plc in Nokia.

Outlook for 2005

The outlook for the international and domestic economic trend is somewhat clearer than it was a year ago, and confidence has grown in roughly 3% growth in the Finnish economy in 2005. The confidence of industry and consumers in Finland's and their own economies has remained high and is clearly higher than in the euro zone in general. The appreciation of the euro against the dollar and the high price of oil are exerting a drag on European economic growth but they also keep interest rates low. The expectation that interest rates will stay low plainly boosts demand for housing and domestic consumption.

Vacancy rates in business premises in many towns and cities are still higher than normal. This holds back office building starts but it also stimulates demand for modernisations of old office premises as well as encouraging companies to move into more modern office facilities.

Public building is keeping up internal migration and the obligations of local authorities and cities maintain education and social services. Through our partners, we will offer alternative financing packages and long-term agreements in which responsibility for the maintenance of the building after completion may also be included.

Housing demand is being kept up by internal migration, the rising population, low interest rates and rising living standards. House prices have risen in recent years faster than construction costs on average. The price of plots has risen even faster, however. It now looks as if the rate of price rises is slowing. The factors of demand will stay the same as in recent years, so housing business is expected to hold steady at the level of previous years. Spec construction will be initiated on a project-specific basis as demand requires and when prospects for profitable construction are in place.

Spec housing construction is being started up in all the Baltic countries and its share of the overall volume in Finland's neighbouring regions will be considerable.

INCOME STATEMENTS

	Reference	(€ 1,000) Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
Turnover	1.1.	728,268	685,772	674,052	651,657
Increase (+)/ decrease (-) in stocks of finished and unfinished goods		1,174	3,252	1,662	3,517
Production for own use			-37		-37
Other operating income	1.2.	1,468	2,184	1,575	2,371
Materials and services	1.3.	555,949	538,314	518,950	516,049
Personnel expenses	1.4.	90,768	80,569	80,595	72,187
Depreciation and write-downs	1.5.	2,991	2,690	1,947	2,038
Other operating costs	1.6.	51,331	47,455	47,614	44,777
Operating profit		29,871	22,143	28,183	22,457
Financial income and expenses	1.7.	-2,880	-3,573	-2,638	-2,909
Profit before extraordinary items		26,991	18,570	25,545	19,548
Extraordinary items	1.8.	-2,440	-5,427	-5,540	-6,592
Profit before appropriations and taxes		24,551	13,143	20,005	12,956
Appropriations	1.9.			370	628
Direct taxes	1.10.	-6,919	-3,878	-6,065	-4,688
Net profit for the year		17,632	9,265	14,310	8,896

BALANCE SHEETS

(€ 1,000)

ASSETS	Reference	Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
Fixed assets	2.1.				
Intangible assets	2.1.1.	1,466	2,464	1,223	1,886
Consolidation goodwill	2.1.1.		397		
Tangible assets	2.1.2.	3,772	3,442	3,272	2,942
Investments	2.1.3.	1,154	1,337	4,723	4,855
		6,392	7,640	9,218	9,683
Current assets	2.2.				
Inventory	2.2.1.	194,841	179,545	185,752	175,107
Deferred tax receivables	2.6.1.	2,679	2,798		
Current receivables	2.2.3.	52,756	84,330	49,808	75,506
Cash in hand and at banks		18,047	21,070	14,800	18,002
		268,323	287,743	250,360	268,615
Assets		274,715	295,383	259,578	278,298
LIABILITIES AND SHAREHOLDERS’ EQUITY					
Shareholders’ equity	2.3.				
Share capital		5,365	5,365	5,365	5,365
Share premium account		36,412	36,412	36,412	36,412
Retained profits		12,117	2,852	10,624	1,728
Net profit for the year		17,632	9,265	14,310	8,896
		71,526	53,894	66,711	52,401
Minority interest		3	2		
Accumulation of appropriations	2.4.			1,161	1,531
Obligatory reserves	2.5.	6,071	5,710	5,774	5,685
Liabilities	2.6.				
Deferred tax liabilities	2.6.1.	302	444		
Non-current liabilities	2.6.2.	5,600	27,028	5,600	27,028
Current liabilities	2.6.3.	191,213	208,305	180,332	191,653
		197,115	235,777	185,932	218,681
Liabilities and shareholders’ equity		274,715	295,383	259,578	278,298

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

(€ 1,000)	Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
Cash flow from business operations				
Profit before extraordinary items	26,991	18,570	25,545	19,548
Adjustments:				
Profit and loss from disposal of material and immaterial goods	-50	-137	-60	-137
Planned depreciation	2,991	2,690	1,947	2,038
Financing income and expenses not paid	251	1,133	185	1,118
Increase (+)/ decrease (-) in uninvoiced portion of handed-over and partially income-recognized projects and post-completion reserves	4,048	12	264	1,109
Increase (+)/ decrease (-) in obligatory reserves	360	-2,786	89	-2,247
Cash flow before change in working capital	34,591	19,482	27,970	21,429
Change in working capital:				
Increase (-)/decrease in trade receivables	31,033	574	27,273	6,077
Increase (-)/decrease in loan receivables from housing associations and real estate holding	-1,941	3,834	-3,372	3,990
Increase (-)/decrease in current non-interest-bearing receivables	-2,960	-207	-2,553	2,486
Increase(-)/ decrease (+) in inventories	-15,296	-38,543	-10,645	-38,135
Increase (+)/decrease in trade payables	2,483	3,012	4,582	534
Increase (+)/decrease in construction fund commitment	-34,856	21,402	-34,737	21,284
Increase (+)/decrease in advances received	10,724	13,069	13,599	9,167
Increase(+)/decrease(-) in non-interest-bearing debts	12,177	-3,500	5,801	-4,803
Change in working capital	1,364	-359	-52	600
Cash flow from business operations before taxes	35,955	19,123	27,918	22,029
Direct taxes paid	-9,764	-3,881	-4,037	-3,866
Cash flow from business operations (A)	26,191	15,242	23,881	18,163
Cash flow from investments:				
Investments in material and immaterial goods	-2,372	-2,208	-1,942	-1,935
Income from disposal of material and immaterial goods	679	1,345	520	1,293
Increase (+)/ decrease (-) in minority interests	1	0		
Cash flow from investments (B)	-1,692	-863	-1,422	-642
Cash flow from financing:				
Increase (-)/ decrease (+) in interest-bearing loan receivables			2,960	-3,161
Dividend		-27,936		-27,936
Share issue		8,000		8,000
Increase (+)/ decrease (-) in interest-bearing debts	-22,095	18,743	-22,028	18,675
Group contribution paid	-5,427	-4,810	-6,593	-5,361
Cash flow from financing (C)	-27,522	-6,003	-25,661	-9,783
Increase(+)/ decrease (-) in liquid assets (A+B+C)	-3,023	8,376	-3,202	7,738
Liquid assets at start of year	21,070	12,694	18,002	10,264
Liquid assets at year-end	18,047	21,070	14,800	18,002

ACCOUNTING CONVENTIONS

CONSOLIDATION CONVENTIONS

Scope of the consolidated financial statements

The consolidated financial statements combine the parent company, NCC Rakennus 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 ECB 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 B37 as well as plots at their acquisition cost. B61 on which NCC Rakennus Oy acts as a contractor for construction on a plot form+B41erly 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.

On the Group level 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.

In spec projects and in partnership projects the margin of plot sales was income-regognized on the basis of the percentage of completion for the first time this year. 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 ECB 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
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.

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.

NOTES TO THE FINANCIAL STATEMENTS

	Group (€ 1,000) 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
1.1. TURNOVER				
Turnover by divisions				
Building construction in Finland	674,052	651,657	674,052	651,657
International operations	47,924	34,331		
Building desing	7,096	7,815		
Other business	67	284		
Less intra-Group	-871	-8,315		
Turnover, total	728,268	685,772	674,052	651,657
Turnover includes sales of shares in spec construction				
Building construction in Finland	134,520	130,810	134,520	130,810
International operations	1,847			
Total	136,367	130,810	134,520	130,810
Turnover includes sales of plots and shares in plots as well as plot transfers to production				
Building construction in Finland	25,416	32,189	25,591	32,189
International operations	9,321			
Total	34,737	32,189	25,591	32,189
Turnover by market area				
Finland	681,215	659,756	674,052	651,657
Russia	11,665	5,594		
Estonia	22,160	24,455		
Lithuania	-182	66		
Latvia	14,281	4,215		
Less intra-Group	-871	-8,314		
Turnover, total	728,268	685,772	674,052	651,657
Percentage in turnover of projects not yet handed over at year-end	268,316	236,065	246,807	211,165
1.2. Other operating income				
Profits on the sale of fixed assets	151	794	142	307
Service income	1,399	2,064	1,399	2,064
Other	109	53	34	
Less intra-Group	-191	-727		
Other opereating income, total	1,468	2,184	1,575	2,371
1.3. Materials and services				
Materials, supplies and goods:				
Purchases during the year	90,761	89,681	87,938	86,950
Purchases of land and shares and issues	179,519	198,037	170,427	198,028
Change in inventory (increase-/decrease+)	-14,122	-35,291	-8,983	-34,618
	256,158	252,427	249,382	250,360
External services	299,791	285,887	269,568	265,689
Materials and services, total	555,949	538,314	518,950	516,049

NOTES TO THE FINANCIAL STATEMENTS

	(€ 1,000) Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
1.4. Personnel expenses and number of personnel				
Personnel expenses:				
Wages and salaries	71,974	65,012	63,831	58,282
Pension expenses	11,665	11,656	10,548	10,624
Other personnel expenses	7,129	3,901	6,216	3,281
Total	90,768	80,569	80,595	72,187
Management salaries and emoluments:				
Presidents	932	691	487	442

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

	Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
Average number of personnel for year:				
- Salaried	1,094	934	838	800
- Wage-earners	1,227	1,211	1,147	1,122
Total	2,321	2,145	1,985	1,922
Number of personnel at year-end:				
- Salaried	1,096	1,028	838	797
- Wage-earners	1,231	1,259	1,154	1,160
Total	2,327	2,287	1,992	1,957
1.5. Depreciation and write-downs				
Intangible rights	282	268	202	186
Goodwill	922	793	644	645
Consolidation goodwill	396	137		
Other long-term expenditure	1	5	1	5
Buildings and structures	1	1	1	1
Machinery and equipment	1,390	1,486	1,099	1,201
Total	2,992	2,690	1,947	2,038
Group reserve	-1			
Total	2,991	2,690	1,947	2,038
1.6. Other operating costs				
Rents	16,233	16,690	15,394	15,931
Voluntary personnel expenses	2,383	1,944	2,128	1,810
External administrative services	2,020	1,856	2,049	1,828
Other office and administrative expenses	6,701	7,327	5,646	6,240
Other construction expenses	22,206	18,442	20,926	17,780
Other operating costst	1,788	1,196	1,471	1,188
Other operating costs, total	51,331	47,455	47,614	44,777

	Group 1.1.-31.12.2004 (€ 1,000)	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
1.7. Financial income and expenses				
Dividend income				
From Group companies				25
From others	7	5	7	5
	7	5	7	30
Total income from investments included in assets, total	7	5	7	30
Other interest and financial income				
From Group companies	125	174	525	852
From others	215	97	149	26
	340	271	674	878
Interest income from long-term investments included in assets and other interest and financial income, total	347	276	681	908
Interest expenses and other financial expenses				
From Group companies	2,549	3,289	2,763	3,607
From others	577	240	556	209
	3,126	3,529	3,319	3,816
Exchange rate gains				
Calculated exchange rate gains	9	4		
Realized exchange rate gains	8	159		
	17	163	0	0
Exchange rate losses				
Calculated exchange rate losses	118	482		
Realized exchange rate losses		1		1
	118	483	0	1
Exchange rate differences, net	-101	-320	0	-1
Financial income and expenses, total	-2,880	-3,573	-2,638	-2,909
1.8. Extraordinary items				
Group contributions received				63
Group contributions paid	2,440	5,427	5,540	6,655
Extraordinary items, total	2,440	5,427	5,540	6,592
1.9. Appropriations				
Difference between scheduled depreciation and depreciation in taxation			-370	-628
			-370	-628
1.10. Direct taxes				
Income tax on actual business				
- for financial year	6,892	4,688	6,065	4,688
- for previous years	50	15		
Change in deferred tax liability	-23	-825		
Direct taxes, total	6,919	3,878	6,065	4,688

NOTES TO THE FINANCIAL STATEMENTS

2.1. FIXED ASSETS

2.1.1. Intangible assets

	Intangible rights	Goodwill	Other long-term liabilities	Total	Consolidation Goodwill
Acquisition cost 1 Jan.	2,797	8,017	415	11,229	1,342
Increases 1 Jan.-31 Dec.	195	66	12	273	
Decreases 1 Jan.-31 Dec.	-24	-388	-407	-819	-579
Acquisition cost 31 Dec.	2,968	7,695	20	10,683	763
Accumulated depreciation and write-downs 1 Jan.	1,986	6,366	413	8,765	946
Accumulated depreciation of decreases and appropriations	-24	-322	-407	-753	-579
Depreciation for financial year	282	922	1	1,205	396
Accumulated depreciation 31 Dec.	2,244	6,966	7	9,217	763
Book value 31 Dec.	724	729	13	1,466	0

2.1.2. Tangible assets

	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	9	12,935	96	13,040
Increases 1 Jan.-31 Dec.		2,095		2,095
Decreases 1 Jan.-31 Dec.		-1,909		-1,909
Acquisition cost 31 Dec.	9	13,121	96	13,226
Accumulated depreciation and write-downs 1 Jan.	4	9,594		9,598
Accumulated depreciation of decreases and appropriations		-1,535		-1,535
Depreciation for financial year	1	1,390		1,391
Accumulated depreciation 31 Dec.	5	9,449	0	9,454
Book value 31 Dec.	4	3,672	96	3,772

Consolidation reserve	
Acquisition cost 1 Jan.	53
Increases/decreases 1 Jan.-31 Dec.	-53
Acquisition cost 31 Dec.	0
Accumulated income-recognition/decreases	0
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.	1,436	6,980	31	8,447
Increases 1 Jan.-31 Dec.	173		12	185
Decreases 1 Jan.-31 Dec.			-23	-23
Acquisition cost 31 Dec.	1,609	6,980	20	8,609
Accumulated depreciation and write-downs 1 Jan.	841	5,691	29	6,561
Accumulated depreciation of decreases and appropriations			-22	-22
Depreciation for financial year	202	644	1	847
Accumulated depreciation 31 Dec.	1,043	6,335	8	7,386
Book value 31 Dec.	566	645	12	1,223

2.1.2. Tangible assets

	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	9	8,626	95	8,730
Increases 1 Jan.-31 Dec.		1,752		1,752
Decreases 1 Jan.-31 Dec.		-1,457		-1,457
Acquisition cost 31 Dec.	9	8,921	95	9,025
Accumulated depreciation and write-downs 1 Jan.	4	5,784		5,788
Accumulated depreciation of decreases and appropriations		-1,135		-1,135
Depreciation for financial year	1	1,099		1,100
Accumulated depreciation 31 Dec.	5	5,748	0	5,753
Book value 31 Dec.	4	3,173	95	3,272

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)	Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
2.1.3. Investments				
Shares in Group companies				
Acquisition cost 1 Jan.			3,595	2,895
Increases 1 Jan.-31 Dec.				700
Acquisition cost 31.12.			3,595	3,595
Shares in associated companies				
Acquisition cost 1 Jan.	98	371	21	671
Increases 1 Jan.-31 Dec.		379		
Decreases 1 Jan.-31 Dec.	-51	-652		-650
Acquisition cost 31.12.	47	98	21	21
Stocks and shares in other companies				
Acquisition cost 1 Jan.	1,239	990	1,239	990
Increases 1 Jan.-31 Dec.	5	261	5	261
Decreases 1 Jan.-31 Dec.	-137	-12	-137	-12
Acquisition cost 31.12.	1,107	1,239	1,107	1,239
Investments, total	1,154	1,337	4,723	4,855

NOTES TO THE FINANCIAL STATEMENTS

Shares in subsidiaries held by the parent company	Quantity	Holding %	Currency	Par value	Book value/€
NCC International Oy, Helsinki [1]	7,965	99.56 %	€	167	2,564
Optiplan Oy, Turku	100	100 %	€	168	307
SIA NCC Konstrukcija, Latvia	200	100 %	LVL	2	697
PMA-palvelut Oy, Helsinki	100	100 %	€	17	17
NCC Koti LKV Oy, Vantaa	15	100 %	€	3	3
NCC Ehitus As, Estonia	4,000	100 %	EEK	400	3
Vuorenvarma Ky, Vantaa		100 %	€		4
Shares in subsidiaries, total					3,595

Shares in associated companies held by the parent company					
Arandur Oy	210	33.33 %	€	21	21
					21

Shares in subsidiaries held by subsidiaries

NCC International Oy, Helsinki [1]	35	0.44 %	€	1	5
Insinööritoimisto Arena Oy, Helsinki	60	100 %	€	8	123
ZAO NCC, Moscow, Russia	100	100 %	RUB	10	1
ZAO NCC North-West, Russia	100	100 %	RUB	16	1
NCC Investment SIA, Latvia	37,600	100 %	LVL	752	2,642
UAB NCC Pletra, Lithuania	100	100 %	LTL	10	179
UAB NCC Statyba, Lithuania	150	100 %	LTL	15	457
UAB Optiplanas, Lithuania	400	100 %	LTL	160	18
KP-Kaupunkiprojektien Kehitys Oy, Helsinki	10	66.66 %	€	5	3

[1] Group holding totals 100%.

Other stocks and shares held by the Group

Asunto Oy Tahkon Birdie	2,778		€		238
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	8		€		40
Golf Talma Oy	1		€		11
Willimiehen Golf Oy	2		€		15
Oustroi Oy	17		€		10
Tampereen Teknologiakeskus Oy	14		€		33
Jyväskylän Teknoligiakeskus Oy	6		€		25
Teknologiakeskus Kareltek Oy	4,000		€		12
Keskin.Eläkevakuutusyhtiö Etera			€		7
Elisa Oyj	39,412		€		144
Tikka Communications Oy	17		€		7
Loviisan Puhelinosuuskunta	4		€		2
Kymen Puhelin Oy	9		€		3
Puhelinosuuskunta KPY	13		€		6
PHP Holding Oy	17		€		8
Oulun Puhelin Oyj	28		€		9
Etelä-Satakunnan Puhelin Oy	1		€		
Forssan Seudun Puhelin Oy	10		€		4
HPO-yhtymä Oyj	4		€		1
Salon Seudun Puhelin Oy	6		€		3
Riihimäen Puhelin Oy	1		€		
Lännen Puhelin Oy	3		€		1
Yomi Oyj	2,140		€		1
Suomen Talotekniikan Kehityskeskus Oy	1		€		
Other stocks and shares held by the Group total					1,107

(€ 1,000)	Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
2.2. CURRENT ASSETS				
2.2.1. Inventory				
Work in progress	9,742	8,568	9,182	7,520
Plot-owning companies and plots	86,418	81,312	77,889	79,738
Shares in companies under construction	91,479	83,763	91,479	83,763
Shares in completed companies	7,202	4,086	7,202	4,086
Other inventory	1,816			
Inventory, total	194,841	179,545	185,752	175,107
Income-recognition according to percentage of completion affects the balance sheet items as follows:				
Assets				
Work in progress	279,854	230,505	248,760	201,983
Less percentage of completion income recognition	-270,112	-221,937	-239,578	-194,463
Work in progress	9,742	8,568	9,182	7,520
Liabilities and shareholders' equity				
Advances received	358,893	289,931	320,742	249,925
Less percentage of completion income recognition	-311,088	-252,850	-277,301	-220,083
Advances received	47,805	37,081	43,441	29,842
Receivables from and debts to housing associations and real estate holding companies				
Current				
Trade receivables	19,272	9,381	19,272	7,466
Loan receivables	20,523	18,582	20,523	17,151
	39,795	27,963	39,795	24,617
Construction fund commitments	32,042	66,898	32,042	66,779
2.2.3. Current receivables				
Trade receivables	14,225	45,494	10,557	37,679
Receivables from Group companies				
Trade receivables	3,297	3,061	2,607	2,759
Loan receivables		6,350	9,310	
Accrued assets		66	359	
	3,297	3,061	9,023	12,428
Loan receivables	22,416	19,385	21,295	17,933
Accrued assets	12,818	16,390	8,933	7,466
	35,234	35,775	30,228	25,399
Current receivables, total	52,756	84,330	49,808	75,506
Material items included in accrued assets				
Value-added taxes	1,457	5,271	1,024	940
Uninvoiced portion of projects handed-over and partially income-recognized	2,829	8,271	2,594	4,050
Other accrued assets	8,532	2,848	5,381	2,835
Accrued assets, total	12,818	16,390	8,999	7,825

NOTES TO THE FINANCIAL STATEMENTS

(€ 1,000)	Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
2.3. Shareholders' equity				
Share capital				
Share capital 1 Jan.	5,365	4,365	5,365	4,365
Subscription issue		1,000		1,000
Share capital 31 Dec.	5,365	5,365	5,365	5,365
Share premium account				
Share premium account 1 Jan.	36,412	29,412	36,412	29,412
Subscription issue above par value		7,000		7,000
Share premium account 31 Dec.	36,412	36,412	36,412	36,412
Retained profits				
Retained profits 1 Jan.	12,117	30,788	10,624	29,664
Dividend		-27,936		-27,936
Retained profits 31 Dec.	12,117	2,852	10,624	1,728
Net profit for financial year	17,632	9,265	14,310	8,896
Shareholders' equity, total 31 Dec.	71,526	53,894	66,711	52,401
Distributable shareholders' equity				
Retained profits	12,117	2,852	10,624	1,728
Net profit for financial year	17,632	9,265	14,310	8,896
Portion of accumulated depreciation difference entered in shareholders' equity	-859	-1,087		
Total	28,890	11,030	24,934	10,624
2.4. Accumulation of appropriations				
Accumulated depreciation difference, total				
Depreciation difference 1 Jan.			1,531	2,159
Increase/ decrease			-370	-628
Depreciation difference 31 Dec.			1,161	1,531
Division of accumulated appropriations between tax liability and shareholders' equity				
Depreciation difference in separate companies' financial statements	1,161	1,531		
Deferred tax liability	-302	-444		
Portion of shareholders' equity	859	1,087		
2.5. Obligatory reserves				
Guarantee reserve	2,655	3,395	2,645	3,370
Contract loss reserve	81	5	15	5
Rent guarantee reserve	15	168	15	168
Other obligatory reserves	3,320	2,142	3,099	2,142
Total	6,071	5,710	5,774	5,685
2.6. LIABILITIES				
2.6.1. Deferred tax liability and credits				
Deferred tax credits				
From matching differences	2,679	2,798		
	2,679	2,798		
Deferred tax liability				
From appropriations	302	444		
	302	444		

(€ 1,000)	Group 1.1.-31.12.2004	1.1.-31.12.2003	Parent Company 1.1.-31.12.2004	1.1.-31.12.2003
2.6.2. Non-current liabilities				
Loans from pension insurance companies	5,600	6,300	5,600	6,300
Debts to Group companies				
Other debts		20,728		20,728
Non-current liabilities, total	5,600	27,028	5,600	27,028
2.6.3. Current liabilities				
Loans from financial institutions		68		
Loans from pension insurance companies	700	700	700	700
Advances received	47,805	32,444	43,441	25,686
Trade payables	24,050	21,955	22,095	17,676
Debts to Group companies				
Advances received		4,637		4,155
Trade payables	475	87	827	665
Other debts	41,500	42,100	41,500	42,100
Deferred liabilities	2,634	1,703	5,734	2,931
	44,609	48,527	48,061	49,851
Construction fund debts	32,042	66,898	32,042	66,779
Other debts	6,814	10,158	5,998	6,123
Deferred liabilities	35,193	27,555	27,995	24,838
Current liabilities, total	191,213	208,305	180,332	191,653
Material items included in deferred liabilities				
VAT and income taxes	4,953	2,116	3,908	2,024
Post-completion reserves on projects handed-over and partially income-recognized	9,039	10,433	8,368	9,560
Personnel expenses	14,285	13,096	13,085	12,163
Group contribution paid	2,440	617	5,540	1,845
Other deferred liabilities	7,110	2,996	2,828	2,177
Deferred liabilities, total	37,827	29,258	33,729	27,769
2.6.4. Interest-bearing liabilities				
Current	42,200	42,867	42,200	42,800
Non-current	5,600	27,028	5,600	27,028
Total	47,800	69,895	47,800	69,828
2.7. THE DEBTS OF COMPANIES INCLUDED IN INVENTORIES				
Interest-bearing debts from non-Group parties of housing companies´ properties under construction	35,658	12,648	35,658	12,648
2.8. CONTINGENT LIABILITIES				
Leasing liabilities				
Future leasing costs-				
Within one year	3,791	3,842	2,543	2,681
Within one to five years	11,542	12,093	8,933	9,501
After five years	12,618	13,949	11,829	13,074
Leasing liabilities	27,951	29,884	23,305	25,256
Counter-commitment liabilities				
for own liabilities	101,645	108,440	99,691	103,081
for subsiadiary`s liabilities			1,954	5,359
	101,645	108,440	101,645	108,440

THE BOARD´S PROPOSAL FOR ACTION ARISING FROM THE PROFIT / LOSS FOR THE YEAR

The parent company´s distributable equity is EUR 24,933,667.14. The Group´s distributable equity is EUR 28,890,392.00 after the dipreciation difference posted equity.

The Board porposes to the annual general meeting that the amount of dividend distribution is EUR 3,004,400.00 and the rest of net profit for the year will be transferred into retained profits.

Helsinki, 14 March 2005.

Alf Göransson
Chairman

Ulf Wallin

Ann-Sofie Danielsson

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.

Helsinki 29 April 2005.

KPMG Oy Ab

Juha Jokinen
APA

To the shareholders of NCC Rakennus Oy

We have audited the accounting, the financial statements and the administration of NCC Rakennus Oy for the year ended 31 December 2004. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration of the parent company is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Finnish Companies Act.

In our opinion the financial statements, showing a profit of 17,632,285.77 euro for the Group and 14,309,822.95 euro for the parent company, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, 29 April 2005.

KPMG Oy Ab

Juha Jokinen
Authorized Public Accountant