NCC COMPANIES FINLAND 2007

IN BRIEF

CONTENTS

COVER PICTURE:
Environmental issues concern builders as well.
PHOTO: VOITTO NIEMELÄ AND NCC'S IMAGE BANK

MAJOR EVENTS 2007

- Tornio's På Gränsen project launched.
- The Grani shopping centre in Kauniainen was expanded and housing construction in the centre started up well.
- A construction company was acquired in Lithuania to strengthen the operations of NCC Pletra UAB.
- Three commercial properties were sold to the Danish EU Invest.
- Union Bank of Switzerland acquired the Tulli Business Park in Tampere.
- On-site morning exercise sessions received the Personnel Achievement Award of the Year.
- NCC was successful in an industry-wide occupational safety competition.
- Occupational safety video Heräämisiä (Awakenings) was awarded at the Hamburg and Hollywood film festivals.

KEY INDICATORS, NCC CONSTRUCTION GROUP

	2005	2006	2007	Change
Net Sales (EUR million)	628.1	697.0	803.3	15%
Operating profit (EUR million)	34.5	42.1	46.9	11%
Profit before extraordinary items (EUR million)	33.5	40.3	44.2	10%
Return on equity (ROE)	33.7	32.6	31.2	
Return on investments (ROI)	28.7	32.8	32.6	
Equity ratio %	32.6	36.8	32.0	
Unrecognised order backlog (EUR million)	427.0	500.0	680.0	36%
Number of employees 31 Dec.	2,450	2,492	2,691	8%

NCC companies do not compile consolidated financial statements in Finland. NCC Construction Group's complete financial statement information can be found at www.ncc.fi.

We are involved in the responsible construction of the Baltic region and Russia.
PHOTO: NCC COMMUNICATION

Our customers are the basis for all our operations.
PHOTO: PASI HYTTI

PRESIDENT'S REVIEW

NCC Group's operations focus on the Baltic Sea region. We also want to take active part in the protection of the Baltic Sea.
PHOTO: NCC'S IMAGE BANK

PHOTO: OLLI HÄKÄMIES

NCC – EXPECT A BIT MORE

The combined net sales of the Finnish NCC companies, NCC Construction Ltd, and NCC Property Development Oy was EUR 904 million in 2007. Operating profit increased from EUR 52.7 million to EUR 69.7 million. Operations developed favourably in Finland and the Baltic region, even though apartment sales decreased towards the end of the year in Estonia. Plots have been acquired in St. Petersburg and the preparations for launching privately financed housing production have been further developed. The share of neighbouring area operations – the Baltic region and St. Petersburg – in NCC's overall volume will increase considerably in the next few years.

NCC's share in the new construction of blocks of flats and terraced houses in Finland is approximately 15 percent. Nearly 2,700 new dwellings were completed in 2007, of which 1,182 were completed in Finland, and 366 in the Baltic countries as developer contracted housing. The selling time for housing has increased, but there is still residential demand in Finland's growth centres as well as St. Petersburg and the Baltic region. During 2007, NCC launched many Business Park projects, such as Airport Plaza, Opus and Falcon extensions in the Helsinki region and the construction of Tulli in Tampere. During the year the company carried out real estate transactions worth approximately EUR 100 million and acquired the first plots intended for commercial construction in the Baltic region.

The climatic change creates challenges for the construction sector. By 2011, NCC aims at decreasing the energy consumption of its buildings by 30 percent. Our cooperation partner in this development work is Optiplan. Environmental loads and lifecycle beneficial solutions can be calculated using the EcoConcept developed by NCC, which is likely to become more widely used as environmental requirements increase.

We want to be a responsible partner, always ensuring that we focus on the essentials, generate true added value for our customers and maintain a life cycle approach in our operations. Our production and sales personnel participate in an extensive training programme to ensure that we are even more customer-driven in our actions.

I would like to thank our customers and personnel for their valued co-operation.

Timo U. Korhonen
President
NCC Construction Ltd

NCC GROUP

NCC is a leading construction and property development Group in the Nordic countries. It's net sales in 2007 was EUR 6.3 billion, operating profit EUR 302 million and number of employees was 22,000. NCC Group's domestic market area is the Nordic countries, but it also operates in Germany, the Baltic countries and St. Petersburg. NCC offers its customers services that extend throughout the value chain.

NCC Construction develops and builds residential and commercial premises, logistics centres, as well as retail, manufacturing and public facilities. As a contract housing developer, NCC is the market leader in several Nordic markets. In Germany it focuses mainly on building small houses.

NCC Property Development operates in the growth centers of the Nordic countries developing and refining plots and properties into high quality working environments. It offers investors profitable investment targets and provides users with efficient business premises.

NCC Roads' products and services are connected to road building, maintenance and management. It occupies the leading market position in the Nordic countries, and also has operations in St. Petersburg.

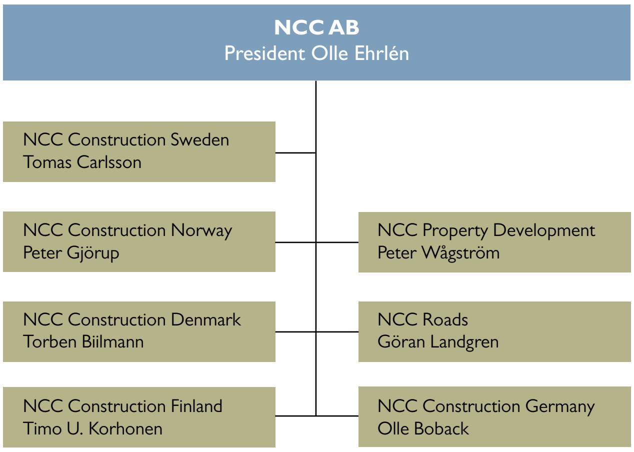
NCC – EXPECT A BIT MORE

NCC's vision is to be the leading company in the development and constructor of the housing, offices and infrastructure or the future. Growth is supported by increasing efficiency in sourcing, rationalising the construction process and ensuring the right resources. Sourcing has been developed for instance by centralising purchases and increasing international purchases. NCC's operations are steered by its values and ethical guidelines.

NCC AB's President is Olle Ehrlén.

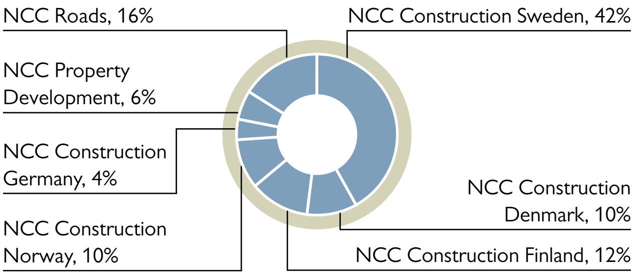
For further information on the NCC Group, see www.ncc.se.

NCC'S ORGANISATION 2008



NCC GROUP

Sales by business area (%)



NCC's former headquarters were transformed into a social and healthcare centre. The site was selected the Site of the Year in 2006.
PHOTO: NCC COMMUNICATION

NCC's occupational safety video won several film industry awards.
PHOTO: DECO MEDIA

NCC IN FINLAND

The town of Hämeenlinna awarded architect Juha Luoma, the designer of a functionalis-styled house built by NCC, with an award for good construction.
PHOTO: MIKKO AUERNIITTY

NCC Construction Ltd's market area includes Finland, the Baltic countries and Russia. NCC Construction's affiliates in Finland are NCC Property Development Oy and NCC Roads Oy.

NCC Construction Finland is a nationwide builder operating in residential construction. NCC Construction's subsidiaries comprise local companies operating in Estonia, Latvia, Lithuania and St. Petersburg as well as the full-service design office Optiplan Oy. It provides architectural, structural and HEPAC design and its business areas include housing, business premises and renovation.

NCC Property Development Oy constructs business premises mainly in the Helsinki region, Tampere and Oulu, as well as commercial/retail premises elsewhere in Finland. In the Baltic countries, property development projects have been launched for instance in Riga. NCC Property Development produces high quality office and commercial premises and it is known, for instance, for its NCC Future Office and Stress Free concepts.

NCC Roads Oy's units include asphalt and mineral aggregate and it has service points across Finland. Services also include products that improve traffic safety, as well as road and street maintenance in the summer and winter. In January 2008, NCC Roads Oy acquired the operations of Valtatie Oy, which it owned in half from the French Colas Group. In February, the operations of the two companies were integrated following approval of the competition authorities.

A LEADER IN ITS FIELD

NCC's goal is to be a leading company in residential construction in terms of customer relationship management among both corporate and private customers. Active communication, customer-oriented solutions and keeping its promises are the core of NCC's operations, the aim of which is to produce true added value for its customers. NCC develops the cost-efficiency of its operations and is constantly renewing its operating models. The high-quality employer image helps it ensure the best human resources.

For further information on NCC's operations in Finland, see www.ncc.fi.

NCC companies' operating net sales and personnel

	Net sales (EUR million)	Employees 31 Dec.
NCC Construction Ltd	803	2,691
NCC Property Development Oy	101	36
NCC Roads Oy	73	147

The main library in Turku was selected the Concrete Structure of 2007. The designer was architect's office JKMM.
PHOTO: VOITTO NIEMELÄ

On-site morning exercise sessions received the Personnel Achievement Award of the Year.
PHOTO: NCC'S IMAGE BANK

INFORMATION ON THE FINANCIAL STATEMENTS FOR 2007

NCC CONSTRUCTION GROUP 1 JANUARY – 31 DECEMBER 2007

NET SALES AND EARNINGS

NCC Construction Group's net sales calculated based on percentage of completion was EUR 803.3 million in 2007 (EUR 697.0 million in 2006) with an increase of EUR 106.3 million on the previous year. The share of developer contracted housing production (own risk) was EUR 283.8 million (260.3), i.e. 35.3 percent (37.3).

The share of international operations in Group net sales was EUR 89.9 million (46.8), i.e. 11.2 percent (6.7).

The Group's profit before extraordinary items and taxes was EUR 44.2 million (40.3), an increase of EUR 3.9 million on last year. The Group's operating profit was EUR 46.9 million (42.1), which represents 5.8 percent (6.0) of the net sales.

Return on investment in 2007 was 32.6 percent (32.8). Return on equity in 2007 was 31.2 percent (32.6).

BALANCE SHEET POSITION AND INVESTMENTS

The balance sheet total for NCC Construction Group was EUR 423.2 million (337.1) at the end of the fiscal period and shareholders' equity amounted to EUR 116.8 million (108.7). The equity ratio decreased and amounted to 32.0 percent (36.8). The company's liquidity has been good throughout the financial year. Net investments on fixed assets was EUR 4.4 million (1.3). The capital tied up in plots increased by EUR 21.1 million and amounted to EUR 147.0 million (125.9) at year end.

ORDER BACKLOG

NCC Construction Group's unrecognised order backlog at year end was EUR 680 million (500). EUR 980 million (764) in new projects, of which 43 percent were housing projects, were entered into the order backlog. A total of 2,656 dwellings (2,517) were completed in 2007, of which 1,548 (1,703) were developer contracted (own risk). In the Baltic region, 307 dwellings (413) were developer contracted construction projects. Of the dwellings produced by NCC Construction Group, 1,029 (1,176) were sold in Finland and 292 (288) in the Baltic region. The number of completed, unsold apartments in Finland was 220 (153) and in the Baltic region 45 (2).

PERSONNEL

At year-end the parent company, NCC Construction Ltd, employed 2,188 (2,169) people and the Group employees numbered 2,691 (2,492). NCC Construction had an average of 2,219 (2,160) employees during the period under review and the Group had 2,772 (2,501) employees. In addition, 448 trainees and summer employees had the opportunity to acquaint themselves with the construction industry and career prospects at NCC.

AUDITORS

The auditor of NCC Construction Ltd is KPMG Oy Ab, with Juha Jokinen (M.Sc.econ, APA), as the head auditor.

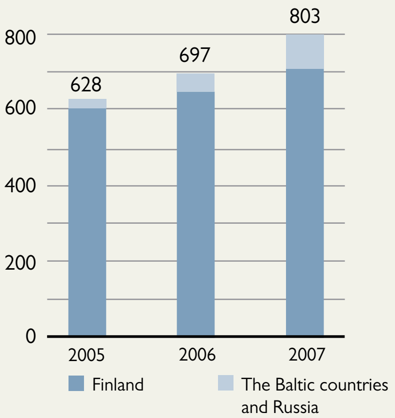
NOTE: NCC Construction Ltd's official financial statement information can be found at www.ncc.fi.

Preliminary view of an office building in Helsinki developed by NCC Property Development.

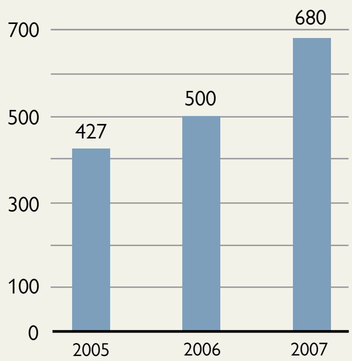
High-quality vacation homes are being built at the Ruka ski centre.

A new trading centre was opened in Hyvinkää, in Southern Finland.
PHOTO: MAX

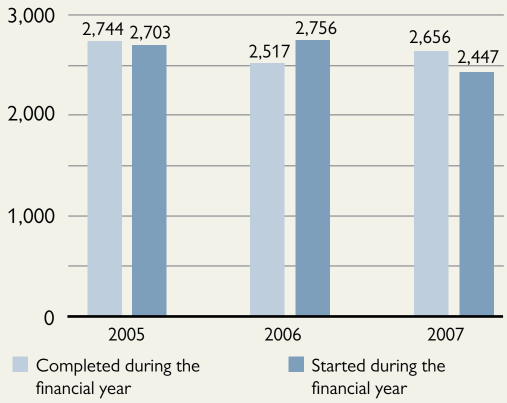
Net sales (EUR million)



Unrecognised order backlog (EUR million)



Housing output (dwelling units)



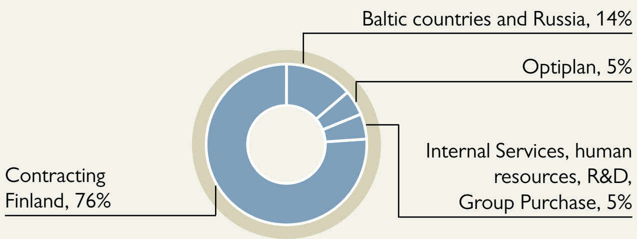
Net sales by business

	2007
NCC TähtiKoti Homes	36%
Housing partnering	8%
Contracting	26%
Property Development	8%
Commercial partnering	19%
Others	3%

Net sales of construction by region

	2006	2007
Housing, Helsinki Area	24%	22%
Contracting, Helsinki Area	22%	21%
Southwestern Finland	11%	11%
Central Finland	11%	11%
Eastern Finland	12%	10%
Northern Finland	4%	7%
Uusimaa, southern Häme	9%	7%
Baltic countries and St. Petersburg	7%	11%

Employee division



NCC CONSTRUCTION GROUP

	2006	2007
CONSOLIDATED INCOME STATEMENT	(EUR	million)
Net sales	697.0	803.3
Operating profit	42.1	46.9
Financial income and expenses	-1.8	-2.7
Profit before appropriations and taxes (EBT)	40.3	44.2
Extraordinary items	-2.8	-2.1
Profit before taxes	37.5	42.1
Direct taxes	-8.6	-9.0
Group's earnings for the fiscal period	**28.9**	**33.1**
CONSOLIDATED BALANCE SHEET (EUR million)		
Assets		
Fixed assets	5.4	8.1
Current assets	331.7	415.1
Liabilities		
Shareholders' equity	108.7	117.0
Obligatory provisions	14.5	15.5
Interest-bearing liabilities	19.9	45.8
Non-interest-bearing liabilities	194.1	244.9
Balance sheet total	**337.1**	**423.2**
KEY INDICATORS		
EBIT-%	6.0	5.8
EBT-%	5.8	5.5
Return on equity, %	32.6	31.2
Return on capital employed, %	32.8	32.6
Equity ratio, %	36.8	32.0
Non-income-recognised orders (EUR million)	500.0	680.0
Personnel, average	2,501	2,772

Accounting principles:

Income recognition from construction projects is based on degree of completion. The doubling related to developer operations has been eliminated from the net sales and balance sheet. Income recognition of margins from developer operations is based on the overall degree of completion (degree of sales multiplied by degree of completion).

Formulas for the key indicators

Return on equity (ROE):

$$\frac{\text{Profit before extraordinary items, reserves and taxes less taxes for the financial year}}{\text{Shareholders' equity + minority interest (average for year)}}$$

Return on capital employed (ROCE):

$$\frac{\text{Profit before extraordinary items, reserves and taxes + interest expense and other financing expenses}}{\text{Balance sheet total less non-interest-bearing liabilities (average for year)}}$$

Equity ratio:

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

NCC building 3, Helsinki
PHOTO: PASI HYTTI

An old property was renovated into a cosy hotel in Helsinki.
PHOTO: PATRIK RASTENBERGER

NCC CONSTRUCTION LTD

HOUSING PRODUCTION IN THE NEXT FEW YEARS:

In Finland, NCC has plots that correspond with construction of some 6,000 residential dwellings:

Sammontakoja, Tampere, 240 dwellings
Lauttasaari, Helsinki, 270 dwellings
Konala, Helsinki, 600 dwellings
Malmi, Helsinki, 200 dwellings
Tapanila, Helsinki, 100 dwellings
Westpark, Turku, 370 dwellings
Värttö, Oulu, 220 dwellings
Tuomarila, Espoo, 100 dwellings
Tammisto, Vantaa, 190 dwellings
Kerava, 240 dwellings
Kauniainen, 230 dwellings
Kuopio harbour, 130 dwellings

Neighbouring areas:

In St. Petersburg and the Baltic region, NCC has plots that correspond with construction of some 3,000 residential dwellings.

Fermskoye, St. Petersburg, 900 dwellings

NCC PROPERTY DEVELOPMENT OY

PROPERTIES UNDER CONSTRUCTION:

Falcon Business Park Hali and Tinnu, Espoo, floor area 13,600 m^2
Polaris Business Park 1 and 2, Espoo, floor area 14,200 m^2
Plaza Business Park Vivace and Largo, Vantaa, floor area 12,100 m^2
Opus Business Park 1, Helsinki, floor area 7,700 m^2
Tulli Business Park 1, 2 and 3, Tampere, floor area 17,000 m^2
Expansion of the Grani shopping centre, Kauniainen, floor area 1,600 m^2
Joensuu Retail Park, Joensuu, floor area 10,000 m^2
Tiiriö BigBox, Tiiriö, floor area 5,500 m^2
Lohjanharju Retail Park, Lohjanharju, floor area 30,000 m^2

PROPERTIES UNDER DEVELOPMENT:

Office building on Mannerheimintie, NCC4, Helsinki, floor area 10,000 m^2
Office building in Munkkivuori, Helsinki, floor area 13,000 m^2
Atrium Business Park, Espoo, floor area 24,000 m^2
Formica offices, Vantaa, floor area 10,500 m^2
Office building Origo, Helsinki, floor area 13,000 m^2
Office building in Keinusaari, Hämeenlinna, floor area 8,000 m^2
Aviapori Business Park, Pori, floor area 15,000 m^2
Turku-Raisio Retail Park, Turku, floor area 25,000 m^2
Jyväskylä shopping centre, Jyväskylä, floor area 50,000 m^2
City Centre Retail Park, Hämeenlinna, floor area 30,000 m^2
Lielahti Trading Centre, Tampere, floor area 16,500 m^2
Kekava Logistics Park, Riga, Latvia, floor area 48,000 m^2
Dreiliini Retail Park, Riga, Latvia, floor area 40,000 m^2

SIGNIFICANT PROPERTY TRANSACTIONS:

UBS (D) Euroinvest Immobilien, Tulli Business Park 1, floor area 5,767 m^2, Tulli 2, floor area 4,900 m^2, Tampere, EUR 37.6 million

Aberdeen Property Investors, Falcon Business Park Tinnu, Espoo, floor area 6,800 m^2, EUR 24 million

IVG Immobilien GmbH, Polaris Business Park 1, 50%, Espoo, floor area 7,095 m^2, EUR 21.7 million

NCC Property Development Oy compiles separate financial statements and its figures are not included in NCC Construction Group's financial statements.

NCC – RESPONSIBLE PARTNERSHIPS

Tornio, Finland and Haparanda, Sweden co-operated to develop their town centres together. NCC is building commercial services and housing for the Finnish side.

Strategy forms the basis for NCC's development activity along with the needs arising from changes in the operating environment. The focus areas for development are customer relation management, products, services and production process as well as corporate image development.

A development programme for customer relation management was launched during the year. The main expectations of key customers were charted and based on these, common customer promises were compiled. Planning of customer meetings and training of sales and production personnel in this area began.

ADDED VALUE FOR CUSTOMERS

In housing concepts, the focus was on customer-oriented products and smooth internal processes. Resources were increased in repair services and in renovation projects, resident communication and better control of renovation work was developed. In office construction we offer our customers Future Office premises, Stress Free functionalities and third generation technology. In order to improve information management in construction, NCC participated in product modelling pilot projects and developed i.e. productised standard design solutions for housing construction in co-operation with Optiplan.

Societal responsibility

SOCIAL RESPONSIBLITY

NCC focused on occupational safety, personnel development, training and maintaining employee fitness and well-being. The on-site morning exercise sessions continued and new instructors were trained. Henry ry awarded the morning exercise programme the Personnel Achievement Award of the Year. The foreman shortage was alleviated by training experienced construction industry professionals as foremen. A voluntary pension insurance was taken out for approximately 600 white-collar workers. Early rehabilitation and rehab -activities continued. NCC offers its personnel comprehensive occupational healthcare and also has operations that support extensive leisure time sport activities.

NCC's social responsibility also encompasses issues it values as important. A key target group is young people, particularly students in the construction trade. The company continued to support the protection of the Baltic Sea by supporting the activities of the Baltic Sea Action Group, as a continuation of last year's WWF-Mermaid campaign. The first Children's Building school was arranged in Finland and 40 children participated.

FINANCIAL RESPONSIBILITY

NCC's operations are based on ethical guidelines and ensuring internal controls. NCC actively strives towards weeding out any illegal labour practices from its sites. Prior to signing subcontractor agreements, NCC's code of conduct dictates that research be done regarding the status of company ownership and whether they fulfil their societal obligations.

A new type of architectural design in Pasila, Helsinki.

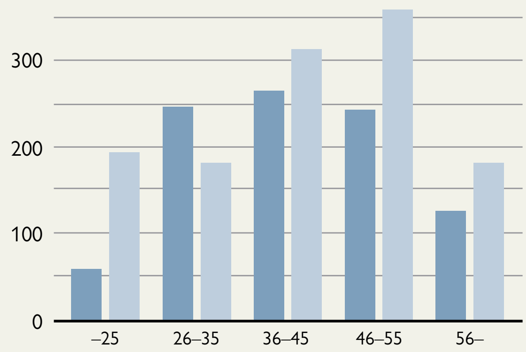
ENVIRONMENTAL RESPONSIBILITY

NCC acts responsibly as a builder of a good and sustainable environment. The EcoConcept service, which measures a property's environmental and life-cycle characteristics, was developed further, with a focus on renovation. Planning of a development programme for energy efficiency in NCC's own production began in 2007. The aim is to reduce energy consumption by 25-40 percent by 2010. Soils surveys were conducted in plots to be constructed and over EUR 2 million was spent on the rehabilitation of contaminated soil. The waste generated in all operations is sorted and proper further treatment of waste is ensured.

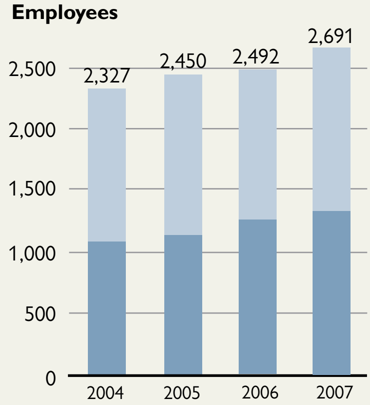
Tulli Business Park, Tampere.

NCC CONSTRUCTION GROUP

Number of personnel, age distribution

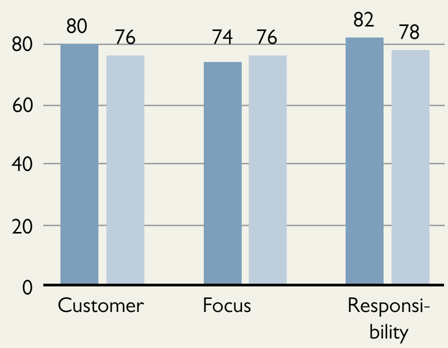


Employees

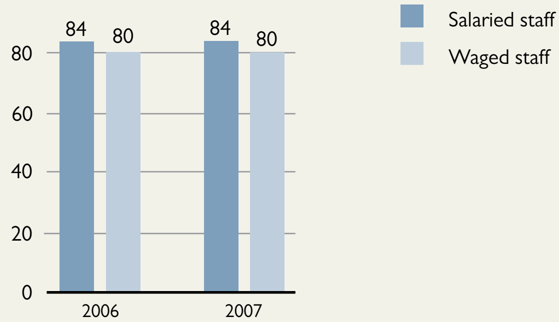


HUMAN CAPITAL INDEX 2007

NCC's values describe our actions (%)



I am proud of the work we do (%)



NCC Group carries out an annual personnel survey, measuring the working environment and personnel motivation of the companies. Development action plans are compiled based on the results. As NCC's objective is to be among the most sought-after employer in the industry, development work at the corporate level has continued to focus on leadership and managerial skills. NCC Construction's response rate is the same as last year, i.e. 82 percent. In 2007, the survey was also carried out in Russia, Estonia and Latvia.

ORGANISATION 2008

NCC COMPANIES' MANAGEMENT

Timo U. Korhonen, M.Sc. Eng. is President of NCC Construction Ltd, Jorma Ahokas, M.Sc. Eng. is President of NCC Property Development Oy and Olli Kokkonen, M.Sc. Econ. was President of NCC Roads Oy until 1 March 2008, after which it has been Heikki Rönkä, M.Sc. Eng.

NCC CONSTRUCTION FINLAND
President Timo U. Korhonen

BUSINESS DEVELOPMENT
Olli Niemi

HUMAN RESOURCES
Kristiina Numminen
- Security services

INTERNAL SERVICES
Jukka Lahtinen
- Controller functions
- Personnel services
- Legal affairs
- Project management
- Financing
- Financial services
- IT administration
- Site services
- Communications

CONTRACTING, The Helsinki Metropolitan Area	HOUSING, The Helsinki Metropolitan Area	UUSIMAA, SOUTHERN HÄME	SW FINLAND	CENTRAL FINLAND	EASTERN FINLAND	NORTHERN FINLAND	BALTIC COUNTRIES	RUSSIA
KAUKO WASENIUS	JUHA KORKIAMÄKI	PEKKA KIURU	MIKA SOINI	JUSSI TANHUANPÄÄ	JUHA RAHKONEN	JUHANI RASTAS	GUNNAR DUDKIN	PEKKA ENTELÄ
Commercial contracting PD Aarne Mikkonen D&B and construction management Matti Aho Renovation Timo Suominen *Reconstruction Vesa Ahlroos *Repairs and maintenance services Kari Talvitie	Helsinki and Keski-Uusimaa Kari Siitonen Espoo, Kauniainen and Vantaa Harri Savolainen Housing development Hanna Kajan	Lohja Hämeenlinna Kari Löytynoja	Turku	Tampere Jyväskylä Jari Kuosmanen	Lappeenranta Lahti Tapio Kulju Kuopio Juha Kuparinen Joensuu Antti Nevalainen	Oulu	Viro NCC Ehitus AS Toomas Aak Latvia NCC Konstrukcija SIA Gunnar Dudkin (additional duty) Lithuania NCC Pletra UAB Saulius Rukuiza Siauliu Titanas UAB Stanislovas Valius	St. Petersb. NCC Real Estate LLC Juuso Hietanen, (additional duty)


TIMO U. KORHONEN


OLLE EHRLÉN

NCC Construction Ltd

BOARD OF DIRECTORS

Olle Ehrlén, Chairman
(Alf Göransson, until 12 February 2007)
Ann-Sofie Danielsson
Ulf Wallin
Timo U. Korhonen
(Eva Charlotte Zethraeus Lindstedt, until 16 March 2007)

OPTIPLAN OY
President Tommi Vaisalo

Financial Management
Esa Hirn

Calculation services
Juha Kohonen

Research & Development
Kimmo Liljeström

Marketing, after sales
Ilkka Alvoittu

HOUSING
Jari Lehtinen

OFFICES, COMMERCIAL
Antti Torkki

RENOVATION
Jukka Laakkonen

ARCHITECTURE
Lasse Vahtera

HOUSING	OFFICES, COMMERCIAL	RENOVATION
Structural engineering	Structural engineering	Construction analysis
HVAC design	HVAC design	Planning and design
Electrical engineering	Electrical engineering	Construction services
Prefab. elements design	Prefab. elements design	

NCC PROPERTY DEVELOPMENT OY
President Jorma Ahokas

- OFFICES, Helsinki — Hannu Havanka
- OFFICES, Espoo and Vantaa — Tapio Rantanen
- RETAIL SITES — Jukka Manninen
- TAMPERE — Tero Estovirta
- BALTIC COUNTRIES — Ville Jokela

MARKETING COMMUNICATIONS
Sirpa Kuisma

OFFICE LEASING AND MANAGEMENT
Reijo Päärni

RETAIL SITE LEASING AND MARKETING
Petri Anttalainen

PROJECTS


JORMA AHOKAS


PETER WÅGSTRÖM

Property Development Oy

BOARD OF DIRECTORS
Peter Wågström, Chairman
Jorma Ahokas
Sven-Åke Karlsson

NCC ROADS OY
President Heikki Rönkä

- MINERAL AGGREGATE, ASPHALT MANUFACTURE — Pertti Peltomaa
- ROAD SURFACING — Olli Ruotsalainen
- ROAD MAINTENANCE AND EXCAVATING — Aapo Hurttia


HEIKKI RÖNKÄ


GÖRAN LANDGREN

NCC Roads Oy

BOARD OF DIRECTORS
Göran Landgren, Chairman
(Jonas Högberg, until 4 May 2007)
Håkan Alfheim
Olli Kokkonen

Housing Company Suvantokulma, Joensuu

Housing Company Tourulan Tähystäjä, Jyväskylä
PHOTO: VOITTO NIEMELÄ

Housing Company Riverside Country, Oulu
PHOTO: PEKKA AGARTH

Housing Company Satamanlyhty, Lahti
PHOTO: VOITTO NIEMELÄ

Kaskipuisto house, Hämeenlinna
PHOTO: MIKKO AUERNIITTY

Housing Company Linnanvouti, Vantaa
PHOTO: NCC COMMUNICATIONS

Westpark residential area, Turku

Sammontakoja residential area, Tampere

PORTFOLIO

MAIN PROJECTS UNDER CONSTRUCTION

På Gränsen, Tornio, 340,000 cu. m. of building volume
Prisma Itäkeskus supermarket, Helsinki, 276,000 cu. m. of building volume
Prisma supermarket, Hämeenlinna, 155,000 cu. m. of building volume
Panorama Tower, Espoo, 90,000 cu. m. of building volume
Sello shopping centre, parking spaces, bowling centre, restaurant and movie theatre, Espoo, 69,000 cu. m. of building volume
Kaskenniitty service flats, Turku, 64,500 cu. m. of building volume
Finnair Ground Equipment Center, Vantaa, 51,900 cu. m. of building volume
Hotel Aleksanteri, Helsinki, 33,000 cu. m. of building volume
Tecnopolis City and Williparkki, Lappeenranta, 30,000 cu. m. of building volume
Helsinki University language centre, renovation of office- and teaching spaces, 27,500 cu. m. of building volume
Viikki C-building, renovation of laboratory and teaching spaces, Helsinki, 18,800 cu. m. of building volume
Europe's chemical office, Helsinki, 15,000 cu. m. of building volume
Innopark, Hämeenlinna, 13,500 cu. m. of building volume
Grani 2 shopping centre, Kauniainen, 9,000 cu. m. of building volume
Housing Company Satakallio, rehabilitation of bathroom and plumbing, 520 dwellings

The Baltic countries and Russia

Housing contracting project Tiskre-Hansu IV, Tallinn, Estonia, 10 000 m^3
EPF Neli and Fakto AS, office buildings, Tallinn, Estonia, 90 000 m^3
ILEC Evenor OÜ, office building, Tallinn, Estonia, 24 000 m^3
Sanistål, logistics building, Riga, Latvia, 90 000 m^3
SIA Elipse BLC, logistics centre, Riga, Latvia, 280 000 m^3
Construction machinery centre, Riga, Latvia, 32 000 m^3
Hakkapeliitta Village, four blocks of flats, 167 dwellings, St. Petersburg, Russia, 49 000 m^3
Housing development projects, Tallinn (Tammeõue VI, Vana-Kuuli II, Rabaküla I) and Riga (Bikernieku I, Ogres).

In Finland 2,376 dwellings, of which 1,311 were implemented at own risk, were under construction. In Tallinn, 251 dwellings, and in Riga, 195 dwellings, as own development, were under construction in 2007.


Airport Plaza Business Park, Vantaa


NCC building 3, Helsinki
PHOTO: NCC COMMUNICATION


Polaris Business Park, Espoo


Falcon Business Park, Espoo


Opus Business Park, Helsinki
PHOTO: ENRICO SERI


Keswell, Kemi
PHOTO: PEKKA AGARTH


A hospital adapted for residential use, Sipoo
PHOTO: SUOMEN ILMAKUVA OY


City centre project of Kauniainen

MAIN COMPLETED PROJECTS

Turku Port, distributing yard, 239,000 cu. m. of building volume
Prisma supermarket, Lohja, 169,300 cu. m. of building volume
Galleria business quarter, Lappeenranta, 158,000 cu. m. of building volume
Hyvinkää home centre and traffic station, Hyvinkää, 99,770 cu. m. of building volume
Merkos 2nd phase, Riihimäki 96,400 cu. m. of building volume
Sellopark, Espoo, 62,000 cu. m. of building volume
Biltema, Lappeenranta, 49,500 cu. m. of building volume
Falcon Hali Business Park, Espoo, 45,973 cu. m. of building volume
Datateema business building, Pirkkala, 37,000 cu. m. of building volume
Finnish Museum of Natural History, Helsinki, 34,500 cu. m. of building volume
Kirkkonummi Swedish school centre, Kirkkonummi, 31,000 cu. m. of building volume
Nokia Kara PhOne Learning & Training Center, Espoo, 28,700 cu. m. of building volume
Suomen Rakennuskone, Pirkkala, 23,000 cu. m. of building volume
Proventia House, Oulunsalo, 20,000 cu. m. of building volume
Salpalinna real estate, Joensuu, 18,000 cu. m. of building volume
Sokos Hotel Albert, Helsinki, 16,700 cu. m. of building volume
Savonlinna Senior Secondary School of Art and Music, Savonlinna, 11,000 cu. m. of building volume

The Baltic countries and Russia
Housing contracting project Tiskre-Hansu III, Tallinn, Estonia, 12 000 m^3
Server building for Hansa Bank, Tallinn, Estonia, 16 000 m^3
Ergo and Messiehitus, office buildings, Tallinn, Estonia, 21 000 m^3
Office building and car store, Riga, Latvia, 34 000 m^3
Graanul Invest, industrial building, Launkalne, Latvia, 20 000 m^3
Vitrum, store building, Riga, Latvia, 100 000 m^3
Housing development projects, Tallinn (Tammeõue IV-V, Vana-Kuuli I), Riga (Stirnu II) and Vilnius (Kalvariju).

A total of 2,740 dwellings were completed in Finland, 308 in Tallinn, 121 in Riga and 21 in Vilnius.

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EXPECT A BIT MORE

NCC CONSTRUCTION LTD
Finland, 2007

REPORT FOR THE 1.1 - 31.12.2007 ACCOUNTING PERIOD

Turnover and results

The NCC Construction Group's turnover in 2007, calculated on the percentage of completion, was MEUR 803.3 (MEUR 697.0 in 2006 and MEUR 628.1 in 2005), being an increase on the previous year of MEUR 106.3.

The double entry of developer/contractor projects has been eliminated from the turnover in such a way that turnover is formed by the sum of spec construction during the implementation period, which corresponds to the selling prices of homes net of debt plus additional work and alterations. The turnover of spec projects is matched with coevally arising construction costs. The margins on spec projects have been income-recognized according to the overall percentage of completion (sales rate times percentage of completion).

Of the Group's turnover, spec projects or housing development accounted for MEUR 283.8 (MEUR 260.3/2006 and MEUR 237.6/2005), which is 35.3 (37.3/2006 and 37.8/2005) per cent.

Of the Group's turnover, spec projects or housing development accounted for MEUR 89.9 (MEUR 46.8/2006 and MEUR 23.2/2005), which is 11.2 (6.7/2006 and 3.7/2005) per cent.

The Group's profit before extraordinary items and taxes was MEUR 44.2 (MEUR 40.3/2006 and MEUR 33.5/2005), being an increase on the previous year of MEUR 3.9. The Group's operating profit was MEUR 46.9 (MEUR 42.1/2006 and MEUR 34.5/2005), which is 5.8 (6.0/2006 and 5.5/2005) per cent of turnover.

Return on investment in 2007 was 32.6 (32.8/2006 and 28.7/2005) per cent. Return on equity in 2007 was 31.2 (32.6/2006 and 33.7/2005) per cent.

The boom in building construction in Finland has continued slightly longer and more strongly than was expected. Good net profits by construction companies and large backlogs of orders have also maintained the construction sector's faith in the future. Right at the end of the year signs began to be seen of a downturn in demand for housing, which is partly a consequence of rising interest rates and partly due to uncertainty over the overall economic trend. The number of housing starts in Finland was already lower than in 2005 and 2006, which is expected to even out the imbalance in housing demand and/or supply.

The increase in turnover of NCC's Finnish operations (9.7%) was in line with growth in the building sector. Of the profit centres, the largest growth was in Northern Finland, where the project under way on the Tornio border doubled the unit's turnover compared with the previous year. The turnover of operations in the Baltic countries doubled according to expectations. The construction company UAB Titanas acquired last year in Lithuania affected growth for half of the year.

NCC's housing construction was again profitable in spite of a considerable increase in costs during the financial year. An increase in the number of completed dwellings unsold postponed recognitions of earnings, but they also increased the balance sheet and boosted capital and service charge expenditures. On the other hand, a slight downturn in housing starts released capital. The functions of the low-rise production unit which had operated in the Helsinki Metropolitan Area were merged with Residential Construction Unit West.

The results of contract construction were mostly in line with the targets, and orders were good throughout the year. A drag was exerted on a few projects by a larger increase in costs than expected, and because margins were small, small failures eroded the net profit of the entire business sector. Some projects awarded were never started because the client considered the tendered prices too high. It was decided to terminate some projects developed by the sister company NCC Property Development Oy built by a separate construction unit and to combine them with the Helsinki Metropolitan Area building construction unit's Design and Build unit.

In the Baltic countries, good results were posted by Estonia and Latvia. The Latvian Stirnu II project for 121 apartments was wholly income-recognized with a good margin in 2007. Demand for new housing in the region began to decline strikingly sharply in the late summer. Start-ups of spec projects were postponed for this reason, freeing up production capacity for other construction.

Balance sheet status

The NCC Construction Group's balance sheet total at year-end was MEUR 423.2 (MEUR 337.1/2006 and MEUR 288.6/2005) and its shareholders' equity was MEUR 116.8 (MEUR 108.7/2006 and MEUR 85.8/2005). The double entry of developer/contractor projects has been eliminated from the balance sheet in such a way that the balance sheet items of projects in progress related to developer/contractor projects are shown as a single item in the inventory.

Interest-bearing liabilities on the balance sheet were MEUR 45.8 (MEUR 19.9/2006 and MEUR 42.1/2005) at year-end. Net financing expenses were MEUR 2.7 (MEUR 1.8/2006 and MEUR 1.0/2005), which is 0.33 (0.26/2006 and 0.16/20005) per cent of turnover.

Loans to housing companies whose buildings were under construction totalled MEUR 109.4 (99.1/2006 and 74.3/2005) at year-end, of which unsold items accounted for MEUR 62.5 (MEUR 56.1/2006 and MEUR 41.3/2005). The loan holdings of completed and unsold housing companies were MEUR 25.0 (MEUR 15.8/2006 and MEUR 12.3/2005). The loans of the housing companies in question are shown on the balance sheet in short-term liabilities and they are treated in the calculation of the key indicators as interest-free debts and their interest expense is included in the expenses of projects.

Cash in hand and at bank totalled MEUR 18.8 (MEUR 7.3/2006 and MEUR 35.0/2005). Dividends paid during the financial year amounted to MEUR 25.0 and Group contributions to MEUR 2.8. The equity ratio declined to 32.0 (36.8/2006 and 32.6/2005) per cent

The company's liquidity was favourable throughout the financial year. Plots to be used for spec construction and for leasing to housing companies were transferred and acquired through partnership agreements for ownership by investors.

Investments

Net capital expenditure on fixed assets amounted to MEUR 4.1 (MEUR 1.3/2006 and MEUR 1.3/2005). The capital tied up in plots of land increased by MEUR 21.1 and totalled MEUR 147.0 (MEUR 125.9/2006 and MEUR 97.8/2005) at year-end. In addition to its own land inventory, NCC Construction Ltd and housing companies started or to be started have leasehold on the plots mentioned above which have become owned by investors. The permitted building volume of these plots is 102,950 square metres of floor area.

Group structure

Parent company and Group structure

NCC Construction Ltd is part of the Nordic NCC Construction Group. The parent company is NCC AB, which is one of the Nordic region's leading construction and real estate companies. NCC Construction Ltd's market area embraces the Baltic countries and Russia as well as Finland.

The sister companies of NCC Construction Ltd in Finland are NCC Property Development Oy and NCC Roads Oy. NCC Construction's business sectors are housing and building construction, NCC Property Development's field of business is property development, and NCC Roads' sector is asphalting, road maintenance and aggregate business.

NCC International Oy's representative office was moved to St Petersburg, address Potemkinskaya str. 2 D, 191123 St Petersburg, Russia. Register number: 7903.2 and registration date 26.11.2007.

Changes in the Group structure of NCC Construction

On 2 July a contract was signed whereby NCC Construction Ltd acquired the construction company called UAB Sialiu Titanas in Lithuania. Following the transaction, the company has been included in the NCC Construction Group. The acquisition price of the company was registered as a paid share of MEUR 3.3. The sellers have an option for an additional price of MEUR 3.7 if the additional terms stated in the deed of sale are implemented. The review of the transaction price will be performed in 2010 when the financial statements for 2009 are adopted.

Action to merge NCC International Oy with NCC Construction Ltd was started in October and the personnel were transferred as of 1 January 2008 to the employ of NCC Construction Ltd.

The profit centres

NCC's profit centres in charge of construction business are building construction and housing construction in the Helsinki Metropolitan Area, Uusimaa and Southern Häme, Southwest Finland, Central Finland, Eastern Finland, Northern Finland, construction in neighbouring regions, and construction design. Supporting functions are the service units, Group procurement, personnel administration, and business development. The operations of the Neighbouring Regions business unit are the responsibility of NCC International Oy together with its subsidiaries and sister companies in the Baltic countries and Russia. Architectural, structural and HEPAC design is the responsibility of Optiplan Oy.

Personnel

At year-end, the parent company, NCC Construction Ltd, had 2,188 (2,169/2006 and 2,090/2005) employees. The Group had 2,691 (2,492/2006 and 2,450/2005) employees at year-end. NCC Construction Ltd had an average of 2,219 (2,160/2006 and 2,041/2005) employees during the year and the Group had an average of 2,772 (2,501/2006 and 2,384/2005). Further, 448 apprentices and summer employees had an opportunity to learn about the construction industry and the professional opportunities provided by NCC.

Wages and salaries in the Group during the financial year were MEUR 88.7 (MEUR 82.6/2006 and 75.9/2005) and in the parent company they were MEUR 79.1 (MEUR 74.8/2006 and MEUR 68.3/2005)

Output

Construction turnover broke down into the following percentage figures:

	2007	*2006*	*2005*
New housing construction	45%	48%	51%
Other building construction	33%	34%	34%
Renovation	11%	11%	11%
Construction in neighbouring regions	11%	7%	4%

Housing construction by number of units:

	2007	*2006*	*2005*
Spec housing construction			
Starts:			
Finland	1,116	1,248	1,496
Neighbouring regions	307	413	412
	1,423	1,661	1,908
Complete:			
Finland	1,182	1,334	1,447
Neighbouring regions	366	369	60
	1,548	1,703	1,507
Sold:			
Finland	1,029	1,176	1,356
Neighbouring regions	292	288	251
	1,321	1,464	1,607
Unsold:			
Finland	220	153	131
Neighbouring regions	45	2	0
	265	155	131
Other housing construction			
Completed:	1,108	814	1,237
Starts:	1,024	1,095	813

Orders in hand

The NCC Construction Group's non-income-recognized orders in hand at year-end were MEUR 680 (MEUR 500/2006 and MEUR 427/2005). New work, of which 43% was housing projects, was entered in the order books to the tune of MEUR 980 (MEUR 764/2006 and MEUR 658/2005). Of the orders held in Finland, 51 (49/2006 and 51/2005) per cent are in the Helsinki Metropolitan Area. Among the larger projects on the books are a shopping centre under construction in Tornio, Tampere Business Park Tulli, and the Helsinki housing projects As Oy Helsingin Eiranrannan Estella and As Oy Helsingin Scarlett.

The share of the neighbouring regions in the order books continued to rise, reaching roughly 18 (11/2006 and 8/2005) per cent The largest projects under construction are a spec housing project and a logistics centre in Riga as well as a housing contract project in St Petersburg.

Board of Directors, company management and auditor

Board of Directors

Olle Ehrlen, Chairman, as of 12 February 2007
Alf Göransson, Chairman, until 12 February 2007
Ann-Sofie Danielsson
Ulf Wallin
Eva Charlotte Zethraeus Lindstedt, until 16 March 2007
Timo U. Korhonen
Kari Korpela served as secretary to the Board of Directors.*Corporate management*

Timo U. Korhonen, M.Sc. (Eng.) serves as the President of NCC Construction Ltd 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, M.Sc. (Econ.&BA), APA, as the auditor in charge.

Proposal by the Board of Directors for action arising from the profit/loss

The parent company's distributable shareholders' equity is 47,623,889.96 euros. The Board proposes to the annual general meeting that dividend be paid in the amount of 15,000,000.00 euros and that the remainder of the net profit for the year be posted to retained profits.

There have been no essential changes in the company's financial position since the end of the financial year. The company's liquidity is good, and the proposed disposal of profits will not, in the Board's view, jeopardize the company's liquidity.

Company shares

Year	2007	*2006*	*2005*
Shares	5,365	5,365	5,365

All shares confer identical entitlement to dividends and company assets and their par value is 1,000.00 euros.

Development

The cornerstone of NCC's development work is the strategy, combined with development needs generated by changes in the business climate. In 2007, the areas of emphasis were the personnel's expertise and skills, products, services and the production process, and developing the corporate image.

During the business year, a Customer Relationship Management development programme was planned and launched. The main expectations of the key customers were charted, customer promises were drawn up on the basis of these, and planning and training of customer meetings related to this were initiated for sales and production personnel. The fifth training programme for business management was started.

A development project for NCC's internal and external image as an employer was launched and a traineeship programme was drawn up for university and polytechnic students.

Products and services

In respect of NCC TähtiKoti homes, the main thrust was on the customer-centred nature of the product and the development of internal processes to achieve a quality end product and service. The development work has focused, among other things, on interior styles, a conversion work service, marketing and establishing design solutions.

A Repair Calendar was developed as an aid for a repair service to be provided for building managers and governing boards. The model can be used to calculate the extent of repairs to apartment buildings and their technical depreciation. The development of a housing company repair process serving the residents' needs was continued – particularly in respect of residents' communications and the management of changes hoped for by the residents. Also, a Helpdesk function developed for small repairs became established as an everyday operation.

The main thrust in office construction was on the development of the Future Office concept, particularly energy solutions.

Production process

Project management was further developed and tools were developed for risk management in areas including tendering risk analysis and the monitoring of ongoing projects.

In procurement, efforts were devoted to better leveraging the size of the Group and creating new procurement models and supplier networks as well as finding new sources of procurement. The Hansu procurement system which supports project work was developed and adopted in practice.

In building services procurement, efficiency was sought by differentiating work and procurement, for example. Out of MEUR 60 in building services procurement, MEUR 5 was made with the new procedure, which amounts to 8% (MEUR 2.2 in 2006).

In order to improve construction data management, NCC participated in product modelling pilot schemes and a Tekes research project in which a data management process, tools and operational models were developed. A natural partner on development projects is the design firm Optiplan Oy, which also developed commercialized standard design solutions for housing construction to meet new demands.

Research and development expenditure in the Group in 2006 totalled MEUR 3.9 (3.1/2006 and 2.3/2005), which is the equivalent of 0.5 per cent of turnover (0.4/2006 and 0.4/2005). Research and development costs were booked as annual expenses.

Financial responsibility

Social responsibility

NCC deployed efforts to work safety, personnel development, training and maintenance of fitness for work.

NCC participated actively in industry job safety work and did well in industry competitions. Working safety on sites is guided through weekly TR safety observation measurements. The TR rating for all sites was over 92 per cent.

Worksite morning fitness exercises were continued and more coaches were trained. The Finnish Association for Human Resource Management chose the morning exercises as its personnel action of the year. The shortage of work supervisors was relieved by training experienced construction professionals as work supervisors.

Optional pension insurance was taken out for roughly 600 technical personnel. The payment for the financial year was MEUR 0.9 and in addition MEUR 1.4 was allocated in the financial statements.

Supervisors were issued with guidelines on how to lower the threshold for returning to work after sick leave and how to act if harassment and inappropriate behaviour are found in the working community. Early rehabilitation and rehabilitation operations continued. NCC provides its personnel with holistic health care, in addition to which the company sponsors broad-based leisure exercise.

NCC bears its social responsibility also by supporting causes it finds worthy. An important target group is the young, particularly construction students. Conservation of the Baltic Sea was continued by sponsoring the activities of the Baltic Sea Action Group, an extension of the previous year's WWF Mermaid campaign. A Children's Construction School was held for the first time in Finland and 40 children took part in it.

Financial responsibility

NCC's actions are guided by a Code of Conduct, which was updated during 2006, as well as by an affirmation of the Corporate Governance guidelines in which the implementation of corporate ethics in NCC's actions is also examined. NCC continued to participate actively in eliminating the grey economy, which is widespread in the construction industry, from its own worksites. The methods used include checking out companies' ownership structure and their fulfilment of social requirements before a subcontracting agreement is signed.

Environmental responsibility

NCC bears its responsibility as a builder of an excellent and sustainable environment. Its goals were recorded in the lifecycle strategy drawn up in 2005. Further improvements were made in the service concept for buildings' environmental and lifecycle characteristics (the EkoConcept), with the main thrust on renovation. In 2007, a development project was started for the energy efficiency of NCC's own production, with the aim of reducing energy consumption of housing by 30 per cent and that of business premises by 25 per cent by the year 2010.

Polluted soil on sites for construction was examined and purified on a considerable scale in all parts of Finland. More than two million euros was spent on purifying polluted soil in 2006.

The environmental risks and risks due to circumstances in construction are countered by implementing a project plan in line with the operating system. Indoor-air classification is applied actively on all of NCC's projects. Sorting has been arranged for waste matter resulting from operations and the proper onward treatment of waste is attended to.

The main risks and risk management

Strategic risks

A significant strategic risk for NCC involves operations controlling growth in neighbouring regions, the St Petersburg and Baltic area. Management of this risk involves engaging in spec construction and tying up capital only in the larger cities. Arranging the supervision of subsidiaries and the Lithuanian subsidiary acquired during the financial year locally through personnel arrangements and from Finland is also a part of the management of a recognized risk.

Tactical risks

NCC's management system is part of the risk management. The corporate management has the support of an integrated project management and monitoring system and regular reporting on the unit and divisional level and the monthly analysis of discrepancies. All subsidiaries of NCC use as an aid for internal surveillance a COSO-based procedure used by public companies in Sweden, where it is associated with corporate governance (Kod för Svensk bolagsstyrning), and developed by NCC AB.

Among the greater risks for contract output is the management of tender estimation. This risk is best managed by selecting for tender estimation those projects for which the unit has the wherewithal to attain a financially profitable result. A standalone computer software package has been assembled for advance analysis of projects and this is augmented with decision-making guidelines. The main risk for housing development output is the timely start-up of projects and knowledge of the market. All decisions on land purchase and start-ups of housing development projects require, among other things, a market survey, a feasibility study and a starting permit.

Liability risks
Within the Group, efforts are made to hedge all business risks. Primarily, the realization of risks is influenced by improved advance planning, but also by induction and training aimed at the personnel and partners. TR safety observation measurements are carried out at worksites weekly. On the basis of the readings, the trend of the units' work safety action is monitored closely. Work safety has thus also been made one of the main criteria for productivity bonuses.

The property, operations and personnel of NCC AB and it subsidiaries have been insured comprehensively with its own captive company or with an external international insurance company.

No significant court cases are pending and the Board of Directors are aware of no juridical risks that would substantially affect the operation or net profit of the company.

A tax audit concerning all tax laws was carried out at NCC Construction Ltd during the autumn. We have not yet received the preliminary audit report, but on the basis of the discussions, the residual tax claims will be small.

Financial risks
The Group's financing is consolidated in the hands of NCC Treasury AB, to which the liquidity management of NCC Construction Ltd's foreign subsidiaries was also transferred during the autumn.

NCC Treasury AB secures credit, interest rate, currency and country risks on a centralized basis together with specialists of the unit's management and administration. Risks are handled in accordance with the principles set by NCC AB's Board of Directors and management. The units do not take these risks.

Outlook for 2008

According to an estimate by the Research Institute of the Finnish Economy, Finland's GNP growth will continue at roughly three per cent in 2008. There was a period of faster growth in building construction than expected last year, which is now expected to settle down somewhat. Orders will continue to be high and volumes will still be great in 2008, but housing and business premises starts will fall to a lower level than in 2007. Growth will also be limited partly by a rapid increase in costs and a shortage of resources. The rate of inflation for construction costs is above background levels, and this has actually resulted in postponements of the start of projects successfully tendered for, and these are now forecast to be implemented in future years.

The number of housing starts is forecast to decline, although the basic factors underpinning demand for housing are still the same: the population is growing, internal migration continues, the average size of households is falling, and there is a demand for more housing space per person. The rising living standard and pay solutions are fuelling consumption and providing more people with an opportunity to invest in more spacious housing. The Helsinki Metropolitan Area is growing in attractiveness and the emphasis on construction of apartments and terraced housing will increase. The need to reduce energy consumption will increasingly regulate town planning and lead to denser construction close to public transport. NCC is a strong builder of housing in the Helsinki Metropolitan Are and its share of all apartment building construction in Finland is roughly 15%.

Slowing growth on the global market will make it possible for interest rates to hold steady, and the previously forecast increase in rates may not happen. However, the costs of servicing a housing loan will increase slightly, mainly due to caution on the part of banks and a resultant rise in bank margins. The interest rate has had a major impact on the price of housing and thus on profitable housing construction.

For several years, growth in construction has been relatively steady, in a contributory factor which has been the fact that cycles in housing and office buildings have gone conveniently at different rates. There is now uncertainty as to which form of production will take the lead. There have also been forecasts that an excessive amount of office space will be completed during 2008, which will reduce investors' interest in making placements in new office facilities towards the end of the year. If consumers' faith in their own and Finland's economy turns down at the same time, it will also affect willingness to buy homes.

The increase in wages and capital earnings is also boosting the income of local authorities and the state. Their economies will be in better shape, making it possible for society to carry out investments that have been underfinanced for a long time, by increasing construction of rental housing, for example. There will also be a further increase in renovations. We believe that the Finnish economy is in good shape enough that there are still good reasons to expect growth in building construction to continue, even if at a slightly lower rate than we have become accustomed to in the past few years.

Russia's longtime favourable economic trend has fostered strong growth potential in housing construction in St Petersburg and the need for construction of housing is at least on the same order as in Finland as a whole. Growth will continue on the same track for the years ahead. At the end of 2007, a housing partnering project entitled Hakkapeliitta Village was started, the construction of which will continue for the whole of 2008. It is also intended to start up construction work on the first spec housing project Fermskoe in St Petersburg towards the end of 2008 and to acquire new land areas to secure the continuity of spec housing construction.

Economic growth in the Baltic countries will slow down in 2008 and slowing demand for housing will result in pressure for long-term planning of output. The reason the property market is cooling is not a lack of demand for housing but uncertainty over the economic trend and the direction of currency exchange rates, which is keeping interest rates high. Fewer housing starts have been planned than in the previous year, but any positive changes in the housing market can be responded to promptly and if necessary by expanding housing output. The lower volume of housing construction will be compensated for by stepping up production under contract with partnering agreements. Economic growth has also meant that inflation has begun to rise in the neighbouring countries.

In St Petersburg and the Baltic countries, plot prices and construction input costs rising faster than housing selling prices will constitute a clear risk to operational profitability if it continues. On the other hand, a strong backlog of orders for non-housing construction creates a good basis for a future increase in the share of operations in neighbouring countries in NCC's overall volume.

CONSOLIDATED INCOME STATE

	Reference	(€ 1,000) Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
Turnover	1.1.	**803,308**	696,986	**707,841**	645,619
Increase (+)/ decrease (-) in stocks of finished and unfinished goods		**-9,241**	13,443	**1,884**	4,759
Production for own use		**152**	89	**153**	89
Other operating income	1.2.	**45**	486	**104**	483
Materials and services	1.3.	**562,728**	506,762	**507,161**	465,806
Personnel expenses	1.4.	**112,853**	102,088	**100,835**	92,230
Depreciation and write-downs	1.5.	**1,774**	1,566	**1,289**	1,226
Other operating costs	1.6.	**70,029**	58,465	**66,671**	55,069
Operating profit		**46,880**	42,123	**34,026**	36,619
Financial income and expenses	1.7.	**-2,654**	-1,826	**-1,115**	-782
Profit before extraordinary items		**44,226**	40,297	**32,911**	35,837
Extraordinary items	1.8.	**-2,106**	-2,804	**-2,965**	-4,905
Profit before appropriations and taxes		**42,120**	37,493	**29,946**	30,932
Appropriations	1.9.			**63**	265
Direct taxes	1.10.	**-9,010**	-8,586	**-7,641**	-8,599
Minority interest		-22	0		
Net profit for the year		**33,088**	28,907	**22,368**	22,598

CONSOLIDATED BALANCE SHEET

	Reference	(€ 1,000) Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
ASSETS					
Fixed assets	2.1.				
Intangible assets	2.1.1.	**1,222**	994	**971**	653
Tangible assets	2.1.2.	**5,915**	3,453	**3,450**	2,847
Investments	2.1.3.	**970**	999	**7,894**	4,615
		8,107	5,446	**12,315**	8,115
Current and non-current assets	2.2.				
Inventory	2.2.1.	**278,897**	224,890	**215,891**	177,542
Non-current receivables	2.2.2.	**2,562**	2,945		
Current receivables	2.2.3.	**114,836**	96,555	**95,777**	99,834
Cash in hand and at banks		**18,771**	7,271	**9,247**	3,916
		415,066	331,661	**320,915**	281,292
Assets		**423,173**	337,107	**333,230**	289,407
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		**41,894**	37,984	**25,255**	27,658
Net profit for the year		**33,088**	28,907	**22,368**	22,598
		116,759	108,668	**89,400**	92,033
Minority interest		**206**	0		
Accumulation of appropriations	2.4.			**546**	608
Obligatory reserves	2.5.	**15,527**	14,484	**15,085**	12,295
Liabilities	2.6.				
Non-current liabilities	2.6.2.	**3,500**	4,200	**3,500**	4,200
Current liabilities	2.6.3.	**287,181**	209,755	**224,699**	180,271
		290,681	213,955	**228,199**	184,471
Liabilities and shareholders' equity		**423,173**	337,107	**333,230**	289,407

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(€ 1,000)	Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
Cash flow from business operations				
Profit before extraordinary items	**44,226**	40,297	**32,911**	35,837
Adjustments:				
Profit and loss from disposal of material and immaterial goods	**-17**	-323	**-15**	-320
Planned depreciation	**1,774**	1,566	**1,289**	1,226
Financing income and expenses not paid	**336**	-65	**136**	52
Increase (+)/ decrease (-) in uninvoiced portion of handed-over and partially income-recognized projects and post-completion reserves	**11,561**	-7,896	**2,336**	-3,802
Increase (+)/ decrease (-) in obligatory reserves	**1,043**	3,993	**2,790**	3,845
Cash flow before change in working capital	**58,923**	37,572	**39,447**	36,838
Change in working capital:				
Increase (-)/ decrease in trade receivables	**-17,507**	-6,133	**-6,788**	-6,775
Increase (-)/decrease in current non-interest-bearing receivables	**-10,128**	850	**-2,411**	1,593
Increase (-)/ decrease (+) in inventories	**-54,008**	-62,418	**-38,349**	-37,420
Increase (+)/ decrease in trade payables	**11,726**	454	**4,720**	111
Increase (+)/decrease in advances received	**14,970**	16,704	**27,040**	986
Increase (+)/ decrease (-) in non-interest-bearing debts	**23,775**	25,894	**15,613**	17,277
Change in working capital:	**-31,172**	-24,649	**-175**	-24,228
Cash flow from business operations before taxes	**27,751**	12,923	**39,272**	12,610
Direct taxes paid	**-10,310**	-7,925	**-9,318**	-7,353
Cash flow from business operations (A)	**17,441**	4,998	**29,954**	5,257
Cash flow from investments:				
Investments in material and immaterial goods	**-4,105**	-1,690	**-5,520**	-1,270
Income from disposal of material and immaterial goods	**52**	396	**46**	392
Cash flow from investments (B)	**-4,053**	-1,294	**-5,474**	-878
Cash flow from financing:				
Increase (-)/ decrease (+) in interest-bearing loan receivables			**11,456**	-4,604
Dividend	**-25,000**	-6,009	**-25,000**	-6,009
Increase (+)/ decrease (-) in interest-bearing debts	**25,916**	-22,200	**-700**	-22,200
Group contribution received/ paid	**-2,804**	-3,200	**-4,905**	-628
Cash flow from financing (C)	**-1,888**	-31,409	**-19,149**	-33,441
Increase (+)/ decrease (-) in liquid assets (A+B+C)	**11,500**	-27,705	**5,331**	-29,062
Liquid assets at start of year	**7,271**	34,976	**3,916**	32,978
Liquid assets at year-end	**18,771**	7,271	**9,247**	3,916

ACCOUNTING CONVENTIONS

CONSOLIDATION CONVENTIONS

Scope of the consolidated financial statements

The consolidated financial statements combine the parent company, NCC Construction Ltd, 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 in the balance sheet item in which it arose, or if the difference has not been allocated, the unallocated part has been treated as Group goodwill or a reserve.

Group goodwill has been booked as an expense and Group reserves as income in their entirety in previous financial years.

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 as a separate item on the balance sheet.

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 distributable equity.

The exchange gains and losses booked in the net profit for the year which result from hedging the shareholders' equity are netted in the consolidated shareholders' equity to net opposite-polarity translation differences from there.

Associated companies

Associated companies have been consolidated by the equity method or, if no shareholder has a controlling interest in the company, the associated company has been consolidated line-by-line in proportion to the holding.

TURNOVER AND PRINCIPLES OF INCOME-RECOGNITION

In the calculation of turnover, sales revenue is subjected to a deduction of indirect taxes, including value-added tax on own use of developer/contractor projects.

The amount of the value-added tax on own use of developer/contractor projects is given in the notes to the financial statements (section 1.1.)

In the case of spec development projects, the turnover is comprised of a sum which corresponds to the net selling prices of shares/apartments plus additional work and alterations carried out for the purchasers as a total for the completion period. As an exception to the Accountancy Board's general rule, the turnover for Finnish spec development projects is matched against temporally accrued construction costs, including the costs of plots, with part of its acquisition cost added in proportion to its degree of completion in accordance with forecast construction margin and the margin from actual share transactions. The exceptions to the Accountancy Board's general rule are given in the notes to the financial statements (sections 1.1. and 2.2.1.)

The exceptions have no effect on the way in which the net profit is formulated.

In respect of partnership projects in which NCC Construction Ltd acts as a contractor for construction on a plot formerly owned by the company, turnover includes the share 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 sales invoice is recorded, ending in the month in which the job is handed over to the client.

The degree of completion of construction is calculated as a ratio of the actual projects costs relative to the forecast total costs. In spec projects, these costs include the costs of plots and others. In spec projects, the margin is income-recognized on the basis of the overall percentage of completion, as calculated when the percentage of completion is multiplied by the sales rate. The sales rate is calculated as the ratio of the euro total of the total of forecast share transactions to the actual number of share transactions.

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.

The mutual receivables and debts from the object companies associated with developer/contractor projects have been entered for developer/contractor projects under construction for inventories. These are further specified in section 2.2.1. of the notes on the balance sheet.

The proportion of unsold shares in properties of housing associations and real estate holding companies which are under construction and completed in the corporate loans have been recorded under non-interest-bearing short-term liabilities. The interest on these loans has been recorded under project expenses.

ITEMS DENOMINATED IN FOREIGN CURRENCY

Receivables and debts in foreign currency have been translated into euros 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. Value-added tax for own use is not included in the acquisition cost of inventory, so the inventory has been evaluated in the same way regardless of the form of production.

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
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. The 10-year liability reservation for developer/builder projects has been estimated on the basis of experience derived from previous liability expenses.

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.

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 taxes are dealt with only in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(€ 1,000)	Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
1.1. TURNOVER				
Turnover by divisions				
Building construction in Finland	**707,841**	645,619	**707,841**	645,619
International operations	**89,874**	46,751		
Building design	**8,510**	8,331		
./. Less intra-Group	**-2,917**	-3,715		
Turnover, total	**803,308**	696,986	**707,841**	645,619
Value-added tax on own use of developer/contractor projects	**41,308**	39,000	**41,308**	39,000
Other difference in turnover compared to the accounting conventions of the Accountancy Board´s general rules	**-8,075**	-16,715	**-8,075**	-16,715
Turnover as per Accountancy Board´s general rules	**836,541**	719,271	**741,074**	667,904
Turnover by market area				
Finland	**716,351**	653,950	**707,841**	645,619
Russia	**488**	198		
Estonia	**44,743**	28,083		
Latvia	**26,886**	17,944		
Lithuania	**17,757**	526		
./. Less intra-Group	**-2,917**	-3,715		
Turnover, total	**803,308**	696,986	**707,841**	645,619
Share of projects not handed over at year-end in turnover	**441,975**	320,864	**403,043**	300,304
Total not booked as return on projects (orders in hand)	**679,735**	500,023	**559,320**	447,421
1.2. Other operating income				
Profits on the sale of fixed assets	**45**	330	**42**	327
Other	**163**	210	**62**	156
./. Less intra-Group	**-163**	-54		
Other opereating income, total	**45**	486	**104**	483
1.3. Materials and services				
Meterials, supplies and goods:				
Purchases during the year	**217,093**	186,794	**197,788**	168,894
Change in inventory (increase-/decrease+)	**-63,841**	-39,975	**-34,843**	-26,351
	153,252	146,819	**162,945**	142,543
External services	**409,476**	359,943	**344,216**	323,263
Materials and services, total	**562,728**	506,762	**507,161**	465,806
1.4. Personnel expenses and number of personnel				
Personnel expenses:				
Wages and salaries	**88,719**	82,617	**79,131**	74,817
Pension expenses	**16,940**	12,012	**15,968**	11,026
Other personnel expenses	**7,194**	7,459	**5,736**	6,387
Total	**112,853**	102,088	**100,835**	92,230
Management salaries and emoluments:				
Presidents	**1,261**	1,101	**682**	653

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.

NOTES TO THE FINANCIAL STATEMENTS

	(€ 1,000) Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
Average number of personnel for year:				
- Salaried	**1333**	1184	**995**	927
- Wage-earners	**1439**	1317	**1224**	1233
Total	**2772**	2501	**2219**	2160
Number of personnel at year-end:				
- Salaried	**1348**	1204	**1004**	942
- Wage-earners	**1343**	1288	**1184**	1227
Total	**2691**	2492	**2188**	2169
1.5. Depreciation and write-downs				
Intangible rights	**398**	372	**267**	234
Other long-term expenditure	**11**	1	**11**	1
Buildings and structures	**114**	1	**1**	1
Machinery and equipment	**1,251**	1,192	**1,010**	990
Total	**1,774**	1,566	**1,289**	1,226
1.6. Other operating costs				
Rents	**22,308**	20,064	**21,124**	18,799
Voluntary personnel expenses	**3,954**	3,091	**3,738**	2,857
External administrative services	**3,388**	2,892	**3,699**	2,859
Other office and admin. expenses	**9,932**	6,998	**7,681**	5,681
Other construction expenses	**30,253**	25,392	**30,232**	24,802
Other operating costs	**194**	28	**197**	71
Other operating costs, total	**70,029**	58,465	**66,671**	55,069
1.7. Financial income and expenses				
Dividend income				
From others	**106**	32	**106**	32
Other interest and financial income				
From Group companies	**220**	148	**1,002**	696
From others	**345**	64	**196**	22
	565	212	**1,198**	718
Interest expenses and other financial expenses				
From Group companies	**-2,642**	-1,238	**-2,041**	-1,080
From others	**-683**	-832	**-378**	-452
	-3,325	-2,070	**-2,419**	-1,532
Financial income and expenses, total	**-2,654**	-1,826	**-1,115**	-782
1.8. Extraordinary items				
Group contributions paid	**-2,106**	-2,804	**-2,965**	-4,905
1.9. Appropriations				
Difference between scheduled depreciation and depreciation in taxation			**63**	265
1.10. Direct taxes				
Income tax on actual business				
- for financial year	**-8,826**	-9,114	**-7,643**	-8,555
- for previous years	**18**	-45	**2**	-44
Change in deferred tax liability	**-202**	573		
Direct taxes, total	**-9,010**	-8,586	**-7,641**	-8,599

NOTES TO THE FINANCIAL STATEMENTS

2.1. FIXED ASSETS

2.1.1. Intangible assets

	Intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan.	2,996	70	3,066
Increases	482	156	638
Acquisition costs 31 Dec.	3,478	226	3,704
Accumulated depreciation and writedowns 1 Jan.	2,062	10	2,072
Depreciation for financial year	398	12	410
Accumulated depreciation 31 Dec.	2,460	22	2,482
Book value 31 Dec.	1,018	204	1,222

2.1.2. Tangible assets

	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	8	11,613	96	11,717
Increases	934	2,899	0	3,833
Decreases	0	-67	0	-67
Acquisition cost 31 Dec.	942	14,445	96	15,483
Accumulated depreciation and writedowns 1 Jan.	6	8,258	0	8,264
Accumulated depreciation of decreases and appropriations	0	-62	0	-62
Depreciation for financial year	115	1,251	0	1,366
Accumulated depreciation 31 Dec.	121	9,447	0	9,568
Book value 31 Dec.	821	4,998	96	5,915

2.1. FIXED ASSETS / PARENT COMPANY

2.1.1. Intangible assets

	Intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan.	2,099	70	2,169
Increases	444	153	597
Acquisition cost 31 Dec.	2,543	223	2,766
Accumulated depreciation and write downs 1 Jan.	1,506	10	1,516
Depreciation for financial year	267	12	279
Accumulated depreciation 31 Dec.	1,773	22	1,795
Book value 31 Dec.	770	201	971

2.1.2. Tangible assets

	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	8	10,001	95	10,104
Increases	0	1,615	0	1,615
Decreases	0	-61	0	-61
Acquisition cost 31 Dec.	8	11,555	95	11,658
Accumulated depreciation and writedowns 1 Jan.	6	7,251	0	7,257
Accumulated depreciation of decreases and appropriations	0	-60	0	-60
Depreciation for financial year	1	1,010	0	1,011
Accumulated depreciation 31 Dec.	7	8,201	0	8,208
Book value 31 Dec.	1	3,354	95	3,450

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.

NOTES TO THE FINANCIAL STATEMENTS

(€ 1,000)	Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
2.1.3. Investments				
Shares in Group companies				
Acquisition cost 1 Jan.			**3,595**	3,595
Increases			**3,308**	0
Acquisition cost 31 Dec.			**6,903**	3,595
Shares in associated companies				
Acquisition cost 1 Jan./ 31 Dec.			**21**	21
Stocks and shares in other companies				
Acquisition cost 1 Jan.	**999**	911	**999**	911
Increases	**0**	149	**0**	149
Decreases	**-29**	-61	**-29**	-61
Acquisition cost 31.12.	**970**	999	**970**	999
Investments, total	**970**	999	**7,894**	4,615

Shares in subsidiaries held by the parent company	Quantity	Holding%	Currency	Par value	Book value/€
NCC International Oy, Helsinki	8,000	100%	€	168	2,570
Optiplan Oy, Turku	100	100%	€	168	307
UAB Siauliu Titanas, Lithuania	61,681	100%	LTL	617	3,300
SIA NCC Konstrukcija, Latvia [1)]	3,760	10%	LVL	75	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
Oü NCC Baltic, Estonia	400	100%	EEK	40	2
Vuorenvarma Ky, Vantaa [1)]		100%	€		4
Shares in subsidiaries, total					6,903
Shares in associated companies held by the parent company					
Arandur Oy	210	33.33%	€	21	21

Shares in subsidiaries held by subsidiaries					
Vuorenvarma Ky, Vantaa, silent partner [1)]					2
ZAO NCC, Moscow, Russia	100	100%	RUB	10	1
ZAO NCC North-West, Russia	100	100%	RUB	16	1
OOO NCC Real Estate, Russia	1	100%	RUB	143,010	3,995
SIA NCC Konstrukcija, Latvia [1)]	33,840	90%	LVL	677	2,749
UAB NCC Pletra, Lithuania	100	100%	LTL	10	347
UAB Mechanizmu Nuoma, Lithuania	10,200	51%	LTL	10	3
UAB Elektrikai, Lithuania	5,100	51%	LTL	5	1

[1)] Group holding totals 100%.

NOTES TO THE FINANCIAL STATEMENTS

Other stocks and shares held by the Group	Quantity	Holding%	Currency	Par value	Book value
Asunto Oy Tahkon Birdie	2,778		€		238
Kiinteistö Oy Ojamonpatruuna	23		€		82
Kiinteistö Oy Rukan Valkeisrinne	140		€		128
Kiinteistö Oy Rukan Tähtikelo	5,000		€		113
Tahko Golf Club Oy	14		€		58
Golf Talma Oy	1		€		11
Willimiehen Golf Oy	2		€		15
Technopolis Oyj	23,800		€		129
Tampereen Teknologiakeskus Oy	14		€		33
Keskinäinen Eläkevakuutusyhtiö Etera			€		7
Winecellars Oy Ab	1		€		2
Elisa Oyj	40,621		€		145
Oulun Puhelin Oyj	4,000		€		9
Suomen Talotekniikan Kehityskeskus Oy	1		€		0
Other stocks and shares held by the Group					999

2.2. CURRENT ASSETS	(€ 1,000) Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
2.2.1. Inventory				
Work in progress and unstarted	**21,027**	30,267	**16,482**	14,597
Under construction				
Advances received	**-41,473**	-42,120	**-41,949**	-42,120
Trade receivables from housing association companies	**51,402**	36,330	**51,402**	36,330
Loan receivables from housing association companies	**0**	0	**0**	0
Shares in companies under construction	**144,084**	112,163	**129,270**	112,163
Debts to housing association companies	**-55,272**	-36,687	**-55,272**	-36,687
Proportion of sold to company loans	**-46,949**	-42,982	**-46,949**	-42,982
	51,792	26,704	**36,502**	26,704
Plot-owning companies and plots	**107,636**	89,932	**67,103**	61,006
Loan receivables from plot-owning companies	**42,863**	43,844	**42,863**	41,153
Debts to plot-owning companies	**-2,424**	-444	**-2,424**	-444
	148,075	133,332	**107,542**	101,715
Completed apartments				
Shares in completed companies	**33,047**	18,831	**30,409**	18,770
Portions of shares of completed companies	**24,956**	15,756	**24,956**	15,756
	58,003	34,587	**55,365**	34,526
Inventory, total	**278,897**	224,890	**215,891**	177,542
Balance sheet value adjustment item for work in progress on developer/contractor projects under construction in accordance with the Accountancy Board's general rule.	**70,835**	62,760	**70,835**	62,760
Balance sheet value adjustment item for non-income-recognised advances on developer/contractor projects under construction in accordance with the Accountancy Board´s general rule.	**70,835**	62,760	**70,835**	62,760
Income-recognition according to percentage of completion affects the balance sheet items as follows:				
Assets				
Work in progress	**445,124**	336,753	**406,134**	300,782
Less percentage of completion income recognition	**-424,097**	-306,486	**-389,652**	-286,185
Work in progress and unstarted	**21,027**	30,267	**16,482**	14,597
Balance sheet value adjustment item for work in progress on developer/contractor projects under construction in accordance with the Accountancy Board´s general rule	**70,835**	62,760	**70,835**	62,760
Work in progress and unstarted	**91,862**	93,027	**87,317**	77,357

NOTES TO THE FINANCIAL STATEMENTS

(€ 1,000)	Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
Liabilities and shareholders´equity				
Advances received	**573,656**	426,802	**527,794**	384,583
Less percentage of completion income recognition	**-475,080**	-342,549	**-434,640**	-318,297
Less inventory netted	**-41,473**	-42,120	**-41,949**	-42,120
Advances received	**57,103**	42,133	**51,205**	24,166
2.2.2. Non-current receivables				
Deferred tax receivables and liabilities				
Deferred tax receivables				
On matching differences	**2,843**	3,103		
Deferred tax liability				
On appropriations	**-281**	-158		
	2,562	2,945		
2.2.3. Current receivables				
Trade receivables	**79,887**	64,577	**66,428**	61,686
Receivables from Group companies				
Trade receivables	**3,031**	834	**2,963**	917
Loan receivables	**0**	0	**6,400**	17,857
Accrued assets	**1**	138	**1**	5
	3,032	972	**9,364**	18,779
Loan receivables	**6,393**	906	**765**	906
Accrued assets	**25,524**	30,100	**19,220**	18,463
	31,917	31,006	**19,985**	19,369
Current receivables, total	**114,836**	96,555	**95,777**	99,834
Material items included in accrued assets				
Value-added taxes	**2,988**	2,848	**1,959**	1,103
Uninvoided portion of projects handed-over and partially income-recognized	**8,128**	17,484	**8,128**	9,929
Advances received of plots	**3,501**	5,327	**3,501**	5,327
Other accrued assets	**10,908**	4,579	**5,633**	2,109
Accrued assets, total	**25,525**	30,238	**19,221**	18,468
2.3. Shareholders´equity				
Share capital				
Share capital 31 Dec.	**5,365**	5,365	**5,365**	5,365
Share premium account				
Share premium account 31 Dec.	**36,412**	36,412	**36,412**	36,412
Retained profits				
Retained profits 1 Jan.	**66,891**	43,993	**50,255**	33,667
Currency diff.	**3**	0		
Dividend	**-25,000**	-6,009	**-25,000**	-6,009
Retained profits 31 Dec.	**41,894**	37,984	**25,255**	27,658
Net profit for financial year	**33,088**	28,907	**22,368**	22,598
Shareholders´equity total 31 Dec.	**116,759**	108,668	**89,400**	92,033

NOTES TO THE FINANCIAL STATEMENTS

(€ 1,000)	Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
Distributable shareholders´equity				
Retained profits	**41,894**	37,984	**25,255**	27,658
Net profit for financial year	**33,088**	28,907	**22,368**	22,598
Portion of accumulated depreciation difference entered in shareholders´equity	**-404**	-450		
Total	**74,578**	66,441	**47,623**	50,256
2.4. Accumulation of appropriations				
Accumulated depreciation difference, total				
Depreciation difference 1 Jan.			**608**	873
Increase/ decrease			**-62**	-265
Depreciation difference 31 Dec.			**546**	608
Division of accumulated appropriations between tax liability and shareholders´equity				
Depreciation difference in separate companies´ financial statements	**685**	608		
Deferred tax liability	**-281**	-158		
Portion of shareholders´equity	**404**	450		
2.5. Obligatory reserves				
Guarantee reserve	**7,374**	5,998	**7,374**	5,958
Contract loss reserve	**464**	851	**464**	843
10-years quarantee reserve	**4,200**	3,400	**4,200**	3,400
Rent quarantee reserve	**150**	241	**0**	0
Other obligatory reserves	**3,339**	3,994	**3,047**	2,094
Total	**15,527**	14,484	**15,085**	12,295
2.6. LIABILITIES				
2.6.2. Non-current liabilities				
Loans from pension insurance companies	**3,500**	4,200	**3,500**	4,200
Non-current liabilities, term to maturity after five years				
Loans from pension insurance companies	**700**	1,400	**700**	1,400
2.6.3. Current liabilities				
Loans from pension insurance companies	**700**	700	**700**	700
Advances received	**48,312**	36,232	**42,759**	18,593
Accounts payable	**36,654**	24,792	**26,207**	21,238
Debts to Group companies				
Advances received	**8,791**	5,902	**8,446**	5,573
Accounts payable	**522**	658	**818**	1,067
Other debts	**41,616**	15,000	**15,000**	15,000
Deferred liabilities	**2,402**	2,833	**3,085**	4,917
	53,331	24,393	**27,349**	26,557
Corporate loans raised on projects under construction, total	**109,422**	99,131	**109,422**	99,131
Proportion of corporate loans raised on sold apartments under construction	**-46,948**	-42,982	**-46,948**	-42,982
Proportion of corporate loans raised on unsold items under construction	**62,474**	56,149	**62,474**	56,149
Proportion of corporate loans on completed unsold items	**24,956**	15,756	**24,956**	15,756
Other debts	**20,680**	13,800	**7,989**	7,427
Deferred liabilities	**40,074**	37,933	**32,265**	33,851
Current liabilities, total	**287,181**	209,755	**224,699**	180,271

NOTES TO THE FINANCIAL STATEMENTS

(€ 1,000)	Group 1.1.-31.12.2007	1.1.-31.12.2006	Parent Company 1.1.-31.12.2007	1.1.-31.12.2006
Material items included in deferres liabilities				
VAT and income taxes	**4,401**	5,265	**3,588**	5,203
Post-completion reserves on projects handed-over and partially income-recognized	**14,135**	11,930	**12,465**	11,930
Personnel expenses	**16,989**	17,385	**15,568**	16,259
Group contribution	**2,106**	2,805	**2,965**	4,905
Other deferred liabilities	**4,845**	3,381	**764**	471
Deferred liabilities, total	**42,476**	40,766	**35,350**	38,768
2.6.4. Interest-bearing liabilities				
Current	**42,316**	15,700	**15,700**	15,700
Non-current	**3,500**	4,200	**3,500**	4,200
Total	**45,816**	19,900	**19,200**	19,900
2.7. CONTINGENT LIABILITIES				
Leasing liabilities				
Future leasing costs-				
Within one year	**4,800**	4,945	**4,329**	4,053
Within one to five years	**14,482**	17,894	**14,121**	15,015
After five years	**14,530**	15,140	**13,874**	14,448
Leasing liabilities	**33,812**	37,979	**32,324**	33,516
Counter-commitment liabilities				
for own liabilities	**119,581**	110,812	**119,581**	110,273
for subsiadiary´s liabilities			**0**	539
	119,581	110,812	**119,581**	110,812
Derivative contracts				
Forward exchanges				
Current value	**202**	118	**54**	0
Value of underlying commodity	**30,512**	7,297	**15,379**	0

SIGNATURES OF ANNUAL FINANCIAL STATEMENTS AND REPORT

Helsinki 22 January 2008

Olle Ehrlén
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, 11 April 2008

KPMG OY AB

Juha Jokinen
APA

To the shareholders of NCC Rakennus Oy

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of NCC Rakennus Oy for the financial period 1 January – 31 December 2007. The Board of Directors and the Managing Director have prepared the report of the Board of Directors and the financial statements, which include the consolidated and parent company balance sheets, income statements, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements, as well as on the report of the Board of Directors 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 report of the Board of Directors and 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 is to examine that the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Limited Liability Companies Act.

In our opinion the report of the Board of Directors and financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The report of the Board of Directors and 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 report of the Board of Directors is consistent with the financial statements. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the financial period audited by us. The proposal by the Board of Directors on how to deal with the result for the financial period is in compliance with the Limited Liability Companies Act.

Helsinki, 11 April 2008

KPMG OY AB

Juha Jokinen
Authorized Public Accountant