ANNUAL REPORT 2009

NCC is one of the leading construction and property development companies in the Nordic region, with sales of SEK 52 billion and 18,000 employees. With the Nordic region as its home market, NCC is active *throughout the value chain* – developing and building residential and commercial properties, and constructing industrial facilities and public buildings, roads, civil engineering structures and other types of infrastructure. NCC also offers input materials used in construction and accounts for paving and road services. NCC creates future environments for working, living and communication based on responsible construction operations that result in *sustainable interaction between people and the environment*.

Cover photo: Terminal for liquid natural gas in Nynäshamn, Sweden.
Photo: Bruno Ehrs.

REVIEW BY THE PRESIDENT

CONSIDERABLE WORK REMAINS

NCC's employees delivered strong results in the face of severe economic conditions, trimmed the balance sheet and prepared NCC for the future, in which 2010 will be a difficult year. The foundation has been laid for ensuring a strong position for NCC when the market recovers.

2

STRATEGIC FOCUS

CUSTOMERS, COSTS AND COMPETENCE

NCC's long-term strategy is designed to achieve the industry's highest production efficiency and the best employees and thereby to develop the most attractive customer offerings.

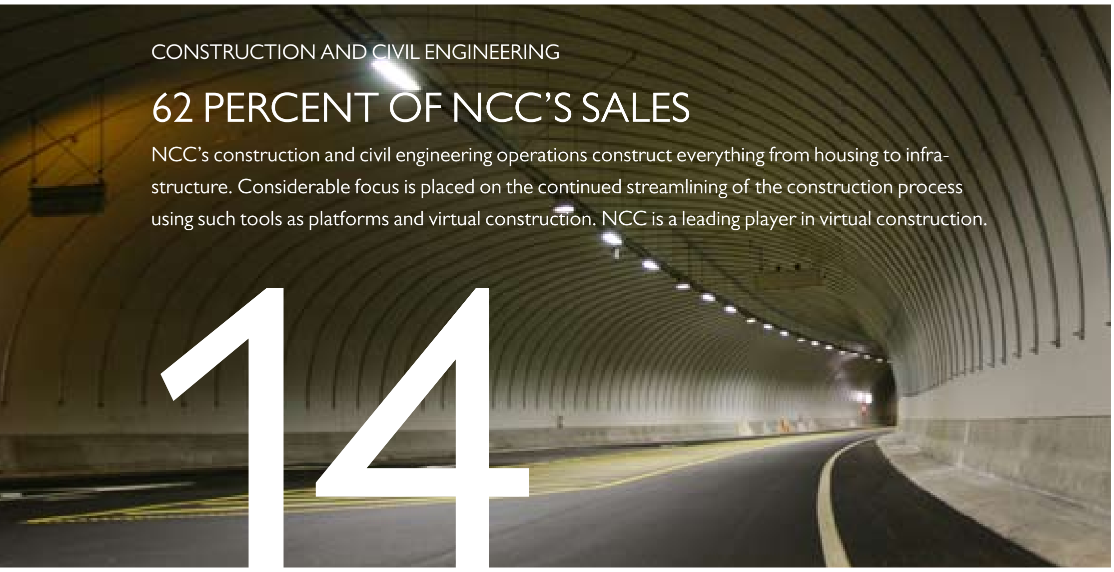
6

22

HOUSING DEVELOPMENT

CUSTOMERS' FIRST CHOICE

The core of professional housing development involves the ability to purchase developable land and development rights and subsequently convert them into attractive home environments. It is a capital-intensive undertaking whereby NCC analyzes which land areas in the various markets will yield the highest returns over time.



CONSTRUCTION AND CIVIL ENGINEERING

62 PERCENT OF NCC'S SALES

NCC's construction and civil engineering operations construct everything from housing to infrastructure. Considerable focus is placed on the continued streamlining of the construction process using such tools as platforms and virtual construction. NCC is a leading player in virtual construction.

14

THE SHARE

INCREASED MARKET CAPITALIZATION

The weak stock-market trend in 2008 was followed by an exceptionally strong trend in 2009. The NCC share outperformed the OMX industry index and recovered much of the ground lost during the slump in 2008.

106

26

DEVELOPMENT OF COMMERCIAL PROPERTIES

VARIETY OF DEMANDS AND REQUIREMENTS

Understanding the requirements of tenants is of key importance to offering the right products and locations. Customer interviews are held and studies performed regularly to develop work and retail environments that meet the requirements of tomorrow.

SUSTAINABLE DEVELOPMENT

RESPONSIBILITY – ONE OF NCC'S CORE VALUES

30

NCC is a community builder in the true sense of the word. This is an immense responsibility that provides NCC with an opportunity to contribute to sustainable social development. NCC works to bring about sustainable development in all respects: economically, environmentally and socially.

20

AGGREGATES, ASPHALT, PAVING AND ROAD SERVICES

TOTAL-PACKAGE UNDERTAKINGS AND GREEN PRODUCTS

An increasing number of public-sector customers are demanding total-package undertakings, such as function contracts, with NCC assuming responsibility for production, servicing and maintenance of road networks over a number of years. The customers' environmental awareness is also increasing and NCC is investing proactively in energy efficiency and recycling. A number of green products and production methods have been developed.

TAKING THE RIGHT ACTIONS AT THE RIGHT TIME WILL GIVE NCC A FAVORABLE POSITION WHEN THE MARKET TURNS

REVIEW BY THE PRESIDENT

A STRONG YEAR IN THE FACE OF SEVERE ECONOMIC CONDITIONS

January 2009 was a time of considerable uncertainty for us and our customers. The course of the financial crisis could not really be anticipated. The banks had cut back on lending, and many companies had already announced major layoffs. Demand dropped in the export industry, and NCC's orders received had fallen 40 percent in the fourth quarter of 2008. We had more than 4,000 residential units under construction, and a high percentage of them, 52 percent, were unsold.

The first area to feel the effects of the recession was the production of buildings and housing, which was affected when home buyers, industry and the retail sector stepped on the brakes. The property market was characterized by weak interest among investors, lower rent levels and rising vacancy rates.

Since a large portion of NCC's other operations are late cyclical, the impact of the financial crisis and the subsequent recession affected the company's production relatively late, compared with other industries.

We were prepared for a decline, but it turned out to be unexpectedly fast, powerful and difficult to assess. During more than 30 years in the industry, I have never experienced a similar scenario, and a number of actions were taken during autumn 2008.

The actions we took were based on our established strategy, with customers, costs and competence as focus areas. Initiatives to increase sales, trim the balance sheet, improve cash flow and maintain margins laid the foundation for greater freedom of action as the recession progressed.

The goals for our operations were and remain unchanged. We shall be the best construction and property development company in the market, with the most attractive customer offering and the most efficient production while being the most attractive employer. It all boils down to our ambition of creating a sustainable society – economically, socially and environmentally.

CRITICAL DECISIONS

A number of critical decisions and measures proved to have a great effect on the favorable earnings that NCC delivered for the full-year 2009.

We reduced the organization in all markets at an early stage. From September 2008 through December 31, 2009, we slimmed

our workforce by nearly 15 percent, or slightly more than 4,000 jobs. It was a difficult time for those who had to leave us, as well as those who were forced to implement the necessary decisions.

From an early stage, we also concentrated on reducing tied-up capital and prioritized cash flow and profitability over volume.

A strategic step was to strengthen the Group's housing development by creating the NCC Housing business area. This enables land assets, development rights and allocation of capital to be assessed from a greater perspective and increases the business area's strengths in marketing and sales. During 2009, the focus was on selling housing. Among other initiatives, a very effective sales campaign was implemented in spring 2009 under the banner "a room on the house". The campaign, which was launched in Sweden, Finland and Denmark, received extra support from interest-rate cuts and an upturn in the housing market.

To further enhance the efficiency of housing sales, the next step will be to identify synergies generated from joint housing platforms and coordination of IT, finance and administration.

During the year, the business area drove a number of project sales, including housing development and construction contracts, to private and public customers.

PRIDE AND RESPONSIBILITY ARE THE WORDS THAT BEST DESCRIBE NCC IN 2009.

Key data

SEK M	2009	2008
Orders received	45,957	51,864
Order backlog	34,084	40,426
Net sales	51,817	57,465
Operating profit	2,150	2,219
Profit after financial items	1,694	2,385
Profit for the year	1,262	1,820
Earnings per share after dilution, SEK	11.63	16.69
Dividend per share, SEK	6.00[1]	4.00
Cash flow before financing	2,837	–178
Cash flow per share after dilution, SEK	26.18	–1.64
Return on shareholders' equity, %	18	27
Equity/assets ratio, %	26	19
Net indebtedness	754	3,207
Average number of employees during the year	17,745	19,942

[1] Proposed dividend.


Alsion Söderborg, Denmark.

Housing sales increased during spring 2009 and remained positive during the second half of the year. As a result, we once again started proprietary housing projects, although from a low level. In the future, we will concentrate housing development to areas in the Nordic region, Germany, the Baltic countries and St. Petersburg, where there is long-term demand for housing.

At the beginning of 2009, NCC had a large order backlog that we managed well as a result of focused work to reduce costs. The tools were efficient purchasing work, increased use of platforms, virtual construction and the partnering cooperative format. Despite a decline in orders received during most of 2009, we consistently prioritized profitability over volume.

All business areas also focused on cash flow at all levels, from formulation of our contracts prior to starting projects to reminders for late payments.

SUSTAINABILITY IN ALL RESPECTS

NCC defines sustainability on the basis of economic, social and environmental criteria. To be a responsible community builder, we must have long-term financial viability, take social responsibility and reduce our environmental impact. This attitude characterizes everything we do and every decision we make.

Awareness of energy and environmental issues has increased, not only at NCC but also in the industry and among consumers. This benefits NCC, since our main focus is to reduce energy consumption in our own processes and in the products that we deliver to our customers. During 2009, NCC took new steps in the development of energy-efficient products and processes.

The NCC Roads business area, which has a fundamentally energy-intensive manufacturing process with many transports, worked hard to reduce energy usage in the production of aggregates and the manufacture of asphalt. The new Green Asphalt, for example, is manufactured at a lower temperature, which saves considerable energy. Recycling of asphalt also increased.

NCC is also a leader in passive buildings, with six residential buildings and two schools under construction or already completed. Passive buildings are extremely energy-efficient and do not need conventional heating systems. NCC has also developed and built 14 properties classed as Green Buildings in which energy consumption is 25 percent lower than the prevailing national norm.

During 2009, NCC joined the world-leading environmental classification system BREEAM. All office, retail and logistics properties are environmentally classified and can thus be judged from a sustainability perspective. During 2009, NCC pre-qualified six buildings according to BREEAM.

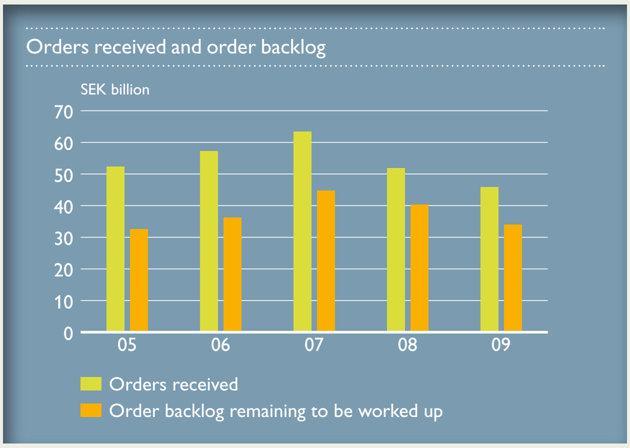
We have also decided to implement Carbon Footprint. This means that we will be able to measure the organization's emissions of greenhouse gases and thus also set clear environmental targets.

SATISFIED CUSTOMERS – PROUD EMPLOYEES

Our future will be determined by our ability to meet customer expectations and requirements. We are evaluated on the basis of such factors as quality, cost efficiency, attractive offerings and sound partnership formats. Unfortunately, we sometimes fall short, but the positive features far outweigh our weaknesses. We have reduced costs through international purchases, a platform approach and virtual construction, and we see that customers prefer our NCC Partnering format for cooperation.

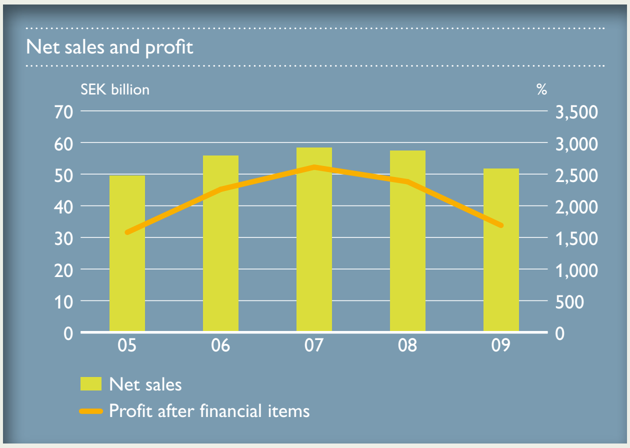
Without committed employees, not even the most ingenious strategies will work. Although we reduced our workforce and were forced to take a number of difficult actions, pride in work-

"WE PRIORITIZE PROFITABILITY OVER VOLUME."



Orders received declined 11 percent, and the order backlog was SEK 34.1 billion on December 31, 2009. The recession in 2009 resulted in a decline in orders received, primarily in Swedish contracting operations, with a significant drop for civil engineering and commercial building projects. The housing market recovered toward the end of the year. Ongoing projects were produced at a fast pace, resulting in a declining order backlog.

"LOWER SALES – FOCUS ON COSTS."



Following two years of weaker growth in construction, net sales declined, primarily in construction contract operations. Market-adjusted prices resulted in increased sales of housing, although with losses after net financial items. Margins on construction contract operations remained at a historically high level, although the volume decline resulted in lower profits.

ing at NCC increased. This is a testament to NCC's management and the tremendous will in the organization to help NCC emerge from the crisis as a stronger company. We apply the Human Capital Index (HCI) to measure satisfaction among the company's employees. The results are also compared with other companies, and I am pleased to note that NCC earned high HCI scores. NCC is and will remain an attractive employer and a company in which work is enjoyable.

NCC also had fewer workplace accidents and lower sickness absence than the other companies. With our focus still firmly placed on our "zero vision", the important efforts to achieve safer and more secure workplaces continued in 2009.

Pride and responsibility. Those are the words that best describe how I feel in summarizing 2009. NCC's employees delivered strong results in the face of severe economic conditions, trimmed the balance sheet and prepared NCC for the future, in which 2010 will be a tough year. Together, we have created a foundation that will enable us to invest and position ourselves when the market recovers.

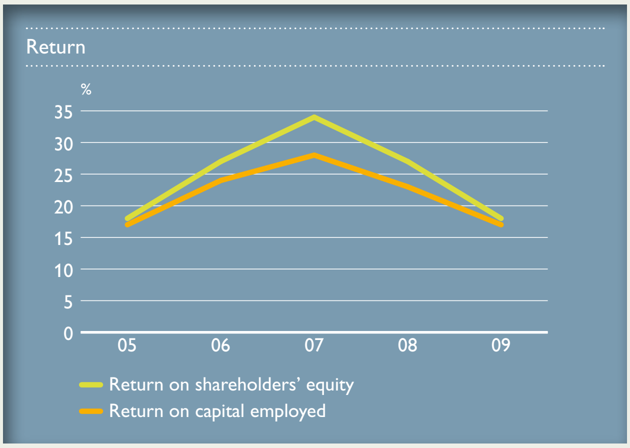
Solna, February 2010

Olle Ehrlén
President and CEO

THE YEAR IN BRIEF

- The year 2009 was characterized by recession and lower demand in the Nordic construction market. NCC's orders received declined 11 percent compared with 2008.
- Profit after financial items amounted to SEK 1,694 M (2,385). Although lower than the preceding year, this was still a strong result in the face of difficult economic conditions and represents a high level in a historical perspective.
- The return on shareholders' equity after tax was 18 percent (27), which was below NCC's objective of at least 20 percent. Other financial objectives were achieved.
- During 2009, NCC generated strong cash flow, resulting in low indebtedness of SEK 754 M (3,207) on December 31, 2009.
- The Board of Directors proposes a dividend for 2009 of SEK 6.00 (4.00) per share.

"LOWER RETURN BUT STILL AT A HIGH LEVEL."



The return increased up until 2007 and then declined in 2008 from a historically high level, due to lower profitability, primarily in NCC Housing. In 2009, the return on shareholders' equity in 2009 was 18 percent.

STRATEGIC FOCUS
ON CUSTOMERS, COSTS AND COMPETENCE

STRATEGIC BASIS

VISION

NCC's vision is to be the leading company in the development of future environments for working, living and communication.

OBJECTIVE

NCC's overriding objective is to have the industry's highest production efficiency and the best employees and thereby be able to develop the most attractive customer offerings.

BUSINESS CONCEPT

– RESPONSIBLE ENTERPRISE

NCC develops and builds future environments for working, living and communication. Supported by its values – focus, simplicity and responsibility – NCC and its customers jointly identify needs-based, cost-effective and high-quality solutions that generate added value for all of NCC's stakeholders and contribute to sustainable social development.

THREE STRATEGIC FOCUS AREA

NCC's strategic orientation is to focus on products and services that give the Group a competitive edge over its competitors. NCC's geographical focus is on the Nordic region, Germany, the Baltic countries and St. Petersburg. The three focus areas of the strategy are customers, costs and competence.

CUSTOMERS

The most attractive customer offering

- NCC Partnering
- Function contracts
- The entire value chain
- Sustainable development with a focus on energy
- Healthy developed environments

COSTS

The highest production efficiency

- Purchasing
- Platforms
- Project control
- Virtual construction

COMPETENCE

The best company to work for

- Attractive employer
- Leadership
- Values – taking responsibility

NCC's competitive edge derives from its production and aftermarket expertise, its size combined with a strong local presence and its financial strength. By thinking globally and acting locally, NCC strengthens its offering, thus creating the conditions for continued profitable growth.

CUSTOMERS

NCC's objective is to have the most attractive customer offerings in the market. A prerequisite for achieving this is having an understanding of customer needs prior to, during and after the production phase. Healthy and attractive environments, as well as cost-effectiveness, quality and competence, are natural customer requirements. Demand for energy-efficient solutions has also increased in recent years. NCC's overriding environmental objective is to contribute to reducing the impact on the environment. One step toward achieving this goal is being a leader in the area of energy-efficient construction.

NCC's customers include investors in new residential areas, buildings, property development projects, shopping centers and various types of infrastructure. The customers of NCC's customers also impact the business – for example, tenants in a commercial property development project or users of society's infrastructure. To meet the various customer needs, NCC is organized into different operating sectors with a strong local presence.

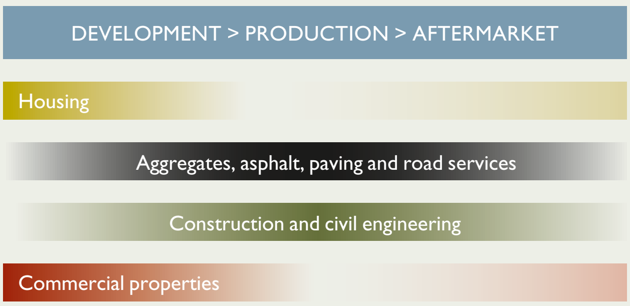
In the area of construction and civil engineering, NCC and an increasing number of customers are prioritizing the cooperative format known as NCC Partnering. Partnering involves establishing open and trusting cooperation between all parties included in a project – the customer, developer, consultants and contractor – at an early stage of the process based on shared goals, joint activities and joint financial targets in order to optimize the project. Quite simply, the focus is on the project. Partnering results in more satisfied customers than traditional construction contracts and stable profitability for NCC.

In NCC's aggregates, asphalt, paving and road services operations, customer cooperation primarily occurs through function contracts, which include long-term maintenance contracts for national and municipal road networks.

When it comes to NCC's housing and commercial property development operations, business opportunities are already created before the land is acquired. NCC plays an active role from the idea stage of land development right through to production, sales and the aftermarket. The Group's customers include private individuals and property owners, and understanding and adapting the offering to customer requirements and requests is a key factor. Another important factor is the ability to offer energy-efficient and healthy developed environments. NCC holds a leading position in the development of energy-efficient residential and commercial properties. The Group aims to be the first choice among residential customers.

COSTS

NCC's goal is to have the highest production efficiency in the industry. The key factors for increasing productivity are having an adapted organization, conducting efficient purchasing, utilizing the opportunities presented by industrial construction and



NCC conducts operations from development to production and aftermarket. NCC's various operating sectors encompass the entire chain, but focus on different phases. The development stages are mainly represented by NCC Housing and NCC Property Development, which develop housing properties and commercial premises, respectively. These operations are characterized by early capital investments – for example, in land – that are tied up for many years. The period between a land investment and the sale of a finished project can last for several years. NCC's production areas primarily encompass construction and civil engineering activities. These operations require little tied-up capital and generate favorable cash flows. In the aftermarket area, NCC mainly conducts repair and maintenance activities for road networks.

maintaining effective project control. By achieving high production efficiency in the Group's construction and civil engineering operations, cost benefits are generated, which strengthen the competitiveness of NCC's development operations.

PURCHASING

The construction process involves an extensive flow of materials, and approximately 65 percent of the NCC Group's costs are related to purchasing. NCC's goal is to have the industry's lowest purchasing costs. This is to be achieved by continuing to work on coordinating purchasing volumes, increasing the proportion of international purchasing and developing the purchasing operations together with selected suppliers. High quality, environmental commitment and social responsibility are self-evident parameters that impact material and supplier selections.

INDUSTRIAL CONSTRUCTION

For a number of years, NCC has operated with an increasingly industrialized construction process. The industrial process begins as early as in the project engineering phase through design, planning and logistics – also referred to as a platform approach. Joint design generates economies of scale, as well as volumes that favor the purchasing process. Planning is a prerequisite for an industrialized process and in, for example, major projects, logistical solutions are critical for the project to be implemented. A platform approach is used in various parts of the Group for apartment blocks, single-family homes, offices and logistics buildings. Specialized platforms are also used in the production of bridges, indoor sports arenas, bathrooms and engineered services cores. Three-dimensional, virtual construction models are increasingly used and are linked to the platforms. NCC has assumed a leading position in virtual construction, an area that is the focus of continued research, development and use.

PROJECT CONTROL

NCC's greatest opportunities and risks lie in its project control. The success of both major and minor projects largely derives from planning, management, control and follow-up. One crucial factor for the success of a project is human expertise, more specifically leadership. Experience indicates that project losses are often caused by insufficient project control. NCC has developed its own model for the control and follow-up of major projects. Since efficient purchasing, platforms and competence centers strengthen project control by enabling greater control of all elements in the construction process, continuous improvement work is a prioritized issue.

COMPETENCE

To achieve the highest production efficiency in the industry and the most attractive customer offerings, NCC must have the best employees and the right employees in the right place. Accordingly, NCC aims to be the best company to work for and, in recessionary conditions, NCC also aims to act responsibly in relation to the employees who must leave the company. According to the Group's employee survey, which from 2009 also offers a comparison with competing companies, NCC is an attractive employer in several respects. Despite extensive workforce cutbacks in 2009, NCC continued to achieve excellent results in the internal Human Capital Index (HCI) employee survey. To strengthen NCC's competitiveness as an employer, the efforts of the Human Resources department focus on continued work on the Group's values, strengthening and developing management, career planning and remuneration issues, and long-term work to attract and recruit employees. The overriding goals are to minimize the number of occupational accidents, maintain a low employee turnover rate and to continue focusing on competency development.

Tuborg Harbor in Hellerup, Denmark.

NCC'S GEOGRAPHICAL MARKETS

NCC IN SWEDEN

Sweden is NCC's largest market by far and NCC is a market leader in most sectors, including civil engineering, building construction, housing development, property development and aggregates, asphalt, paving and road services. Large customer groups are the central government, municipalities and large corporations in areas including the mining industry, as well as private customers who buy housing.

Net sales: SEK 28,793 M
Number of employees: 10,043
Capital employed: SEK 4,686 M

NCC IN NORWAY

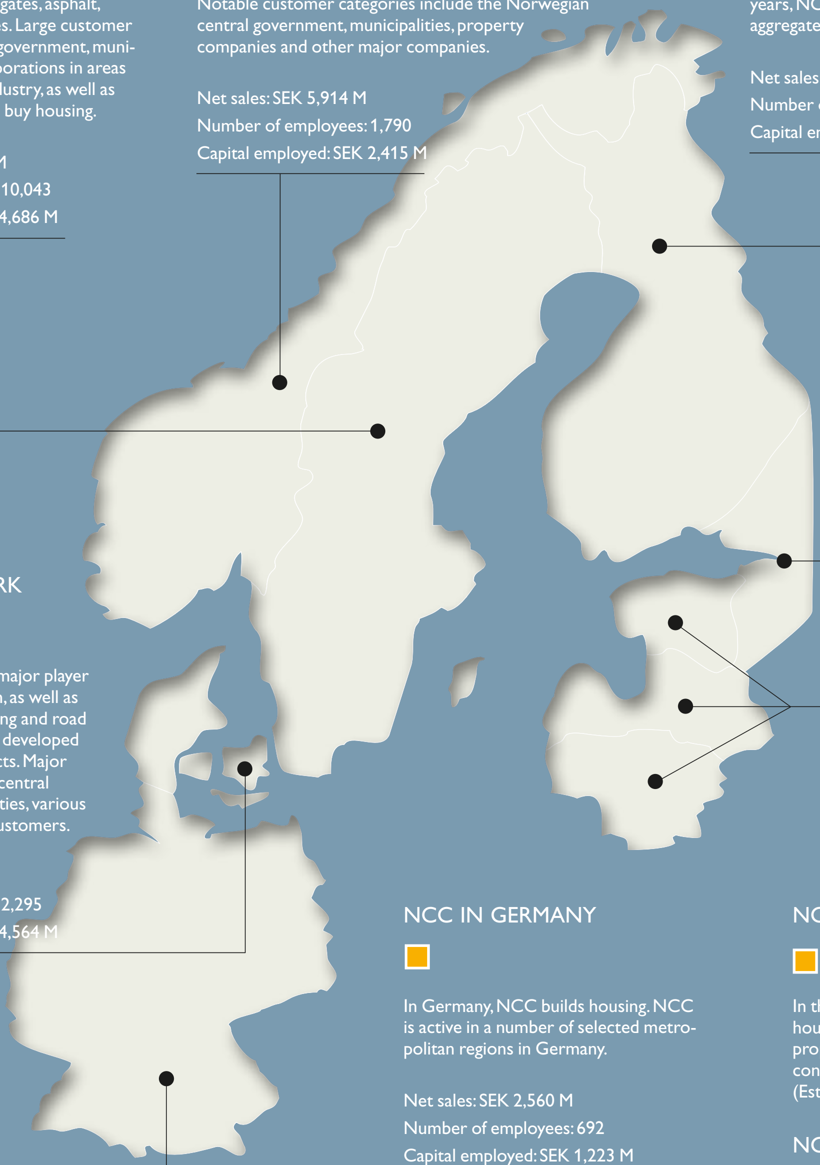
In Norway, NCC has a large civil engineering operation that constructs roads, tunnels, bridges and other types of infrastructure. NCC also develops and constructs housing and offices, and has a substantial aggregates, asphalt, paving and road service operation. Notable customer categories include the Norwegian central government, municipalities, property companies and other major companies.

Net sales: SEK 5,914 M
Number of employees: 1,790
Capital employed: SEK 2,415 M

NCC IN FINLAND

NCC in Finland focuses on residential and building construction. NCC is a leading developer of business parks, with several projects under way in the Helsinki region. In recent years, NCC has expanded its presence in aggregates, asphalt, paving and road services.

Net sales: SEK 7,521 M
Number of employees: 2,475
Capital employed: SEK 2,387 M



NCC IN DENMARK

In Denmark, NCC is a major player in building construction, as well as aggregates, asphalt, paving and road services. NCC has also developed several property projects. Major customers include the central government, municipalities, various investors and private customers.

Net sales: SEK 6,159 M
Number of employees: 2,295
Capital employed: SEK 4,564 M

NCC IN GERMANY

In Germany, NCC builds housing. NCC is active in a number of selected metropolitan regions in Germany.

Net sales: SEK 2,560 M
Number of employees: 692
Capital employed: SEK 1,223 M

NCC IN THE BALTIC COUNTRIES

In the Baltic countries, NCC constructs housing and buildings, and is established in property development. Construction has been concentrated to the capital cities of Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania).

NCC IN ST. PETERSBURG

NCC has invested in sites for future development of housing in St. Petersburg. NCC also has asphalt and paving operations.

Net sales: SEK 778 M
Number of employees: 415
Capital employed: SEK 1,147 M

OPERATIONS/LEGEND

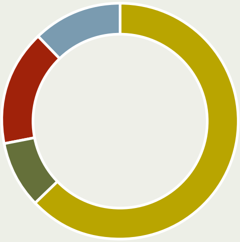
Housing | Buildings | Civil engineering | Property development | Aggregates, asphalt, paving and road services

OVERVIEW OF OPERATIONS

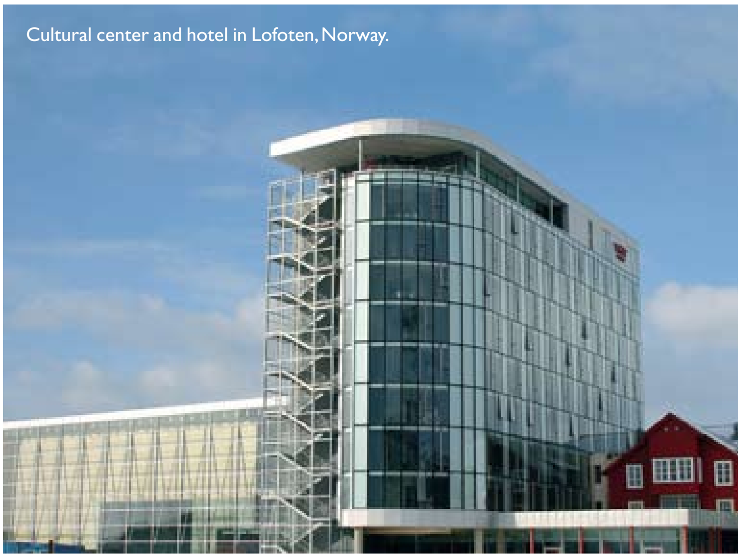
NCC'S FOUR OPERATING SECTORS	SHARE OF NCC TOTAL	
CONSTRUCTION AND CIVIL ENGINEERING This operating sector is responsible for all of NCC's construction operations and is divided into four business areas (NCC Construction Sweden, NCC Construction Denmark, NCC Construction Finland and NCC Construction Norway). The Construction units are based on assignments pertaining to housing, offices, other buildings, industrial premises, roads, civil engineering and other types of infrastructure. The main operations are conducted in the Nordic region and the Baltic countries.	62%	Net sales
	65%	Operating profit
	18%	Capital employed
	70%	Average number of employees
AGGREGATES, ASPHALT, PAVING AND ROAD SERVICES These operations are conducted in the business area NCC Roads, and the core business is the production of aggregates and asphalt, as well as asphalt paving and road services. The various areas contribute to a natural processing chain that is well integrated with NCC's construction and civil engineering operations. NCC is the leading player in the Nordic market.	18%	Net sales
	18%	Operating profit
	17%	Capital employed
	23%	Average number of employees
HOUSING DEVELOPMENT These operations are conducted in the business area NCC Housing, which develops and sells permanent housing in selected markets in the Nordic region, Germany, the Baltic countries and St. Petersburg. NCC is active throughout the value chain, from concept and land acquisition to sales and aftermarket. NCC is a leader in several Nordic markets.	16%	Net sales
	neg.	Operating profit
	46%	Capital employed
	6%	Average number of employees
DEVELOPMENT OF COMMERCIAL PROPERTIES These operations are conducted in the business area NCC Property Development, which develops and sells commercial properties in defined growth markets in the Nordic region and the Baltic countries. NCC controls the entire value chain, from concept and business development to leasing and sales. Office properties are the main product in this operating sector, while retail and logistics properties are an important complement.	4%	Net sales
	17%	Operating profit
	18%	Capital employed
	1%	Average number of employees

GEOGRAPHICAL MARKETS

Net sales, distribution

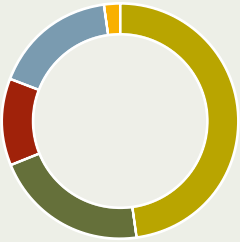


- Sweden, 63 (57)%
- Denmark, 9 (10)%
- Finland, incl. Baltic countries, 16 (17)%
- Norway, 12 (16)%



Cultural center and hotel in Lofoten, Norway.

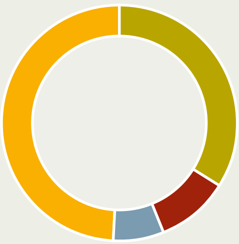
Net sales, distribution



- Sweden, 48 (49)%
- Denmark, 21 (22)%
- Finland, 12 (11)%
- Norway, 17 (15)%
- St. Petersburg, 2 (3)%

Billund Airport in Denmark.

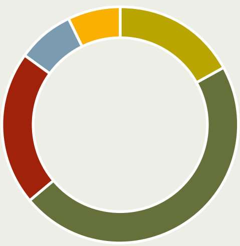
Housing units under construction



- Sweden, 34 (43)%
- Denmark, 0 (1)%
- Finland, 10 (19)%
- Norway, 7 (0)%
- Germany, 49 (34)%
- Baltic countries and St. Petersburg, 0 (3)%

Ursvik residential area in Sundbyberg, Sweden.

Investment value and land holdings



- Sweden, 17 (36)%
- Denmark, 47 (25)%
- Finland, 21 (28)%
- Norway, 8 (10)%
- Baltic countries, 7 (1)%

Conference Center, European Chemicals Authority, ECHA, in Helsinki, Finland.

MARKET AND COMPETITORS – RECESSION AND DIMINISHING INVESTMENTS IN CONSTRUCTION

In 2009, the Nordic construction and property market was characterized by financial turmoil and recession. These trends primarily impacted the construction market, which experienced weak demand for housing, offices and other buildings.

The housing market strengthened somewhat during the second half of the year. The civil engineering market benefitted from a strong trend in infrastructure construction, while demand for development work declined. Demand for commercial property projects was weak in 2009.

The market outlook for 2010 remains bleak – the Nordic construction and property market is not expected to expand. However, a certain amount of growth is forecast in the civil engineering market, as a result of government infrastructure investments. The conditions in the property market are also expected to remain challenging.

As a rule, the construction market tracks the general economic trend but with a time lag of at least one year. The housing market reacts the fastest to economic cycles, since sales are made directly to consumers. The housing market is also particularly sensitive to changes in interest rates and employment. Interest in leasing commercial premises is also determined by economic trends and employment. Demand for investments in property projects is largely controlled by the leasing rate, market transparency and access to funds in the financial system.

Other building construction (offices, industrial and public premises) and the civil engineering market are subject to a greater time lag, since such projects depend on the investment plans of other industries. This also results in construction projects frequently being procured during one economic cycle and produced during another. As a rule, larger projects also extend over a longer period of time.

FACTS | MARKET AND COMPETITORS

Major competitors in the Nordic region 2009

Key figures and products	NCC	Skanska[1]	Peab	MT Højgaard[2]	Veidekke	YIT	Lemminkäinen	AF Gruppen	JM	Colas[2]	CRH[3]
Sales (SEK billion)	52	137	35	13	19	37	21	7	9	126	191
Number of employees (thousands)	18	53	13	5	5	23	9	2	2	74	94
Housing	●	●	●	●	●	●	●	●	●		
Building	●	●	●	●	●	●	●	●	●		
Civil engineering	●	●	●	●	●	●	●	●			
Asphalt, aggregates, concrete	●	●	●		●		●			●	●
Property development	●	●	●	●	●	●	●	●	●		
Machinery operations		●	●	●							
Market share, Nordic region, total (%)	6	6	4	2	2	4	2	1	1	–[4]	–[4]

1) NCC estimates that approximately SEK 50 billion of Skanska's sales derives from Nordic construction operations.
2) Pertains to the period October 2008–September 2009.
3) Pertains to the period July 2008–June 2009.
4) No information available.

MARKET DEVELOPMENT

In 2009, overall construction investments in the Nordic region declined approximately 8 percent. NCC's assessment is that the market will remain weak in 2010.

COMPETITORS

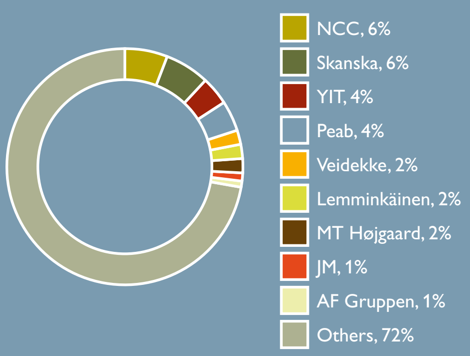
The Nordic construction market is national, highly fragmented and characterized by intense local competition. In local markets, NCC competes with thousands of small building contractors. Large-scale civil engineering projects in the Nordic region are often procured in the face of international competition from Europe's major construction companies, with the largest projects frequently conducted in consortia.

At the Nordic level, NCC's main competitors are Skanska and Peab of Sweden, MT Højgaard of Denmark, Veidekke of Norway and YIT and Lemminkäinen of Finland. In Sweden, JM is a major competitor in residential development. In civil engineering projects and road construction, as well as asphalt and paving in the Nordic region, central government and municipal production units, such as Svevia in Sweden, Mesta in Norway and Destia in Finland, are other significant competitors. In Denmark and Finland, Colas and CRH are competitors in asphalt and aggregates.

The Nordic property development market comprises a few major players from a Nordic perspective, with NCC as one of the larger ones. Others include Skanska of Sweden and Själsøgruppen of Denmark. In local markets, other players may also be significant competitors, such as YIT of Finland and ROM Utveckling of Norway.

Saltsjöqvarn residential area in Stockholm, Sweden.

Market shares in 2009, percent



The Nordic construction market is highly fragmented. NCC is one of the two largest companies in the Nordic region, with a market share of 6 percent. The construction market in the Nordic region generated sales of approximately SEK 883 billion (excluding residential renovation) in 2009.
(Source: Euroconstruct)

Lersögraven in Copenhagen, Denmark.

CONSTRUCTION AND CIVIL ENGINEERING – ALL OF NCC'S CONSTRUCTION FROM HOUSING TO INFRASTRUCTURE

Today, NCC is one of the leading construction companies in Northern Europe with extensive production of housing units, buildings, roads and civil engineering structures.

NCC's construction activities are conducted under the name NCC Construction and meet customers from the private and public sectors on a daily basis. Customers range from municipalities, county councils, government bodies and public-utility housing companies in the public sector to retail, industrial and service companies in the private sector.

Internal partnership projects are also performed every day, with NCC Property Development developing commercial properties and NCC Housing developing housing. The NCC Roads business area, which produces aggregates, asphalt and asphalt paving, is another key internal partner, for example, in landscaping contracts and infrastructure projects.

CONSTRUCTION AND CIVIL ENGINEERING AROUND THE BALTIC SEA

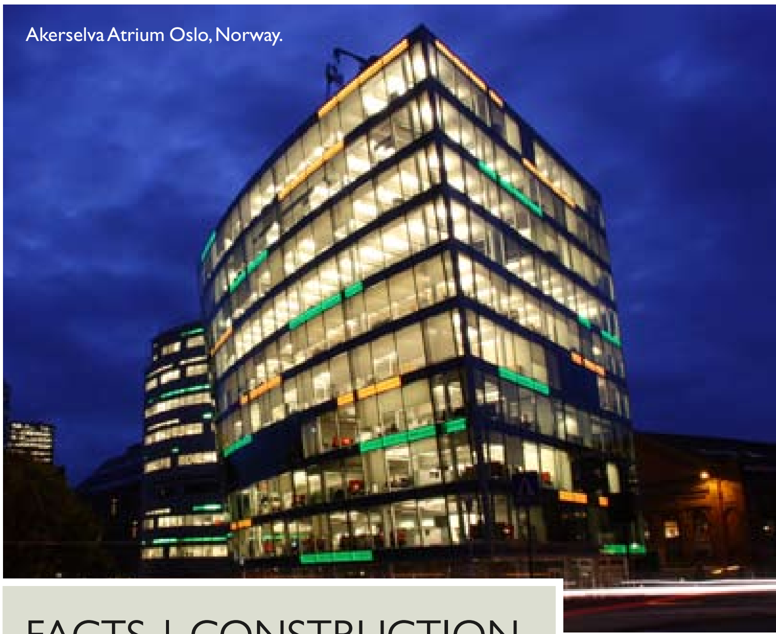
NCC's construction and civil engineering operations are represented in Denmark, Finland, Norway, Sweden, St. Petersburg and the Baltic countries. NCC's presence and offering vary somewhat according to market.

In Sweden, orders received are generally evenly divided between the construction of housing, buildings and civil engineering structures. The percentage of civil engineering projects rose in 2009 due to the decline in housing, offices and other building projects. NCC is one of the very largest players in the market, with a broad geographic spread and a strong local foundation.

Housing production is dominant in Finland, followed by office construction. The percentage of renovation projects increased in 2009 and accounted for 20 percent of sales. NCC also conducts business operations in the Baltic countries and in St. Petersburg, primarily involving housing and office construction. NCC has no civil engineering operations in Finland.

NCC has a long tradition of engaging in civil engineering in Norway, where roads, tunnels and infrastructure form a strong foundation. However, NCC also has construction operations in such areas as housing, commercial premises and public buildings, for example, schools and hospitals.

The housing market in Denmark has weakened substantially since 2006, which has resulted in NCC's operations shrinking over several years. The civil engineering operations are stable. NCC accounts for a small share of the construction and civil engineering market in Denmark.


Akerselva Atrium Oslo, Norway.

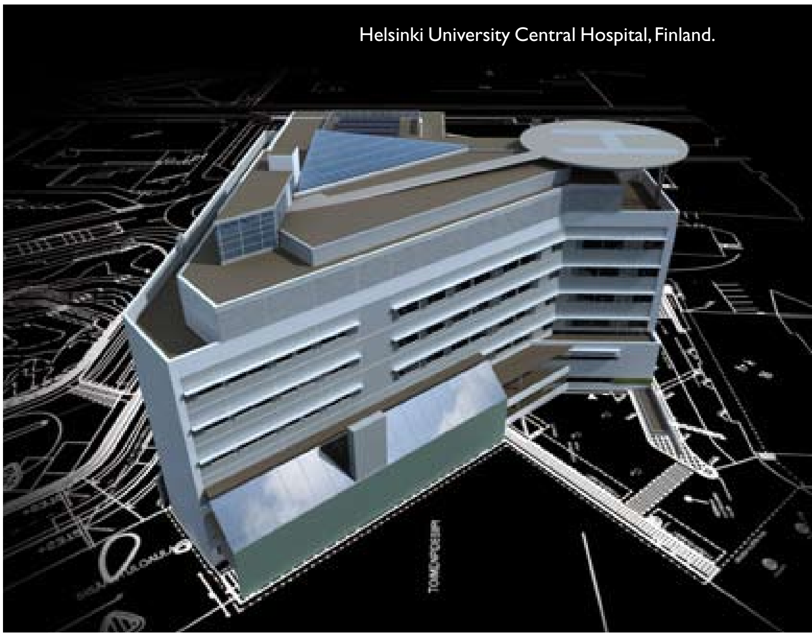
FACTS | CONSTRUCTION AND CIVIL ENGINEERING

Geographic markets, distribution of net sales

Sweden is the largest market for NCC's construction and civil engineering operations, accounting for 63 percent (57) of the sales. The increase compared with 2008 was due to a high order backlog at the beginning of 2009, which enabled a high work-up rate. In Norway, however, sales declined sharply during the first half of 2009.

Bridge over the River Hud, Bohuslän county, Sweden.

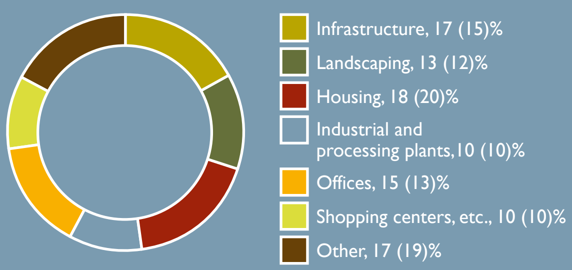
Finnfast Tunnel, Norway.



Helsinki University Central Hospital, Finland.

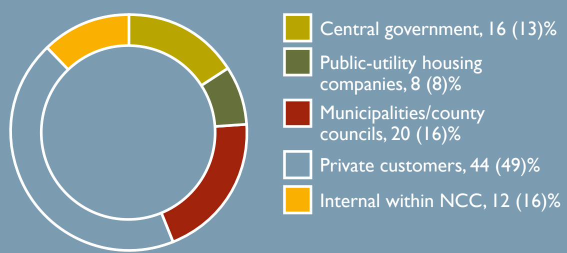
NET SALES SEK 35,328 M | NUMBER OF EMPLOYEES 12,423

Product mix



NCC has a broad product mix. In 2009, the percentage of housing declined, while infrastructure increased.

Customer mix



Demand from the public sector was not affected to the same extent by the recession as the private sector, and the percentage of public-sector customers increased. Lower proprietary housing production led to a decline in its share internally within NCC.

LOGIC OF THE CONSTRUCTION PROCESS

A common feature of all construction projects, irrespective of whether they involve the building of single-family homes, the paving of roads or the construction of sports halls, is that they are clearly defined with start and completion deadlines, tie up a relatively small amount of capital and generate a continuous cash flow from operations.

Cash flows from construction operations boost NCC's scope for developing offices and housing, which are more capital intensive.

The core skill for NCC Construction is its ability to manage the complexity of organizing a variety of projects, involving anything from replacing pipe systems in apartment blocks to large-scale national infrastructure projects.

The requirements are essentially the same – the projects must be delivered on time, at the right level of quality and at the agreed price.

NCC's construction and civil engineering operations conduct about 4,000 projects every year in the Nordic region. The size of these projects varies from a few hundred thousand Swedish kronor in sales and an implementation period of just a few days to multi-year projects that generate billions of kronor.

The common denominator for these projects, regardless of size and markets, is that in many instances they are unique and will not have any repetitive effects. For this reason, NCC's expertise in planning, logistics, allocation of resources, technical know-how, flexibility and risk management is a vital competitive tool in the increasingly internationalized Nordic construction market.

STRATEGY IS THE FOUNDATION

NCC's strategy for achieving long-term profitability and competitiveness focuses on customers, costs and competence.

NCC Construction's focus areas of partnering, virtual construction, platforms and purchasing deal with cost issues and customer value. To be able to offer customers more efficient construction processes, NCC provides extensive skills development in critical areas, such as in project development, platforms and virtual construction. NCC has also built up knowledge in the partnering cooperation format and is now a leader in this field.

PARTNERING IS INCREASING

The focus on the partnering cooperation format, whereby the customer, NCC and other project participants jointly formulate project targets and perform the work under joint responsibility has been highly successful.

This form of cooperation is now in demand among many customers, both private and public, and the number of partnering projects rose during the year. Partnering sales in 2009 remained at SEK 10 billion (10), despite the overall decrease in the Group's total sales.

Partnering projects are delivered on time, at the right costs and without any subsequent disputes, saving both NCC and the customer time and money.

RISK MANAGEMENT AND PROFITABILITY

For NCC's construction operations, it is also necessary to manage risk. An increase in the margin by one percentage point has a much greater impact on earnings than an increase in volume by 5–10 percent. Risk management is based on well-functioning shared business systems and well-developed procedures for tendering new projects.

BUSINESS ENVIRONMENT AND MARKET

The Nordic construction market was weak in 2009, with lower demand for housing, offices and other building construction, mainly among private customers. Public-sector investors were less affected by the recession.

The downturn abated toward the end of the year and some signs of recovery could be discerned in the housing and civil engineering sectors. Low interest rates and expansive fiscal policies boosted the housing market and NCC started more housing projects following a period of favorable housing sales.

The outlook for the civil engineering market is more positive with some growth anticipated in 2010, although it is not expected to offset the weak market for buildings and commercial properties.

LOWER DEMAND IN SWEDEN

The Swedish construction and civil engineering market was characterized by significantly lower demand in 2009. Demand for buildings and housing fell considerably at the beginning of the year. However, demand levels for new homes rose toward year-end, albeit up from a low level. The drivers were low interest rates and less turmoil in the housing market.

In autumn 2008, NCC established a specialist unit for infrastructure projects in Sweden. The percentage of civil engineering projects in the order backlog increased in 2009. A distinct trend in Sweden was intensifying international competition for large civil engineering and infrastructure projects.

WEAK DANISH ECONOMY

Danish construction and civil engineering investments fell 11 percent in 2009. The most severe downturn was noted in housing and office construction, while the renovation and civil engineering market suffered only a slight setback. The slowdown also impacted sales and earnings for NCC Construction Denmark.

The Danish economy is expected to recover in 2010, when modest economic growth is forecast, and the construction sector has received some support in the form of government incentive packages. Despite this, the decline in the housing and office markets is expected to continue.

PROJECT ENGINEERING AND PLATFORMS

NCC's size as a construction company combined with its desire to create efficient construction processes form a solid base for developing project engineering and planning tools and platforms. Economies of scale can also be found in negotiating volume discounts when purchasing goods and services.

Shared platforms for housing, buildings and civil engineering are highly significant in quality-assurance activities and in the potential for reducing costs. This is NCC's way of industrializing the construction process, in which the shared building blocks are based on well-tested technical solutions. Using the same solutions to a great extent also generates larger purchasing volumes for individual goods, thus contributing to cost reductions.

NCC develops platforms in all of its operating sectors and offers a wide variety of products from sports halls, nursing homes, offices, logistics facilities, roads and bridges to housing, all based on the platform work method.

MORE EFFICIENT CONSTRUCTION USING 3D

Virtual construction is now a natural feature of many construction projects and, when used correctly, it can change the entire construction process. 3D models are becoming increasingly commonplace at NCC, where they are used as support for communication between the various processes in a construction project. Such models allow all project participants to have the same impression of the construction process and the completed building. Quality is improved and costs reduced as a result of more efficient project engineering and implementation.

Hamnhuset, a passive building in Gothenburg, Sweden.

WEAK RECOVERY IN FINLAND EXPECTED

The Finnish construction industry weakened in 2009, primarily as a result of lower construction of commercial premises and offices. Government incentive packages had a positive effect on housing production and renovation activities. The worst of the downturn is over, but recovery will be weak with rising unemployment, according to forecasts from the Finnish Ministry of Finance. Demand for new housing is expected to increase in 2010, driven by low interest rates.

NCC is expected to initiate several housing projects in 2010, although a decline in the volume of office projects is anticipated. Accelerating demand for renovation activities has presented new opportunities to the Finnish operations.

The construction activities in the Baltic countries were severely impacted by the economic slowdown and the situation risks remaining difficult given the presumed decline in GDP again in 2010. Weak demand and an uncertain outlook for the housing market reduced investments, but demand for housing may stabilize somewhat in 2010 as a result of lower interest rates.

STABLE CIVIL ENGINEERING MARKET IN NORWAY

The Norwegian market was marked by declining investments in housing construction and office premises, while the civil engineering market remained relatively stable. For NCC, this led to lower sales of housing and office projects and stable sales of civil engineering structures, as well as a rise in public-sector projects. For example, NCC secured several construction assignments for schools and teaching premises at year-end 2009.

Positive signals in the Norwegian housing market in late 2009 indicated an improvement. NCC's Norwegian construction and civil engineering operations were gradually adapted to the new conditions.

Nordic construction market 2010

Segment	Sweden	Denmark	Finland	Norway
Housing	↗	→	↗	→
Buildings	↘	→	↘	↘
Civil engineering	→	↗	–[1]	→
Total	↗	→	↘	→

[1] NCC is not active in this market.
(Source: NCC.)

Tulli Business Park Tampere, Finland.

Put simply, the project is built on a scale of 1:1 in a three-dimensional computer model before it is physically constructed. The model results in a more rational construction process with more efficient planning, improved logistics and less waste.

Virtual construction can be used in all construction projects from housing and building production to civil engineering and infrastructure projects. NCC has already started developing 4D and 5D, where the model includes time and cost elements. NCC is a leading player in the use of virtual construction, not only in the Nordic region but also globally.

PURCHASING OF MATERIALS AND SERVICES

Since purchasing of materials and services accounts for approximately 65 percent of the NCC Group's costs, major focus continues to be directed to generating potential cost savings.

The construction industry has traditionally often purchased materials and services from local building material suppliers and subsuppliers, resulting in very weak competition. This is one of the reasons why construction costs have exceeded the consumer price index for a long time.

NCC has a plant for reinforcing rods in Norrköping in Sweden that provided the Swedish construction industry with 24,000 tons of reinforcing products in 2009. All reinforcing products are purchased from non-Nordic suppliers and subsequently refined in Norrköping, which also serves as a logistics hub.

Sollentuna Centrum, Sweden.

NCC's purchasing activities are guided by two main principles. The first is to coordinate purchasing in the Nordic region in a bid to achieve volume advantages. Another positive effect of coordinated purchasing is that it reduces the number of suppliers and different items, which also has cost-savings effects.

The second main principle is to purchase goods and services internationally. NCC's purchasing offices, with some 30 employees, are situated in Russia, the Baltic countries, Poland, the Czech Republic, Germany, Turkey and China. Despite lower sales, a weak SEK and financial uncertainty, international purchasing remained in line with 2008 levels and a further increase in costs savings was noted in 2009. The average cost of goods purchased internationally was slightly more than 20 percent lower than the corresponding cost of goods purchased in the Nordic region. An additional positive effect of international purchases is the indirect impact on local pricing.

Purchasing of international subcontracts is an area that grew in 2009. Procurement processes whereby NCC purchases total-package solutions that include materials, transportation and assembly services, and in certain cases project engineering, are becoming more commonplace.

The most frequent international purchases are frameworks, glass and aluminum facades, and steel and concrete products.

Coordinated purchases in the Nordic region and international purchasing have improved the competitive situation in the Nordic construction markets and become a key part of NCC's continuous efforts to reduce costs.

HEALTH, ENVIRONMENT AND SAFETY

Efficient and successful construction projects are almost always characterized by low sickness absence and few occupational injuries. The planning and control of activities include a high level of control and monitoring of environmental, health and safety issues. NCC devotes considerable resources to training, supporting and monitoring work-environment activities in all countries in which the company operates. All employees in Sweden who work with planning, cost accounting and project engineering will have completed work-environment courses during 2009 and 2010 with the aim of preventing, as early as the planning stage, instances and situations that could give rise to repetitive strain injuries or accidents.

These efforts have no deadline, and in 2009 NCC established an international health and safety group to address the principal problem areas, such as falling accidents and lifting heavy concrete units.

EVERYTHING FROM GREENBUILDINGS TO PASSIVE BUILDINGS

NCC has developed methods for constructing low-energy and passive buildings to meet customer demands for more energy-efficient buildings. NCC is one of the Nordic construction companies that has built the most passive buildings, in the form of both row houses and apartment blocks.

NCC has also built several buildings classified in accordance with the EU initiative GreenBuilding. In 2009, the company built hospitals, offices, retail and warehouse premises that meet the GreenBuilding energy consumption criteria, meaning that the buildings use 25 percent less energy than the norm prevailing in the particular country.

PRODUCTION OF AGGREGATES AND ASPHALT, PAVING AND ROAD SERVICES

NCC Roads' operations comprise the foundation for all construction activities. The base is the production of aggregates and asphalt, as well as asphalt paving and road services. These various components are interrelated and form a natural processing chain that is highly integrated with NCC's construction and civil engineering operations.

Stone materials, which are primarily extracted in proprietary quarries, are utilized as both an ingredient in asphalt and as an input material in construction and civil engineering projects. Asphalt is manufactured in proprietary asphalt plants and then used in road paving. The road network requires continuous maintenance, and multi-year road-service contracts are frequently concluded.

By applying high-tech manufacturing processes, input materials and asphalt are supplied to everything from garage driveways and smaller roads to complex infrastructure projects. Deliveries are also made to other construction and civil engineering operations. Stone materials are used, for example, in foundations for housing units, in offices and in industry, as well as in the concrete industry.

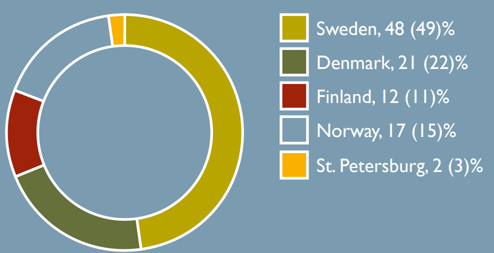
INCREASED PERCENTAGE OF PUBLIC-SECTOR CUSTOMERS

Municipal and public-sector administrations and customers in the private sector comprise the customer base for aggregates, asphalt manufacturing, paving and road services. Due to the economic downturn in 2009, the customer base shifted away from the private sector and moved toward the public sector, particularly toward central government. However, the private market for asphalt and deliveries of gravel products and aggregates still represents the largest section of the customer base.

NCC is increasingly offering public-sector customers total-package undertakings, known as function contracts, which include long-term planning of resources for the production, servicing and maintenance of road networks over a number of years.

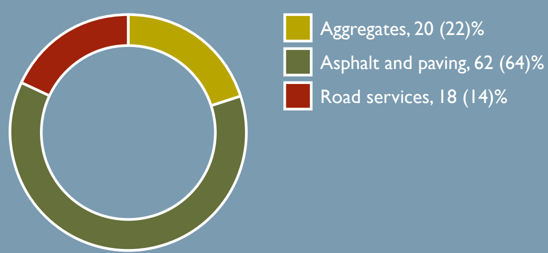
FACTS | AGGREGATES, ASPHALT, PAVING AND ROAD SERVICES

Geographic markets, distribution of net sales



The distribution between the markets was relatively constant and tracked the trend in the construction market. Sweden is the largest market, accounting for nearly half of sales.

Product mix



NCC Roads' predominant product is asphalt and paving. Road service is a product that continued to increase during 2009 and will soon be as large as aggregates operations.

LOCAL MARKET LEADERS

NCC's market presence is concentrated to the Nordic countries, where the company is the leading player in the industry. Sweden represents the single largest market, accounting for about 50 percent of sales. Asphalt and paving operations are also conducted in St. Petersburg.

In 2009, NCC Roads continued its strategic work aimed at being a market leader locally, securing the supply of stone materials from proprietary quarries located close to urban areas and enhancing coordination within the business area.

The trend in the construction market in the Nordic countries was weak during the year, which led to a general slowdown and reduced volumes of aggregates, asphalt and paving contracts. NCC Roads' operations are relatively dependent on the economic climate, although government incentives aimed at stimulating the construction sector with infrastructure investments offset the decline in 2009.

Demand for aggregates for the concrete industry also declined as a result of lower residential and building construction.

However, the road services market remained stable in 2009 and is not particularly sensitive to economic fluctuations. Providing road services is a key development area with excellent growth potential, and a number of strategic contracts were signed during the year.

GREEN PRODUCTS, RECYCLING AND EFFICIENT TRANSPORTATION

The environmental awareness of customers is increasing and NCC Roads is investing proactively in energy efficiency and recycling.

A variety of green products and production methods have been developed. Investments have been made in asphalt plants to expand capacity and meet heightened demand for environment-friendly products.

Products and methods to reduce the negative impact on the environment have been grouped together under the name NCC Green Concept, which is a registered Group trademark. The most well-known brand is NCC Green Asphalt, a production method in which energy consumption and carbon emissions are significantly lower than in the manufacture of traditional hot asphalt.

It is more energy efficient to recycle asphalt and other materials than to produce new materials. Accordingly, a growing number of NCC plants have improved their recycling capacity, leading to a more eco-cycle-oriented operation. Some 11 percent (8) of the total amount of hot asphalt produced in 2009 comprised recycled asphalt granules.

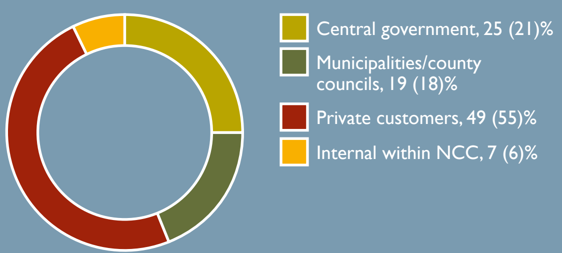
NCC's recycling center, Miljöfabriken, is an example whereby such materials as aggregates, gravel, sand and soil products are delivered to a separate plant, refined and resold as new products.

The recycling of collected street sand, which is cleaned and reused for anti-slide purposes and in asphalt production as an alternative to newly produced aggregates, is another method that helps reduce the impact on the environment.

Efficient transportation planning reduces the company's energy consumption. Logistics centers, GPS technology and mobile offices improve the planning of business activities and thus reduce lead times, the number of transportations and delivery costs for aggregates and asphalt.

NET SALES SEK 10,338 M | NUMBER OF EMPLOYEES 4,040

Customer mix



Private customers were the dominant customer group. The share of central government customers rose in 2009 as a result of such factors as a higher proportion of road services.

HOUSING – PROPRIETARY DEVELOPMENT AND SALES

NCC develops and sells permanent housing, ranging from detached houses and row houses to apartments in apartment blocks. Customer groups include private individuals wishing to purchase their own home, municipal housing companies, private property owners and financial investors who recognize a value in investing in housing projects.

Developing a residential area is a customer-controlled process, based on thorough analyses of future housing requirements. NCC conducts operations in all parts of the value chain, from project concept and analysis to land acquisitions, concept development, production, marketing and sales up to the final stages of aftermarket and customer care.

The entire development process takes place in close cooperation with municipalities, land owners, architects and other stakeholders. The housing units are produced by NCC's construction and civil engineering operations.

NCC conducts business activities in the Nordic region, Germany, the Baltic countries and St. Petersburg. The operations are concentrated in growing metropolitan regions with a stable local labor market that generates demand for new housing.

All of the company's expertise in housing development has been concentrated in the NCC Housing business area, which was created on January 1, 2009 to facilitate learning and building up development project know-how across national borders.

The core of professional housing development involves the ability to purchase developable land and development rights and subsequently convert them into attractive home environments. It is a capital-intensive undertaking, requiring that NCC analyzes the land areas in the various markets that will yield the highest returns over time.

The new business area is contributing to intensifying customer focus and expanding knowledge of customer requirements, and making it possible to capitalize on a range of synergies in all areas from marketing, sales and capital allocation to product development. The organization's long-term endeavor is to utilize the same administrative support systems and sales channels, the Internet being the most important tool, in all markets in which NCC conducts business.

VIRTUAL SHOWROOMS

The Internet is becoming an increasingly important sales channel. New visualization tools allow customers to take a virtual walk around the housing units that they are interested in. Online

FACTS | HOUSING DEVELOPMENT

NCC's development rights, housing starts and sales of proprietary housing

	Sweden		Denmark		Finland		Baltic countries and St. Petersburg		Norway		Germany		Group total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Development rights	15,200	14,200	1,145	1,086	5,338	5,895	6,542	5,992	1,949	2,089	1,698	1,920	31,872	31,182
Housing starts during the year	334	202	0	27	191	489	0	–64	131	0	482	914	1,138	1,568
Housing units sold	1,287	591	143	39	794	757	188	99	122	8	741	922	3,275	2,416
Housing units under construction	657	1,753	0	13	191	785	0	131	131	0	959	1,383	1,938	4,065
Sales rate, under construction, %	84	39	0	100	35	36	0	14	79	0	81	69	77	48
Worked-up rate, under construction, %	58	64	0	77	24	67	0	91	40	0	89	82	69	71
Unsold housing units	80	137	51	194	92	295	125	133	1	20	42	52	391	831

sales tools increase customer willingness to purchase housing units at an early stage – far earlier than the showroom apartments are ready for visitors. Increasing numbers of customers are finding new homes via NCC's website.

Resources for further honing the efficiency of the marketing and sales process are concentrated to the new business area. The coordination of marketing and sales began in 2009.

CONCEPT DEVELOPMENT

Land areas are converted into specific projects at the concept development phase. Municipalities are consulted on detailed development plans, and occasionally cooperation may also take place with investors interested in acquiring the entire project.

PLATFORMS GENERATE ECONOMIES OF SCALE

The development of platforms for housing units is a central task. The aim is to create a shared platform that will generate economies of scale at lower costs, higher purchasing volumes and improved quality, while ensuring that energy-efficient solutions have a broad impact. Housing customers will benefit from lower energy consumption when these characteristics are included in the project as early as at the drawing board. Using its shared platforms, NCC will be able to design attractive housing and keep product costs low, while maintaining flexibility.

PACKAGE SALES MORE COMMON

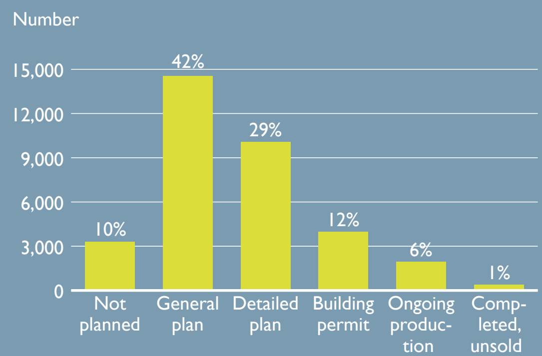
Private customers represent 80 percent of all housing purchases. Housing in the mid-price segment is produced in the Nordic countries, while the lower-price segment is the base of the operations in Germany.

Investors in the form of housing and property companies account for 20 percent of sales.

NCC is an experienced housing developer that holds a portfolio of many attractive land areas. It works continuously to enhance its expertise, thus enabling the company to grow in the eyes of professional players. In 2009, several "package sales" were implemented, mainly in Sweden and Finland, whereby development assignments containing both land and construction contracts were sold to investors. A number of package sales were also implemented in Germany during the year.

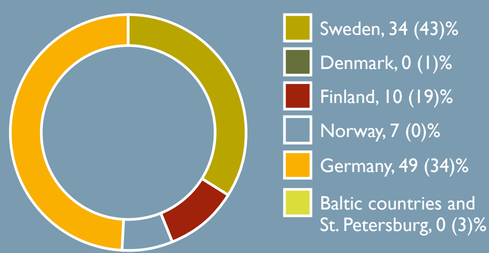
NET SALES SEK 8,996 M | NUMBER OF EMPLOYEES 965

Portfolio of development rights, ongoing and completed housing



Of the total portfolio of 31,872 development rights, about 14,000 are well advanced in the development process, with an approved building permit or a detailed development plan, which provides good potential for the years ahead. Of the remaining number of development rights, a general plan has been approved for the predominant portion. Being able to successfully pursue the work on the detailed development plan and to jointly with municipality create attractive residential environments accounts for a major share of value generation in housing development. The percentage figure denotes the share of NCC's total development rights.

Geographic markets, housing units under construction



In 2009, NCC initiated construction on housing units in Germany, Sweden, Finland and Norway. At year-end, Germany and Sweden accounted for a large proportion of the housing for which production was ongoing. There were no housing starts in Denmark, the Baltic countries and St. Petersburg during 2009.

FOCUS ON THE ENVIRONMENT AND SAFETY

Low-energy housing is increasingly in demand among housing customers. NCC's expressed aim is to reduce energy consumption in buildings in a bid to reduce the impact they have on the environment over their lifetimes. The aim is that all of NCC's proprietary housing units, in all markets, will have energy consumption levels that are below the norm for their respective markets. For example, energy consumption in proprietarily built housing in Sweden should be 20 percent below the equivalent norm.

NCC is a leader in passive buildings in the Nordic region and has completed many row houses and apartment blocks according to this method. In the Swedish market, NCC commenced the construction of its first proprietary apartment block of a passive-building standard in 2009.

Climate-declared housing units make it easier for customers to make an environmentally sound housing choice. Today, NCC prepares climate declarations for all newly produced housing units in Sweden and Denmark. The next step will be to prepare climate declarations for all proprietary housing.

The need for security was more important than ever in the housing market in 2009 and NCC offers a variety of security packages, such as providing customers with cover for double housing costs, unemployment and illness.

Condominiums (owner-occupied apartments) are commonplace in most European countries, and were introduced in Sweden in 2009. There are many advantages with this new form, with the clearest positive effect being greater flexibility in the housing market. NCC currently develops and sells condominiums in all other markets and possesses extensive know-how and experience of this form of ownership.

BUSINESS ENVIRONMENT AND MARKET

The housing market was highly cautious at the beginning of 2009. The trend in demand moved in a positive direction during the second half of the year as a result of tax reductions, low interest rates and greater confidence in the future. The exceptions to this trend were Denmark and the Baltic countries, where the housing market remained weak.

In 2009, sales of NCC housing units exceeded the number of new housing starts. Encouraged by the combination of rising demand and expectations of continued low interest rates in 2010, NCC decided to launch the sale of additional projects towards the end of 2009.

In Sweden, NCC had many housing units in production at the beginning of the year, but reduced the number of unsold units with its "a room on the house" campaign. At year-end 2009, NCC had only a small number of unsold apartments.

The Norwegian market was uneven. A solid labor market and falling interest rates contributed to an upward trend in the market which, despite many unsold housing units, noted price increases in the metropolitan areas of Bergen, Oslo and Trondheim.

The Danish market has been virtually stagnant since 2006. In 2009, NCC sold many housing units that were completed some time ago but did not initiate any new projects. A gradual adjustment of prices occurred in 2009.

Rising unemployment in Finland had a negative impact on demand, while falling interest rates had a positive effect. NCC's sales figures for Finland were healthy, with few housing units in stock, and a slight price increase could be discerned toward the end of the year. As in Sweden, "package solutions" attracted widespread interest and NCC sold a number of completed development projects, including land and construction contracts, to housing companies.

Falling prices and low demand were characteristic of develop-

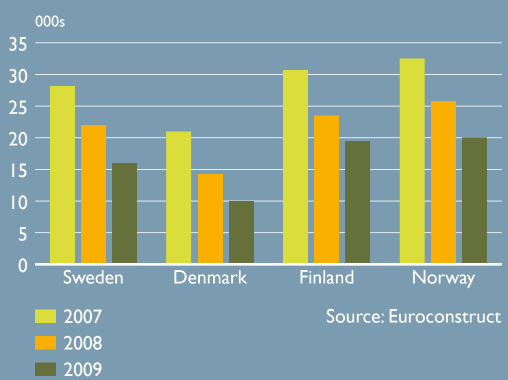
Row houses in Beckomberga, Sweden.

ments in the Baltic countries, due to the financial crisis. NCC Housing's sales picked up in the autumn after price adjustments had been made. In certain parts of the Baltic region, prices declined 50 percent.

The German market was stable during the year. NCC operates in the lower-price segment of the market, which is less sensitive to economic fluctuations. The restructuring of the German operations, which was initiated in 2008, continued throughout 2009. The changes included maintaining a market presence in fewer locations than previously.

The Nordic housing market experienced lower demand in 2009. The turmoil in financial markets led to a cautious approach among the public to purchasing homes and among developers in initiating new projects. The downturn was most profound in Denmark, although declines were noted in all of the Nordic countries. The economy improved in the autumn and demand increased. Euroconstruct predicts a higher number of housing starts in the next few years.

Housing construction in the Nordic region, number of housing starts, apartments and single-family homes



Source: Euroconstruct

COMMERCIAL PROPERTIES – PROPRIETARY DEVELOPMENT AND SALES

It all begins with an idea. An idea that is analyzed, crystallized and developed to be subsequently realized as new offices, a new retail center or a new logistics facility. NCC Property Development's operations involve the development of properties and their sale to investors.

NCC develops properties in all of the Nordic countries and in the Baltic region and controls the entire value chain from initial concept and business development to leasing the completed and sold property. The heart of the operation is the business development phase, which is where value growth for NCC and the client is achieved. In the subsequent stages of project engineering and production, greater focus is directed to cost and quality control. The value chain ends with the sale of the project, which makes funds available for new development projects. Office development dominates, followed by retail and logistics.

VARIETY OF DEMANDS AND REQUIREMENTS

Understanding the requirements of tenants is of key importance to offering the right products and locations. Customer interviews are held and surveys/studies performed regularly to develop work and retail environments to meet the requirements of tomorrow. The requirements for offices differ from those for retail centers and logistics facilities.

Attractive offices that offer employees a pleasant and effective work environment feature high on the tenants' wish lists. Other key aspects are having offices that reflect and strengthen the tenants' brands, while the work environment is becoming an increasingly important competitive factor in the recruitment of new employees.

Requirements for retail properties differ from those for offices. The premises and surrounding infrastructure must be optimal for selling the tenants' products and services. All elements of the

FACTS | DEVELOPMENT OF COMMERCIAL PROPERTIES

Projects

Completed and construction-initiated projects at December 31, 2009

Country (number)	Project cost, SEK M	Completion rate, %	Leasable space, m²	Leasing rate, %	Yield, %	Operating net SEK M[1]
Sweden (2)	206	65	15,467	100	8.7	18
Denmark (8)	621	81	31,493	82	6.9	43
Finland (4)	392	67	14,550	18	7.0	27
Total (14)[2]	**1,219**	**74**	**61,510**	**65**	**7.2**	**88**

1) Forecast operating net the year after completion, at full leasing and excluding initial housing discounts.
2) The completed and construction-initiated projects at year-end included 0 projects (5) for which a sales contract had been signed but that had not yet been recognized in profit.

experience, such as location, traffic flows, parking options and the handling of heavy transportation, must be taken into account.

The location and ability to design efficient flows of goods in warehouse premises are the two most essential components in developing logistics facilities. NCC possesses specialist expertise in this field which, combined with standardized construction solutions for warehouse buildings, provides favorable potential for reducing customer costs.

YIELD – ALL THAT COUNTS FOR INVESTORS

Potential investors are interested in purchasing developed properties that generate a high yield. They are often large national or international organizations such as pension managers, property funds or property or insurance companies. NCC's offering of developed properties frequently competes with other investment options, such as equities and bonds.

The investors are essentially the same as those that choose to invest capital in office, retail or logistics properties and, in many cases, they are seeking to diversify their property portfolio to spread some of their risk.

LOW ACTIVITY IN THE PROPERTY MARKET IN 2009

Major international investors make the Nordic property market an integral component in the global financial industry. In recent years, this has meant that the property development market has expanded. However, the effects of the financial crisis and the ensuing recession have been profound. The 2009 fiscal year was characterized by low activity in the property market. Uncertainty arose regarding the price levels of properties due to the low number of transactions completed, while the investors' yield requirement increased. The banks remained restrained in their financing and higher credit costs put the brakes on new transactions. At the same time, the rental market noted higher vacancy rates and lower rent levels.

EARLY ADAPTATION OF THE PROJECT PORTFOLIO

Having sold many projects with rental guarantees at an early stage, NCC optimized its earnings when the downturn hit the leasing market later than the property market. NCC also applied a restrictive approach to launching new projects, which led to a low-risk project portfolio. At year-end 2009, NCC had 14 ongoing projects with an investment value of SEK 0.9 billion. The portfolio of development rights totaled approximately 1.3 million square meters at year-end plus an additional 0.8 million square meters of land options and preliminary land allocations. The continuous work on 40–50 development projects across the Nordic region is proceeding as planned.

GREEN PROPERTY DEVELOPMENT

Environmental activities were intensified and NCC had developed 14 GreenBuilding-certified projects at year-end 2009. All new projects are developed with GreenBuilding certification, meaning that their energy consumption is at least 25 percent lower than the norm for equivalent buildings.

NCC has decided to use the globally leading BRE Environmental Assessment Method (BREEAM) for all development projects in the Nordic region, and is also one of the initiators of the formation of Green Building Councils in all Nordic countries.


Kungsbron Stockholm, Sweden.

NET SALES SEK 2,014 M | NUMBER OF EMPLOYEES 103

Leasing contracts

Completed leasing contracts per segment, m²

	Sweden	Denmark	Finland	Norway	Total
Offices	5,193	15,963	20,843	2,670	44,669
Retail	826		28,629		29,455
Logistics	7,200				7,200
Other	163				163
Total	**13,382**	**15,963**	**49,472**	**2,670**	**81,487**

Office markets in the Nordic region 2009–2010

	Vacancy rate, %[1]	Rent, m²/per year[2]	Yield, %[2]
Stockholm	10 ↗	3,700 (SEK) ↘	5.55 ↗
Copenhagen	9 ↗	1,900 (DKK) ↘	5.35 ↗
Helsinki	11 ↗	280 (EUR) ↘	6.25 →
Oslo	8 →	3,000 (NOK) ↘	6.50 ↘

[1] Refers to the metropolitan region of the capital.
[2] Refers to Central Business District. (Source: NCC.)


Gothenburg's new court, Sweden.

FINANCIAL OBJECTIVES AND DIVIDEND POLICY

The aim of the NCC Group's strategy is to generate a healthy return to shareholders under financial stability. This is reflected in the financial objectives, which for 2009 were a return on equity of 20 percent after tax, a positive cash flow before investments in properties classed as current assets and other investment activities and net indebtedness that is less than shareholders' equity. For 2010, the financial objectives have been aligned to the new accounting policies that will start being applied then.

BASIS FOR THE FINANCIAL OBJECTIVES

The level for the profitability objective is based on the margins that the various parts of the Group may be expected to generate on a sustainable basis, and on capital requirements in relation to the prevailing business focus.

To ensure that the return target is not reached by taking financial risks, net indebtedness – defined as interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables – must be less than shareholders' equity. As a complement to the return requirement, cash flow before investments in properties classed as current assets and other investment activities must be positive, to ensure that there is an underlying real earnings capacity in the Group, so that the return is not based upon what, from a valuation viewpoint, are profit or capital adjustments in the accounts.

Proprietary housing and property-development projects, as well as investment-heavy NCC Roads, account for most of the capital requirement and thus also the financing requirement. The contracting operations have limited capital requirements

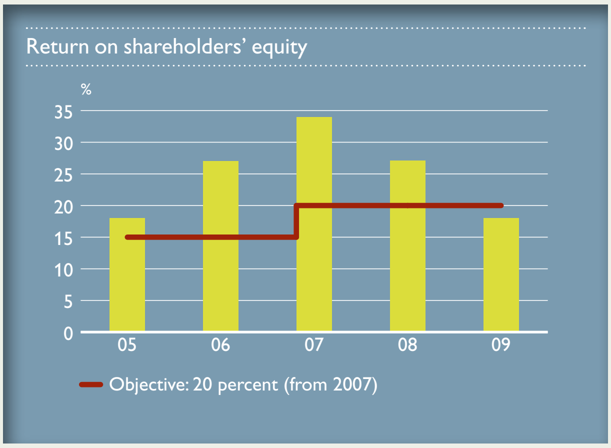
RETURN ON SHAREHOLDERS' EQUITY

Objective 2009

Return on shareholders' equity after tax shall amount to 20 percent.

Fulfillment of objective

Return on shareholders' equity after tax amounted to 18 percent (27), which is below the target of 20 percent. The objective was not attained, primarily due to the lower earnings resulting from declining volumes in the construction market, and the housing operations' negative impact on earnings. In 2008, the return figure was positively affected by SEK 493 M as a result of the sale of NCC's share in the Polish concession company AWSA, while there was no such corresponding effect in 2009.



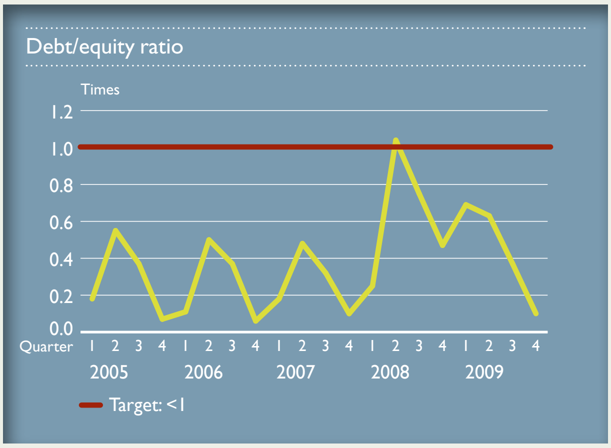
DEBT/EQUITY RATIO

Objective 2009

Net indebtedness, defined as interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables, shall be less than shareholders' equity. This target applies to the end of every quarter.

Fulfillment of objective

The debt/equity ratio did not exceed the limit stated in NCC's financial objective for any of the 2009 quarterly accounts, and totaled 0.1 (0.5) at year-end. The debt/equity ratio is affected by seasonal variations. During the second and third quarters, more capital is tied up due to a high pace of activity in asphalt and civil engineering activities.



but are subject to major seasonal and, to some extent, cyclical changes in working capital. In order to take these fluctuations within large parts of the Group operations into account, the return requirement has to be reached on a calendar-year basis. The goal that net indebtedness should not exceed shareholders' equity also applies to the close of each quarterly period.

The internally focused analysis that forms the foundation for the above financial objectives is checked regularly against other companies active in NCC's markets and against the return requirement that the capital market places on NCC. This comparison ensures that the objectives are reasonable when viewed from a shareholder perspective.

Within the various business areas, business operations are followed up on a local basis with the aim of steering them towards the Group's financial objectives. Thus, from an operational viewpoint, the main financial key figures are the operating margin, return on capital employed and cash flow. In addition, other important operation-related objectives are set to support NCC's strategy, in such areas as the work environment, customer satisfaction, product quality, environmental impact and purchasing.

Financial objectives and dividend

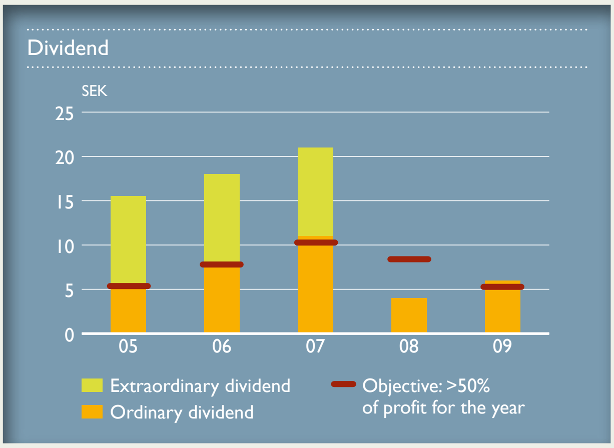
		Result					Average
	Target	2005	2006	2007	2008	2009	5 year
Return on shareholders' equity, %[1]	20%	18	27	34	27	18	25
Debt/equity ratio, times	<1	0.1	0.1	0.1	0.5	0.1	0.2
Cash flow before investments in properties classed as current assets and other investment activities, SEK M[2]	Positive	1,613	5,005	8,198	7,787	5,732	5,667
Ordinary dividend, %	>50%	51	51	53	24	52	46
Ordinary dividend, SEK		5.50	8.00	11.00	4.00	6.00[3]	6.90
Extraordinary dividend, SEK		10.00	10.00	10.00	–	–	6.00

1) New objective, as of 2007: 20 percent; previous objective: 15 percent.
2) New objective, as of 2007: cash flow shall be positive before gross investments in properties classed as current assets and other investment activities. In previous reports, amounts for 2007 and 2008 had been reported before net investments. Objective prior to 2007: positive before financing.
3) Proposed dividend.

DIVIDEND

Dividend policy

NCC's policy is to distribute at least half of profit after taxes to the shareholders. The reason for establishing this level is to generate a healthy return for NCC's shareholders and to provide NCC with the potential to invest in core business and thus to ensure that future growth can be created while maintaining financial stability. For 2009, the Board of Directors proposes a dividend of SEK 6.00 per share (4.00). The proposed dividend corresponds to 52 percent of profit after taxes, which is in line with the dividend policy.



FINANCIAL OBJECTIVES FOR 2010

- Return on shareholders' equity after tax must amount to 20 percent.
- Net indebtedness must never exceed 1.5 times shareholders' equity.

For 2010, the financial objectives have been aligned to the new accounting policies that will start being applied then. As of January 1, 2010, NCC will apply IFRIC 15, Agreements for the Construction of Real Estate. The new accounting policies will mainly affect housing operations, since as of 2010 sales of housing projects will generally not be recognized as profit until the projects have been transferred to the end customer, in contrast to 2009 and prior years, when profit was recognized in pace with completion and sale.

NCC's assets and liabilities will also be affected by the introduction of IFRIC 15. Interest-bearing liabilities will be higher than previously because ongoing construction of housing in Swedish tenant owner associations and Finnish housing companies will have to be recognized in NCC's balance sheet. Accordingly, reported net indebtedness will increase. However, the changes will have no impact on NCC's financial position and risk. NCC's financial objective for the debt/equity ratio is being adapted and increased from 1.0 to 1.5, which means that net indebtedness must never exceed 1.5 times shareholders' equity at the end of any quarter.

The objective for the return on shareholders' equity remains unchanged at 20 percent after tax. The current objective for cash flow has been discontinued, due to the limitations on the debt/equity ratio.

SUSTAINABLE DEVELOPMENT AND RESPONSIBLE ENTERPRISE

NCC develops and builds future environments for working, living and communication, meaning that NCC is a community builder in the true sense of the word. This is an immense responsibility that provides an opportunity for NCC to contribute to sustainable social development.

Responsibility is one of NCC's core values and is the foundation of the company's strategic approach toward bringing about sustainable development in all aspects: economically, environmentally and socially. Given NCC's operations and decentralized organization, responsibility comprises a natural part of the employees' daily working lives. Social responsibility, in particular, in terms of the work environment is something that is clearly evident to both employees and the company.

A number of stages of and tasks in the construction process involve risk or heavy loads and are difficult to perform, making proactive measures to prevent workplace injuries and accidents essential. Such measures are closely associated with NCC's values of honesty, respect and trust, as well as focus, simplicity and responsibility in daily work activities.

NCC's operations are continuously present in society and leave a long-term mark in the form of the buildings and civil engineering structures that are constructed. Accordingly, it is natural for NCC to focus its sustainability work on healthy developed environments, energy-efficient buildings and efficient production processes. NCC is contributing to improvements in society and many of its projects involve a number of small companies as suppliers and subcontractors, and for this reason NCC has immense responsibility to many stakeholders in society, particularly the customer and customer's customer who will actually use the final product, whether it be a road user, tenant or resident.

As a community builder, NCC engages in a continuous dialog with stakeholders, which largely occurs in connection with ongoing contact during the progress of projects. At the same time, the Group's website is the hub for broader communications. A more detailed stakeholder model is presented on pp. 36–37.

NCC's Code of Conduct describes the requirements that NCC – the Board of Directors, management and all employees – has to meet in terms of behavior and conduct and that NCC in turn expects its business partners to respect. The Code of Conduct is also the framework of NCC's approach to its environmental and social responsibility in terms of sustainable development and is based on such internationally recognized guidelines as the UN's Universal Declaration of Human Rights, ILO conventions, OECD guidelines and the UN Global Compact. NCC joined the World Economic Forum Partnering Against Corruption Initiative (PACI) in 2005 and signed the UN Global Compact with effect from 2010.

The Norrortsleden Link, Stockholm, Sweden

Compliance with the Code of Conduct is monitored as an integral part of the ongoing operations, meaning that monitoring is included in procedures and checks, as are other governance issues. A whistleblower procedure for reporting irregularities is in place to enable employees to anonymously bring non-compliance with the Code to the attention of senior management. NCC has provided a comprehensive training program in business ethics and competition law for managers since 2002 and approximately 3,000 managers have now completed the program. See also the Corporate Governance Report on p. 99.

As of 2010, NCC has started to adjust the reporting of its sustainability work according to the Sustainability Reporting Guidelines of the Global Reporting Initiatives (GRI). Sustainability reporting and management issues are handled by representatives from the Corporate Communications, Legal Affairs, Environment, HR and Purchasing staff units.

NCC'S ENVIRONMENTAL RESPONSIBILITY

NCC's environmental work has been shaped by the following four overriding environmental objectives for several years:

- Create healthy developed environments
- Reduce climate impact
- Reduce the use of harmful substances
- Contribute to recycling

NCC's operations leave a long-term mark on society in terms of environmental impact and energy consumption.

CODE OF CONDUCT

NCC's Code of Conduct, describes the requirements that NCC – the Board of Directors, management and all employees – has to meet in terms of behavior and conduct and that NCC in turn expects its business partners to respect.

The basis of the Code of Conduct is NCC's values – the company's value foundation. Honesty, Respect and Trust are required of all NCC employees and are expected of all parties with whom NCC has relationships.

The Code of Conduct is an overriding policy document that covers the following areas:

- Business principles that summarize laws, agreements, competition issues and conflicts of interest
- Human rights and working principles
- Environmental responsibility
- Compliance and follow-ups

As a result, environmental activities permeate all of NCC's operations and are often the reason that NCC is a viewed as a viable option for many assignments. Environmental responsibility rests with the line organization and the supporting staff units are largely decentralized. Leading-edge expertise in the shape of internal engineering consultancies also exists.

USE OF MATERIALS

Construction uses natural resources but also creates new and healthy environments for people to live in. In its construction operations, NCC uses stone that is mined from bedrock and, after their useful lives, depleted quarries and industrial areas are post-treated and converted into residential areas, for example. When conducting construction contracts, NCC always shows great consideration for nature and the environment and protecting biodiversity is frequently part of a project; for instance, animal crossways during road works. The careful restoration of historical surroundings and buildings is a common task for NCC.

The construction process encompasses a large amount of input materials, which vary greatly from project to project. Building construction (for example, residential properties, commercial premises and public buildings) requires such materials as stone, concrete, wood, steal, copper, iron, plastic, glass and china. For infrastructure projects, stone materials crushed into different sizes comprise a key input material, as does bitumen, an oil product used in asphalt manufacturing. Explosive are commonly used in underground work, as are various materials for casting or securing rock and land masses. Fuel for contractor machinery and transportation is a key input material, primarily for infrastructure and civil engineering projects.

One way of reducing the use of materials is to app ly an efficient construction process, with industrial construction and virtual construction methods (such as 3D and 4D designs) as key components. In doing so, the possibilities for future re-use of construction materials increase, once the building/facility has served its use or requires renovation. Recycling is a major factor and an average of almost 90 percent of construction waste is recycled. The recycling of previously paved asphalt is an important input material for asphalt production, as is collected road sand to some extent. Lower temperatures and alternative fuels, such as fish oil and natural gas, are used in asphalt manufacturing to reduce energy consumption in production. Fuel consumption can be lowered by enhancing the efficiency of transportation in the construction process.

The construction process involves chemical substances and NCC's aim is to reduce the use of dangerous substances. In Sweden, the industry works together under the BASTA product choice system, which has a greater reach than the EU's REACH chemical legislation in terms of dangerous substances. The national chemical database is used in Denmark, while Norway and Finland have phase-out lists.

FOCUS ON REDUCING ENVIRONMENTAL IMPACT

NCC's aim is to reduce its impact on the environment, with a focus on energy consumption and reducing carbon emissions. A survey was initiated in 2009 to study the direct impact of NCC's operations on carbon emission levels in accordance with the Greenhouse Gas Protocol (Carbon Footprint). A high percentage of the direct impact from NCC derives from heating premises and fuel for various types of vehicles. NCC in Sweden purchases only "green electricity" ("Good Environmental Choice according to the Swedish Society for Nature Conservation") and fuel-efficient vehicles are prioritized in NCC's fleet.

Indirectly, NCC also has great potential to influence energy consumption in society by offering energy-efficient buildings. Buildings represent nearly 40 percent of total energy consumption (according to the Swedish Energy Agency, for example) and most energy is used in the operations phase. The impact on carbon emissions varies depending on the source of energy used for heating and cooling the building. In Sweden, Norway and Finland, energy is largely generated from hydroelectric power and nuclear power, which has a low impact on carbon levels, while the energy generated from coal in Denmark, the Baltic countries and Germany has a greater impact on carbon levels.

NCC has the greatest potential to influence the total energy burden of its products by becoming involved at an early stage of the construction process. The platform work method enables the systematic inclusion of positive environmental characteristics in construction projects, while simultaneously promoting high quality at a low cost. NCC's platforms are based on standardized and stringently tested solutions that have fewer faults and sustainably maintain quality, which is an environmental advantage in itself.

ENERGY-EFFICIENT BUILDINGS

NCC has extensive experience of constructing energy-efficient buildings and civil engineering structures and the energy consumption of the new housing units it builds in Sweden is at least 20 percent lower than the norm for equivalent buildings. The energy efficiency of residential properties, for example, is enhanced through efficient heat recycling and energy-efficient windows and white goods. All of NCC's office projects are designed according to the EU GreenBuilding Program, which entails that the projects consume at least 25 percent less energy than the norm for equivalent buildings. To date, NCC has developed 14 buildings under the GreenBuilding Program, making it the first construction company in Sweden to be classified as a GreenBuilding Corporate Partner and one of the first in Europe. To become a partner, 75 percent of new buildings produced by a company must meet the Program's demands.

NCC is one of the construction companies that has built the most "passive buildings." These are buildings characterized by a well-insulated design and that lack traditional heating systems. They are heated mainly by the heat emitted by residents, solar heat and household appliances, which reduces energy consumption by 50 to 60 percent. To date, NCC has constructed six residential properties as passive buildings in such towns as Gothenburg, Värnamo, Växjö and Sundbyberg, and two passive school buildings.

In a bid to highlight and document its energy-efficient buildings, NCC produces climate declarations for its residential properties and classifies commercial premises in accordance with the BRE Environmental Assessment Method (BREEAM), the leading European method, with more than 130,000 buildings having received BREEAM certification. Unlike other environmental assessment systems, BREEAM also takes into account a whole range of environmentally impacting factors in a property, such as transportation, control and the choice of location for a building.

NCC's environmental work in practice, examples

HOUSING

- Energy-efficient housing – energy consumption that is at least 20 percent lower than the norm for equivalent buildings (Sweden)
- Only renewable energy to be purchased for proprietary projects
- Climate declarations for residential properties (Sweden and Denmark)
- Passive buildings
- Energy clock – a way of visualizing energy use in the home
- Green Living – training homeowners in reducing their energy consumption (Sweden and Finland)

OFFICES, PREMISES, BUILDINGS

- Energy-efficient buildings – energy consumption that is at least 25 percent lower than the norm for equivalent buildings
- Green Building Partner
- Green Working – training tenants in reducing their energy consumption
- Concept House – a house powered by solar, wind and water
- Own generation of renewable energy in proprietary projects: local wind farms, solar panels
- Use of BRE Environmental Assessment Method (BREEAM) to measure environmental impact of buildings

MATERIALS AND SERVICES

- Alternative fuels in asphalt production (such as fish oil and natural gas)
- NCC Green Concept® – umbrella term for environment-friendly initiatives involving aggregates and asphalt
- NCC Green Asphalt® – produced with at least a 20-percent reduction in energy consumption and an up to 30-percent reduction in carbon emissions
- Recycling of asphalt
- Miljöfabriken – concept for recycling waste
- Increase in the efficiency of transportation

FOCUS ON WORK ENVIRONMENT, HEALTH AND SAFETY

NCC is a large employer with about 18,000 employees, involved mainly in production and also mainly in Sweden. The most highly prioritized area of social responsibility by far is ensuring a secure and safe work environment at construction sites, for both the company's own employees and for subcontractors. The company's vision is to have zero accidents and work is continuously undertaken to minimize accidents and increase safety at NCC construction sites. Preventive measures, information, safety equipment, project control and, in particular, a management approach that prioritizes work-environment efforts are all factors that contribute to reducing the number of accidents and minimizing injuries. In 2009, the number of workplace accidents, measured per million work hours, was 12.

THE INDUSTRY'S MOST ATTRACTIVE EMPLOYER

Despite construction sites being hazardous places for employees, sickness absence is low and job satisfaction high at NCC. Sickness absence amounted to 3.4 percent in 2009. The annual employee survey, the Human Capital Index (HCI), revealed that job satisfaction remained high at the company. The methodology used for the HCI was improved during the year, which made comparisons with previous years more difficult, although it facilitates comparability of the construction market as a whole in those countries where NCC is active. The results of the 2009 survey showed that job satisfaction at NCC is at a high level and is also higher than the overall construction industry.

WORKPLACE RELATIONSHIPS

NCC encourages its employees to join a trade union and collective negotiations are respected. Most employees are members of trade unions, primarily the Swedish Building Workers' Union. In 2009, NCC was forced to make layoffs due to shortage of work, with a total of 2,900 people leaving the company. Major efforts were made to ensure that those employees who had to leave the company were treated respectfully throughout the entire process, and while maintaining a positive relationship with the company. The outcome of the 2009 survey indicated that employees had widespread understanding for these personnel reductions.

CONTINUOUS SKILLS DEVELOPMENT

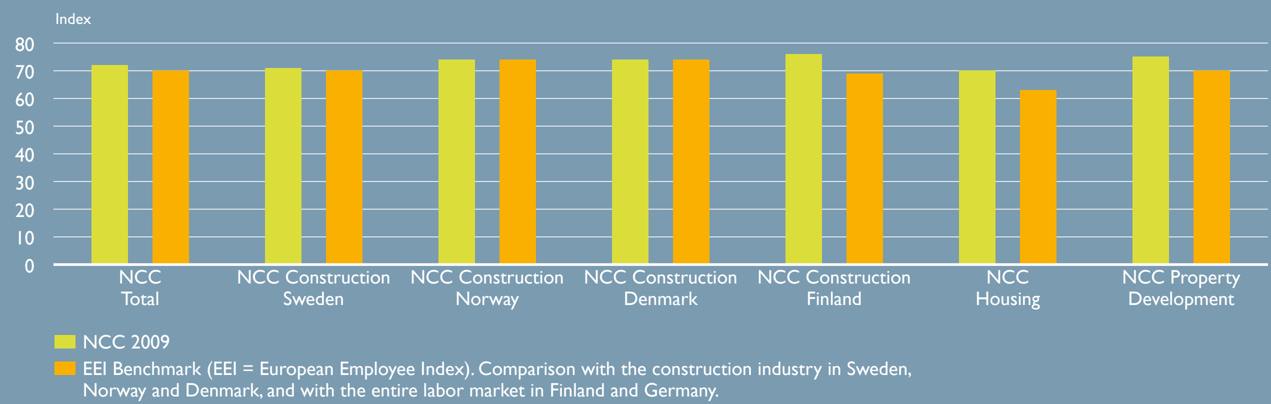
Committed, loyal and skilled employees in the correct position in the organization are essential to NCC's ability to compete. Consequently, maintaining and recruiting the right employees is

NCC's values – HCI 2009

	NCC Construction				NCC
	Sweden	Denmark	Finland	Norway	Roads
Honesty	↗	↗	↗	→	→
Respect	↗	↗	↗	→	→
Trust	↗	↗	↗	→	→
Focus	↗	↗	↗	↘	→
Simplicity	↗	↗	↗	↘	→
Responsibility	↗	↗	↗	↘	↗
Proud of working at NCC	↗	→	→	↘	↗

For many years, NCC has devoted systematic work to the corporate culture, meaning the company's and the employees' values. Honesty, Respect and Trust are the basic requirements placed on all NCC employees and on those who have working relationships with NCC. NCC's business operations must also be characterized by focus, simplicity and responsibility. NCC's values are well grounded and are appreciated among the employees, and the results in this area have been high and the trend favorable for a number of years. The downturn in the results for NCC Construction Norway in 2009 should be viewed in the light of the sharp decline in its volumes. No trend concerning the trend prevailing at NCC Property Development and NCC Housing can be presented, since there are no comparable figures for 2008.

High employee satisfaction at NCC



Employee satisfaction is measured on the basis of the European Employee Index model, which enables NCC's results to be compared with those of similar companies. The model provides an overall assessment of the employees' job satisfaction and loyalty and includes questions concerning comfort, values, the immediate superior, motivation and commitment. NCC outperformed or was in line with the industry index in each market. NCC Roads was not covered by the survey in 2009 due to the change in the measurements made.

strategically important, as is continuous skills development. A number of training programs are arranged every year in different fields. The activities conducted in 2009 included a major focus on the work environment and on values in Sweden. NCC is a learning organization and new projects continuously involve new challenges. Recycling experiences is a key task, at the same time as new research is required. Every year, NCC has a number of industry-based PhD students, and in 2009 seven of these were active in, for example, the development of energy-efficient buildings and construction in polluted areas.

Many of the projects that NCC works on are complex and are based on close cooperation between all participants. Accordingly, joint skills development focused on optimizing the project is essential. One example is the cooperation framework known as NCC Partnering.

DIVERSITY AND EQUALITY

NCC is a male-dominated company, with men accounting for 89 percent of the workforce. The distribution between the genders is slightly more even at the senior manager level, at 73 percent. NCC strives to ensure increased equality and greater diversity in terms of gender, age, religion, sexual orientation and ethnicity. Punishment, discrimination and harassment are not accepted. In Sweden, there is a network called Stella for supporting female academics in their professions.

HUMAN RIGHTS

NCC supports and respects international conventions on human rights. The risk of deviations from such conventions is mainly deemed to exist in the area of international purchases, in markets in Eastern Europe and Asia. To ensure, to the extent

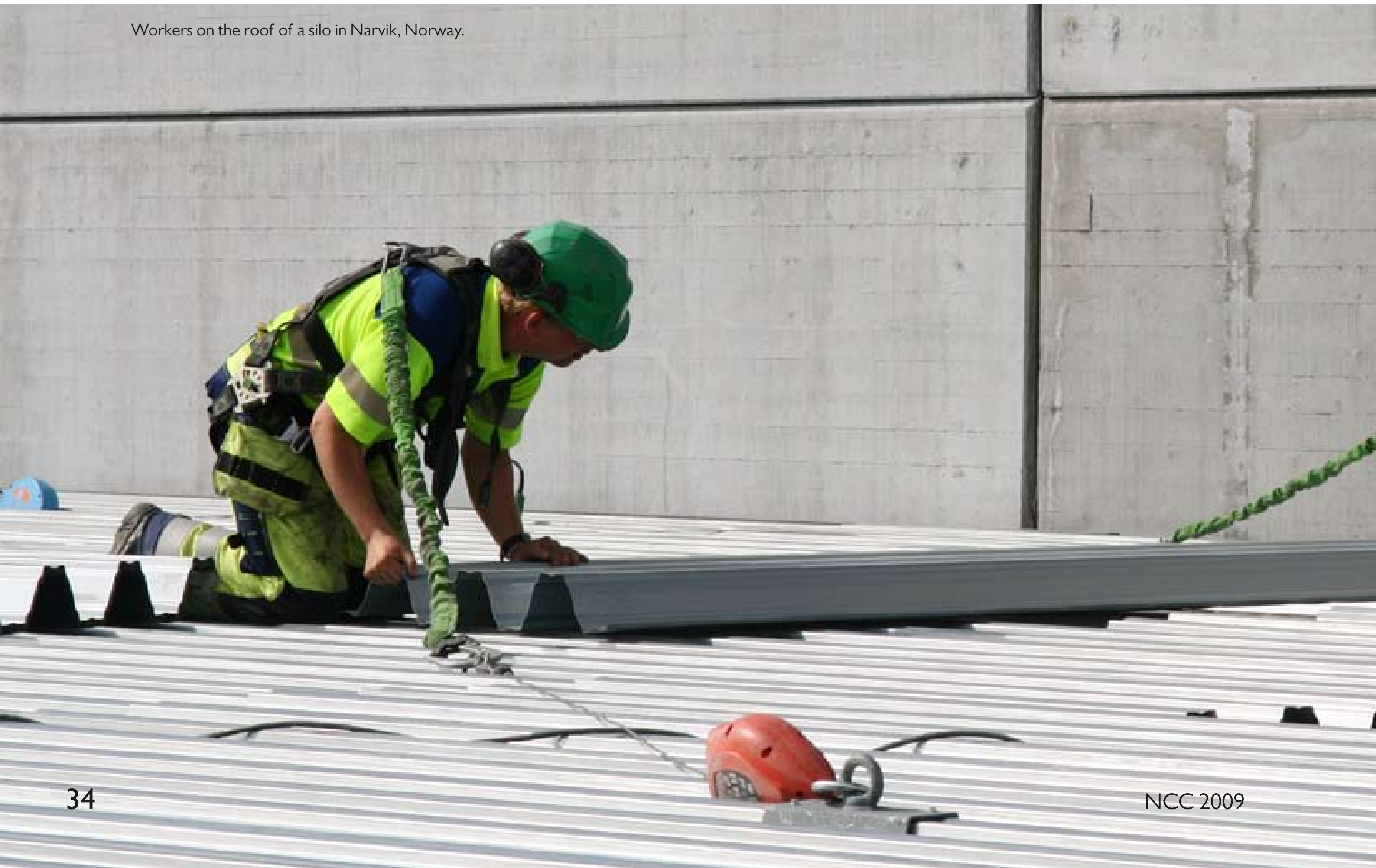
Sickness absence

Total sickness absence as a percentage of regular working hours, percent	2009
NCC Construction	3.7
NCC Roads	2.5
NCC Housing	4.8
NCC Property Development	0.8
NCC Group total	**3.4**

Occupational accidents per one million worked hours	2009
NCC Construction	13.0
NCC Roads	9.0
NCC Housing	15.1
NCC Property Development	0
NCC Group total	**12.0**

Gender distribution

Share, percent	2009	2008
Group		
Board of Directors, women	22.9	16.6
Other senior executives, women	18.1	16.4
Total percentage of women	10.8	11.3



Workers on the roof of a silo in Narvik, Norway.

possible, that suppliers are adhering to NCC's Code of Conduct, the Business Social Compliance Initiative (BSCI) is used, which conducts assessment of suppliers.

BUSINESS ETHICS AND CORRUPTION

NCC respects and abides by laws and agreements, and supports correct and balanced competition in connection with procurement processes, tendering, product procurement and purchasing. NCC's Code of Conduct expressly states that employees may not become involved in activities that could lead to conflicts of interest and may not give or receive gifts or business entertainment above certain determined levels, or request or give such promises.

Unfortunately, NCC has been party to unpermitted business transactions that have resulted in the company conducting internal investigations, employees leaving the company, the need for more training activities in business ethics and competition law, long processes and heavy fines. The final verdicts in the Swedish and Finnish cartel cases, which pertained to transgressions of competition legislation, were announced in 2009. In Sweden, NCC was ordered to pay SEK 200 M in competition damages and in Finland a total of approximately SEK 70 M.

NCC works continuously to train its personnel and has provided training in competition law to about 3,000 managers to date. The training program is part of employment contracts, meaning that an employee will be dismissed if violations occur.

LIABILITY FOR PRODUCTS AND SERVICES

NCC has a broad spectrum of products and services that are often covered by guarantees and liability for products. A construction project is inspected at various stages and guarantees are provided according to applicable norms as a minimum.

In recent years in Sweden, NCC has extended its guarantee commitments from two to ten years for clients purchasing single-family homes whose façades were finished according to what is known as the single-stage method. A program has been prepared for investigating and restoring the homes that have experienced problems caused by damp in their façade.

NCC'S STAKEHOLDERS

NCC faces expectations and demands from many different stakeholders. How NCC lives up to these expectations is a decisive factor for the Group's success in its business operations. The matrix below summarizes NCC's key issues, and provides examples of measures designed for each stakeholder category.

CUSTOMERS

KEY ISSUES

- The most attractive customer offerings.
- Strong, longstanding customer relations.
- High level of competence.
- Contribute to sustainable social development.
- Highest production efficiency in the industry.
- NCC Partnering.
- Function contracts.
- Lifecycle approach.
- Committed employees.
- Energy-efficient products and services.
- Reduction in carbon-dioxide emissions.

FOCUS IN 2009

✓ Platforms.
✓ Energy-efficient products and services.
✓ Climate declaration of homes.
✓ GreenBuilding and BREEAM.
✓ Extended guarantee periods.

PRIORITY ISSUES FOR 2010

- NCC Partnering.
- Function contracts.
- More in-depth customer surveys.
- Broadened lifecycle approach.
- Carbon Footprint.
- Energy-efficient products and services.
- Long-term initiatives involving research and development.

USERS

KEY ISSUES

- Create healthy built environments.
- Reduced impact on climate during useful life of buildings.
- Satisfied users.
- Effective and appropriate housing, commercial premises and plants, with low lifecycle costs.
- Well-conceived design.
- Energy-efficient products and services.

FOCUS IN 2009

✓ Energy-efficient products and services.
✓ Climate declaration of homes.
✓ GreenBuilding and BREEAM.

PRIORITY ISSUES FOR 2010

- Offer environmentally labeled single-family homes.
- Continued future-oriented studies.
- Climate declaration of all types of buildings and civil engineering structures.

SHAREHOLDERS

KEY ISSUES

- Increased value growth.
- 20 percent return on shareholders' equity after tax.
- Financial stability.
- At least half of after-tax profit distributed to shareholders.
- Highest production efficiency in the industry.
- Growth efforts.
- Committed employees.

FOCUS IN 2009

✓ Organization adapted to lower demand.
✓ Financial stability.
✓ Positive cash flow.
✓ Profitability ahead of volume.
✓ Limited risk exposure.

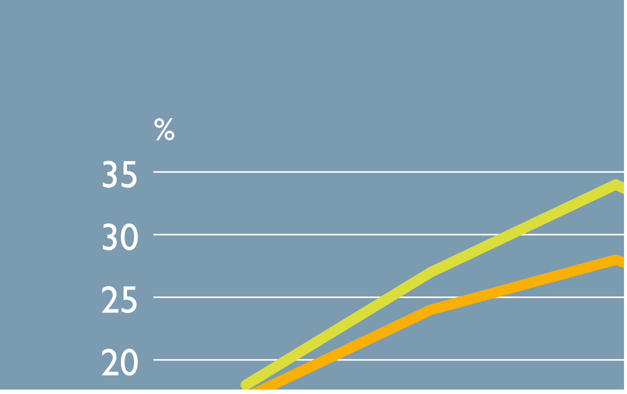
PRIORITY ISSUES FOR 2010

- Sustainable profitability.
- Competitiveness.

EMPLOYEES

KEY ISSUES

- Most attractive employer.
- Low level of sickness absence and zero work-related accidents.
- Committed employees.
- Modern personnel relations.
- Clear, value-guided and supportive leadership.
- Good development opportunities.
- Influence over own work.
- Recruit and retain the best employees.



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SUPPLIERS

KEY ISSUES

- Lowest purchasing costs in the industry.
- Reduction in total purchasing costs every year.
- International purchasing.
- Coordination.
- Developed logistics.
- Cooperation with the most cost-effective suppliers.
- Industrial construction.
- Improved project control.
- Rate of change.

FOCUS IN 2009

✓ Increase in purchasing coordination.
✓ Development of international purchasing offices.
✓ Optimized and focused purchasing resources for international purchasing.
✓ Increase in purchasing specialization and knowledge of value chains.
✓ Strategic partnerships with the globally most cost-effective suppliers.

PRIORITY ISSUES FOR 2010

- Develop efficient trading and logistics.
- Continued strategic development.
- Implementation of product-approval process.
- Leadership to drive change.

AUTHORITIES

KEY ISSUES

- Provide best possible documentation prior to political decisions.
- Participate in public debates on matters affecting the construction sector.
- Long-term collaboration partner.
- Understanding for the role of the authorities.
- Continuous dialog.
- In-depth expertise.
- Energy-efficient products and services.

FOCUS IN 2009

✓ Dialog with municipal administrations, government authorities and departments and other decision-makers.
✓ Discussions regarding new forms of procurement and construction costs.

PRIORITY ISSUES FOR 2010

- High product efficiency.
- Reduce construction costs.
- Carbon Footprint.
- Broaden scope for NCC Partnering and function contracts.
- Dialog about decrease in CO_2 emissions in the industry.

FOCUS IN 2009

✓ Management training.
✓ Further develop Human Capital Index (HCI).
✓ Reduced sickness absence.
✓ Value dialog.
✓ Work-environment training.

PRIORITY ISSUES FOR 2010

- Competency development.
- Increased diversity.
- Strengthen leadership.

INDIRECT STAKEHOLDERS

KEY ISSUES

- Increase awareness and knowledge of NCC.
- Be perceived as a responsible company.
- Benchmark company in the industry.
- Participation in public debates.
- Dialog with nearby residents.
- Dialog with media.
- Energy-efficient products and services.

FOCUS IN 2009

✓ Debate articles concerning important and strategic matters.
✓ Involvement in member and industry organizations.
✓ Visible social responsibility, through, for example, prevention of occupational injuries and accidents.

PRIORITY ISSUES FOR 2010

- Long-term and systematic brand building.
- Carbon Footprint.
- Intensified dialog with various stakeholder categories.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and the President of NCC AB (publ), corporate registration number 556034-5174 and headquartered in Solna, hereby submit the annual report and the consolidated financial statements for the 2009 fiscal year.

GROUP RELATIONSHIP

Since January 2003, NCC AB has been a subsidiary of Nordstjernan AB, corporate registration number 556000-1421.

OPERATIONS

NCC is one of the leading construction and property development companies in the Nordic region. The Group develops and constructs residential and commercial properties, industrial facilities and public buildings, roads, civil engineering structures and other types of infrastructure. NCC also offers input materials used in construction, such as aggregates and asphalt, and provides paving and road services. The Group's primary geographical focus is on the Nordic region. In the Baltic countries, NCC mainly constructs housing and buildings and in Germany it mainly builds housing.

OPERATIONS DURING THE YEAR

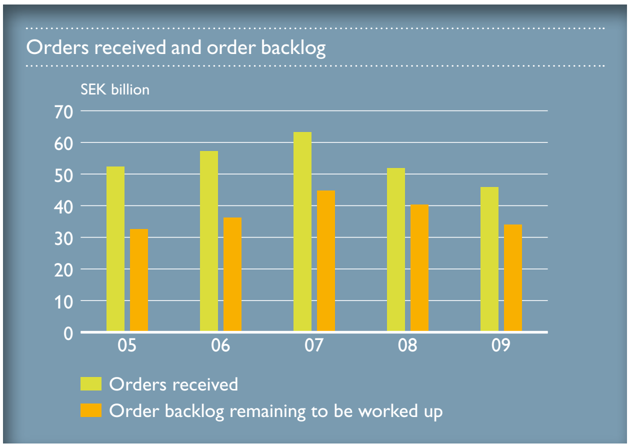
The Nordic construction market was weak during 2009, with lower demand for housing, offices and other buildings, primarily from private customers. Demand from the public sector was not impacted by the economic downturn to the same extent. Interest in constructing rental apartments increased. During 2009, demand for aggregates and asphalt was lower than in the preceding year. Following a period of sharp decline in late 2008 and early 2009, the housing market stabilized during the second quarter of 2009. This positive trend continued in the second half of the year and certain markets, such as Norway and metropolitan areas in Sweden, demonstrated price increases. The market trend for commercial properties was negative during 2009. The rental market reported rising vacancies and falling rents. During the second half of the year, the number of property transactions increased, albeit from a low level. Yield requirements stabilized during the second half of the year.

The return on shareholders' equity after tax was 18 percent (27). Cash flow before investments in properties classed as current assets and other investment activities gross was a positive SEK 5.7 billion (7.8). Net indebtedness at year-end was SEK 0.7 (3.2) and the debt/equity ratio was 0.1 (0.5). During the year, the shareholders of NCC were paid dividends totaling SEK 0.4 billion, as resolved by the 2009 Annual General Meeting.

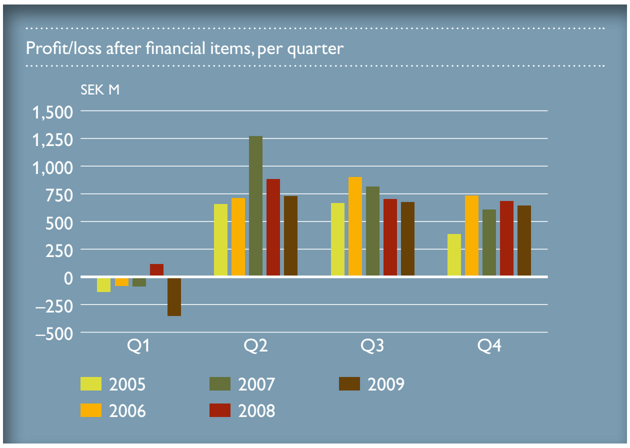
Orders received

Orders received totaled SEK 45,957 M (51,864). The decline was largely due to NCC Construction Sweden, which received fewer major orders (meaning orders exceeding SEK 100 M) for housing and civil engineering projects compared with the preceding year. Orders received by NCC Construction Norway, which secured several major orders in the fourth quarter, increased by 32 percent in 2009. NCC Construction Finland and NCC Housing also reported increases in orders received.

Exchange-rate changes resulted in an increase of SEK 1,670 M in orders received, compared with the preceding year. Orders received for proprietary housing projects totaled SEK 3,027 M (3,347). During the year, 1,138 (1,568) proprietary housing starts were carried out and 3,275 (2,416) units were sold.



Orders received declined 11 percent and the year-end order backlog totaled SEK 34.1 billion. The recession of 2009 led to decreases in orders received, primarily in Swedish construction operations, with a downturn for both civil engineering and commercial projects. The housing market recovered during the second half of 2009. The ongoing projects continued to be produced at a fast pace, which resulted in a decrease in the order backlog.



Earnings for 2009 were favorable, despite the adverse impact on earnings resulting from sluggishness in the housing market and the poor conditions for property sales, combined with NCC Roads' weak start to the year. Although volume in the construction contract operations declined, earnings remained favorable, as a result of historically high margins.

In addition, construction started on of 1,574 (284) housing units in projects sold to investors. Orders received for proprietary property development projects amounted to SEK 422 M (1,779).

Net sales

Net sales declined 10 percent to SEK 51,817 (57,465). Compared with the preceding year, net sales were lower in all quarters. The lower sales were due primarily to the recession and to reduced demand in the Nordic construction market. The decline was somewhat greater during the second half of the year. Exchange-rate changes increased sales by SEK 1,837 M, compared with the preceding year.

Operating profit

Operating profit amounted to SEK 2,150 M (2,219). Earnings in the preceding year were affected by impairment losses on land and completed unsold housing units, as well as restructuring costs. Together, these items totaled SEK 741 M, of which impairment losses on land and completed unsold housing units accounted for SEK 537 M. In 2009, impairment losses on completed unsold housing units amounted to SEK 192 M. Exchange-rate changes had a marginal impact on operating profit, compared with the preceding year.

The decline in operating profit, compared with 2009, was primarily due to the first quarter, when earnings were affected by weaker conditions in the housing market, lower profit from property sales and a weak start for NCC Roads.

Although NCC Construction Sweden's earnings declined due to lower sales, the operating margin was in line with 2009. NCC Construction Denmark reported lower operating profit during the year due to reduced sales. NCC Construction Finland's earnings deteriorated because of lower sales and a weak market in the Baltic region. NCC Construction Norway's operating profit declined due to lower sales, although its operating margin increased.

NCC Roads' earnings declined due to lower volumes, compared with 2009, and to a competition-impeding fee in Finland of SEK 45 M.

Despite favorable housing sales, NCC Housing reported an operating loss for 2009. Earnings were affected by price reductions for housing, which were implemented to stimulate sales of housing units in the submarkets with the greatest exposure to competition.

NCC Property Development's earnings were lower than in 2009, because of fewer property sales and that earnings from supplementary purchase considerations declined, as did reversals of rental guarantees.

Other items and eliminations totaled SEK 116 M (loss: 53). The increase in this item was primarily attributable to higher sales of housing units and properties, which enabled reversals of sales-rate eliminations and inter-company profit amounting to profit of SEK 133 M (loss: 91). The item also includes SEK 50 M in expenses for the increased competition-impeding fee and a gain of SEK 70 M from a settlement concerning a project in the discontinued business area NCC International Projects.

Profit after financial items

Profit after financial items amounted to SEK 1,694 M (2,386). Profit in the preceding year included SEK 493 M from the sale of NCC's share in the Polish concession company AWSA. Excluding the gain from AWSA, net financial income deteriorated compared with the preceding year, due to the high net indebtedness that NCC had in the first six months and higher interest-bearing liabilities and high interest rates in the Baltic region and Russia during the first three quarters of the year.

Profit after tax

The profit after tax for the period amounted to SEK 1,262 M (1,820). NCC's tax rate for the year was 25 percent (24).

FINANCIAL POSITION

Profitability

The return of 18 percent (27) on shareholders' equity after tax was affected by the lower earnings compared with 2008.

Cash flow

Cash flow before financing amounted to SEK 2,837 M (neg: 178). Higher sales of primarily housing projects resulted in a positive cash flow from changes in working capital. Lower interest-free financing within NCC Housing had an adverse impact on cash flow.

Fewer housing projects were started than in the preceding year, while the number of completed unsold housing units declined. Paid accounts receivable and an increase in accounts payable contributed to a healthy cash flow compared with the preceding year. In 2008, the sale of NCC's shareholding in the Polish concession company AWSA had a favorable impact of SEK 493 M on cash flow. Also refer to the cash flow statements on p. 54.

Equity/assets and debt/equity ratio

On December 31, 2009, the equity/assets ratio was 26 percent (19). The debt/equity ratio amounted to a multiple of 0.1 (0.5).

Seasonal effects

The operations of NCC Roads and certain activities within NCC's Construction units are affected by seasonal variations caused by cold weather conditions. The first and final quarters are normally weaker than the rest of the year.

BUSINESS AREAS

NCC Construction Sweden

Orders received by NCC Construction Sweden declined 25 percent to SEK 18,842 M (25,056), a decline that was most tangible during the early parts of the year, while a slight recovery occurred towards the end of 2009. The recession had a severe impact on larger commercial building and civil engineering projects due to financings problems affecting the customers, combined with the uncertain future outlook. NCC Construction Sweden started the year with a healthy order backlog that enabled a high rate of production, although it was still 10 percent lower than in the preceding year. Despite the reduced volume, operating profit amounted to SEK 1,031 M (1,154). The favorable profit for the year resulted from efficient risk management, with few loss-making projects, and an alignment of the organization and costs as volumes declined.

NCC Construction Denmark

Orders received by NCC Construction Denmark amounted to SEK 3,194 M (3,253) and operating profit to SEK 72 M (119). The deterioration in earnings was due to reduced volume and restructuring costs for adapting the organization.

NCC Construction Finland

Within NCC Construction Finland, orders received increased to SEK 5,662 M (5,411). The main increases were noted for renovation projects and government-subsidized public-utility housing. Operating profit declined to SEK 172 M (254). The operations in Finland noted higher profitability in their projects. The deterioration in earnings was due mainly to impairment losses and restructuring costs in the Baltic countries.

NCC Construction Norway

Orders received by NCC Construction Norway amounted to SEK 4,681 (3,546). The increase was attributable to higher demand, enabling the start-up of projects. Customers with secured financing and an increased belief in the future resulted in orders for commercial building projects. Government initiatives contributed to civil engineering activities accounting for most of the orders received in the fourth quarter. A weak order backlog at the start of the year resulted in declining production volumes, which had an adverse impact on operating profit. Operating profit amounted to SEK 140 M (224).

NCC Roads

NCC Roads reported net sales of SEK 10,338 M (11,317). The weak conditions in the construction market resulted in reduced volumes of aggregates, asphalt and paving. Margins were in line with the preceding year. Asphalt and paving managed to uphold their healthy margins as a result of lower prices for input materials. Aggregates were affected more significantly by the downturn in residential and building construction, and in demand from the concrete industry. Road service was the area that was impacted least by the recession. Operating profit for 2009 totaled SEK 387 M (446). Competition-impeding fees of SEK 45 M that were paid in Finland were charged against earnings.

NCC Housing

As of 2009, housing development is organized in a separate business area. The year started with falling demand, resulting in price reductions. During the year, the number of housing units sold significantly exceeded housing starts. The organization, operations and costs were adapted to the market conditions. Sales totaled 3,275 (2,416) proprietary housing units and 1,574 (284) housing units were sold to investors. At the beginning of the year, start-ups of new proprietary projects were unusually low. However, demand increased during the final quarter, which enabled the initiation of new projects. The number of housing starts was 1,138 (1,568), primarily in Germany and Sweden but also in Finland and Norway. The markets in Denmark, the Baltic countries and St. Petersburg remained weak, which did not permit the initiation of any projects during the year.

As a result of the high sales, the number of completed unsold housing units declined to 391 (831) at year-end. Ongoing housing units in production totaled 1,938 (4,065), equal to a work-up rate of 69 percent (71) and a sales rate of 77 percent (48).

The number of development rights was 31,872 (31,182), including 15,200 (14,200) in Sweden.

Capital tied up in housing projects declined to 8,363 (11,377), primarily as a result of sales of both unsold completed and ongoing housing units.

NCC Property Development

NCC Property Development's sales amounted to SEK 2,014 M (2,133). Property sales for full-year 2009 amounted to SEK 1,966 M (2,052). Capital gains totaled SEK 556 M (986). The rent levels for commercial properties were low and the

Orders received, net sales and earnings per business area

	Orders received		Net sales		Operating profit/loss	
SEK M	2009	2008	2009	2008	2009	2008
NCC Construction Sweden	18,842	25,056	22,225	24,612	1,031	1,154
NCC Construction Denmark	3,194	3,253	3,321	4,079	72	119
NCC Construction Finland	5,662	5,411	5,718	7,087	172	254
NCC Construction Norway	4,681	3,546	4,065	6,936	140	224
NCC Roads	11,001	11,989	10,338	11,317	387	446
NCC Housing	5,128	4,827	8,996	8,773	–126	–660
NCC Property Development			2,014	2,133	359	735
Total	**48,508**	**54,081**	**56,676**	**64,937**	**2,035**	**2,272**
Other and eliminations	–2,551	–2,217	–4,859	–7,474	116	–53
Group	**45,957**	**51,864**	**51,817**	**57,463**	**2,150**	**2,219**

completion of property transactions was characterized by sluggishness. Operating profit declined to SEK 359 M (735). Completed or construction-initiated property projects at year-end amounted to SEK 1.2 billion (2.3) in total project costs. Costs incurred in all project starts totaled SEK 0.9 billion (1.5), corresponding to 74 (67) percent of total project costs. The year-end leasing rate was 65 percent (56).

BRANCHES OUTSIDE SWEDEN

The NCC Construction Sweden business area conducts operations via a branch in Norway. NCC also has a branch in Denmark, as well as branches connected to individual projects that are being completed in Singapore and Zambia.

ENVIRONMENTAL IMPACT

The Group conducts operations subject to permit and reporting obligations in accordance with the Environmental Code. These opertations involve the Swedish Parent Company and Swedish subsidiaries. Of the Group operations subject to permit and reporting obligations, it is mainly the asphalt and gravel pit operations conducted within NCC Roads that affect the external environment. The external environmental impact of these operations mainly comprises emissions to air and noise.

SIGNIFICANT RISKS AND UNCERTAINTIES

The global turmoil in financial markets that first arose in 2009 diminished during the year and there were signs in early 2010 of a recovery in the global economy.

Risk management

Through its business operations, NCC is exposed to various risks, which could be financial or operational. The operational risks relate to the Group's day-to-day operations, and could be purely operative or apply to tenders or project development, seasonal exposure or assessments of the earnings capacity of a project.

Operational risks are managed within the framework of the internal business area control established by NCC. The business areas assess and manage their risks using operational systems and developed procedures.

The management of the Group's financial risks such as interest-rate, refinancing, currency, liquidity and credit risks is centralized, in order to minimize and control the Group's risk exposure. Customer-credit risks are handled within each particular business area. In addition, a centralized insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. The function also performs preventive risk-management work together with the business areas. All of this results in cost-effectiveness and coordination of insurable risks.

MARKET RISKS

Price risk

For several years, the prices of building products had increased at a rate that far exceeds general inflation, although previously the current economic conditions have led to a slowdown. During a shift in economic conditions, there is a risk that prices for input materials and services could increase, whereby it is not possible to offset this factor with higher prices for NCC's products and services.

Purchases of materials and services account for 65 percent of NCC's costs. For a number of years, NCC's Construction units have worked to increase the efficiency of the construction process, in part by using platforms that create greater purchasing volumes for individual products and in part by coordinating purchases of materials and services in the Nordic region and through international purchases. In these efforts, the purchasing function, in part through non-Nordic procurements, is an important feature and, financially, is the key to gaining control over the price trend. The use of joint platforms is an important condition for NCC Housing and NCC Property Development's ability to gain control over production costs.

Raw-material costs account for about one third of the price NCC Roads pays for paved asphalt. The main raw materials are the oil product bitumen followed by aggregates. NCC Roads purchases bitumen from several international suppliers. Purchasing and logistics involving bitumen are coordinated between Sweden, Denmark and Norway. Longer-term agreements with customers normally include price clauses that reduce NCC Roads' exposure to risks. In several markets, NCC Roads is self-sufficient in terms of aggregates, in part through the acquisition of strategically located pits.

Seasonal risks

The NCC Roads business area and civil engineering operations within NCC's Construction units are subject to considerable seasonal variations. Within asphalt operations, most procure-

Earnings trend per business area

Profit after financial items, SEK M	2009	2008	2007	2006	2005
NCC Construction Sweden	1,031	1,154	936	1,235	779
NCC Construction Denmark	72	119	–25	–35	209
NCC Construction Finland	172	254	265	390	320
NCC Construction Norway	140	224	5	179	202
NCC Construction Germany				85	0
NCC Roads	387	446	679	415	313
NCC Housing	–126	–660	946		
NCC Property Development	359	735	780	472	200

In the comparative figures for 2005 and 2006, earnings attributable to NCC Housing are included in the various Construction units. The comparative figures for 2007 and 2008 are pro forma, due to the new organizational structure in which NCC Construction Germany is included in its entirety in NCC Housing as of 2007.

ment is conducted during the spring, while asphalt production and paving activities are conducted during the summer half year. Warm autumn weather could have a favorable effect on production, while long, cold winters have negative effects on earnings. To manage these risks, NCC Roads offers road-related products and services that encompass the entire value chain. Repair and maintenance activities, for example, complement paving operations over the year.

Development risks

In addition to the contract risk, which is managed by NCC's Construction units, proprietary project development in both residential and commercial properties includes a contract risk and a development and sales risk. Every project concept must be adapted to local market preferences and the planning requirements imposed by public authorities. State-of-the-art skills are required to optimize the timing of projects that have to be processed by, for example, local municipalities and possibly have to pass an appeals process. Housing-development competencies have been concentrated in NCC Housing, which was formed on January 1, 2009.

NCC has successively limited the markets in which the Group is active and expanding. Proprietary housing and property projects are developed primarily in large growth communities in the Nordic countries, as well as in Germany, the Baltic countries and St. Petersburg. In addition, NCC has consciously decided to refrain from excessively niche-oriented projects intended for narrow target groups, since earnings from such operations have historically not corresponded with their higher inherent risks. Risk limitation is achieved through demands for high leasing rates for commercial properties and a high rate of presales for housing before a project is started. Tied-up capital is reduced through early payment.

OPERATIONAL RISKS

For a building contractor, the principal risk-limitation phase is during the contract-tendering process. NCC's overall strategy is normally to adopt a selective approach to tendering. This is particularly important in a declining market, when a company may be tempted to accept low-margin or high-risk projects in order to maintain employment. In a growing market, however, it is important to be selective because an extensive tendering volume could result in a shortage of internal and external resources for handling all projects, which could lead to both weaker internal control and increased costs. When selecting suitable contracts, NCC assigns priority to projects whose risks are identified, and are thus manageable and calculable.

Most risks, such as contract risks and technological and production-related risks, are best managed and minimized in cooperation with the customer and other players during early stages of the project. Various types of cooperative formats, such as NCC Partnering, can be used to help manage risk. Project control is of decisive importance to minimizing problems and thus costs. Many Group units are quality and environmentally certified.

FINANCIAL RISK-TAKING AND RISKS

Through its business operations, the Group is exposed to financial risks. The financial risk should be viewed against the background of the capital requirements of NCC's various operations. Contracting operations normally generate a positive cash flow at the beginning of projects but a neutral or negative cash flow towards the end. During a business cycle, the cash generated in this manner could be needed when there is a decrease in orders received during an economic recession and, accordingly, the financial assets of contracting operations should exceed their liabilities, which means they should have no net debt.

NCC Roads mainly has capital employed in fixed assets (quarries, crushing plants, asphalt plants, paving machinery, road service, etc). To the extent possible, investments that achieve the maximum capacity utilization are prioritized. To a large extent, investments in these fixed assets can be financed with loans, but are subject to limitations in terms of, for example, cyclical and seasonal risks. This is controlled by, among other factors, financial targets.

Proprietary housing and property development ties up capital throughout the course of the projects; firstly, through investment

Sensitivity analysis

	Change	Effect on profit after financial items, SEK M	Effect on return on equity, percentage points	Effect on return on capital employed, percentage points
NCC's Construction units				
Volume	+/– 5%	165	1.7	1.3
Operating margin	+/– 1 percentage point	353	3.6	2.8
NCC Roads				
Volume	+/– 5%	43	0.4	0.3
Operating margin	+/– 1 percentage point	103	1.1	0.8
Capital rationalization	+/– 10%	13	0.1	0.4
NCC Housing				
Volume	+/– 10%	36	0.4	0.3
Operating margin	+/– 1 percentage point	90	0.9	0.7
NCC Property Development				
Sales volume, projects	+/– 10%	56	0.6	0.4
Sales margin, projects	+/– 1 percentage point	20	0.2	0.2
Group				
Interest rate, borrowing	+/– 1 percentage point	8	0.1	
Decrease in net debt	SEK 500 M	23	0.2	0.7
Change in equity/assets ratio	– 5 percentage points	–67	4.0	

in land, then during the development phase and finally during the sale of the project. The financing of these projects varies with time. Initially, uncertainty is considerable and borrowing should be low, while a finished property can be leveraged to a much greater extent.

Financial risks refer to interest-rate, currency, refinancing, liquidity and credit risks. NCC's finance policy for managing financial risks was decided by the Board of Directors and forms a framework of guidelines and rules in the shape of risk mandates and limits for finance activities. In the NCC Group's organization, finance activities are centralized in the NCC Corporate Finance unit in order to monitor the Group's overall financial risk positions, to achieve cost-effectiveness and economies of scale and to accumulate expertise, while protecting Group-wide interests. The Group's financial risks are managed by NCC's internal bank. Credit risks related to customers are handled within each particular business area. For a more comprehensive description of financial instruments and financial risk management, reference is made to Note 39, Financial instruments and financial risk management.

RISK FOR ERRORS IN FINANCIAL REPORTING

Risk for errors in profit recognition

NCC applies the percentage-of-completion method for recognizing profit from contracting operations, whereby profit is recognized in parallel with completion, which means before the final result is established. The risk that actual profit will deviate from percentage-of-completion profit recognition is minimized through NCC's project-management model, which ensures the necessary follow-up and control of all construction projects on which profit recognition is based. If the final result of a project is expected to be negative, the entire loss from the project is immediately charged against earnings, regardless of the project's completion rate. Profit recognition from NCC's proprietary housing projects is recognized as the worked-up rate (costs incurred in relation to the final status forecast) times the sales rate (number of sold apartments), which entails more cautious profit recognition.

Orders received by project size, 2009,

volume NCC's Construction units and NCC Housing

Major projects with a value exceeding SEK 100 M accounted for a reduced proportion of orders received. The initiation of proprietary projects declined sharply in 2009, compared with 2008. Yet again, the importance of the many small and midsize projects increased in relative terms, following several years of domination by the major projects.

Other risk assessments

Since the recognition of certain items is based on estimates and assessments, they are subject to uncertainty. The current assessment is that market conditions, which were very uncertain at the start of 2009, improved somewhat during the year but are still impacting values, particularly those for land held for future development and ongoing property development and housing projects. These items are recognized on the basis of what, when this report was issued, were current, difficult-to-assess assumptions concerning sales prices, production costs, land prices, rent levels, yield requirements and the timing of production starts and/or sales. NCC continuously monitors developments in the market and tests the assumptions made on an ongoing basis.

SENSITIVITY AND RISK ANALYSES

For NCC's Construction operations, a one-percentage-point increase in the margin has a much larger impact on earnings than a 5–10 percent increase in volume. This reflects the importance of pursuing a selective tendering policy and focusing on risk management in early project stages.

NCC Roads' operations are affected by such factors as price levels and the volume of produced and paved asphalt. An extended season due to favorable weather conditions increases

Major ongoing projects

Project, > SEK 300 M		NCC's share of order value	Completion rate Dec 31, 2009, %	Estimated year of completion
Norrström tunnel, Stockholm	SE	1,598	8	2015
Underground and construction works, Kiruna/Malmberget	SE	1,459	56	2012
Raise boring, Kiruna	SE	1,371	32	2012
Shopping center, Sollentuna	SE	1,338	90	2010
Shopping center, Norrköping	SE	843	74	2010
E6, Highway, Trondheim	NO	674	0	2013
Highway 45 – E12, E13, Western Sweden	SE	670	71	2012
Highway E18, Bjørvika, Oslo	NO	556	79	2011
Clarion Hotel, Arlanda	SE	545	0	2012
Tramway Fantoft-Nesttun, Bergen	NO	535	91	2010
Light rail link, Phase 3, Stockholm	SE	525	0	2013
Congress hotel, Bella center, Amager	DK	503	49	2011
Highway, E4 Enånger-Hudiksvall, Hudiksvall	SE	502	64	2011
Railway tunnel, Fossveien, Oslo	NO	500	81	2010
Shopping center, Örebro	SE	495	99	2010
Hospital, Kolmiosairaala, Helsinki	FI	495	61	2010
Tunnel, E400, Malmö	SE	478	79	2010
Offices, Hellerup	DK	454	82	2010
Local road, Ulven-Sinsen, Oslo	NO	450	79	2010
Arena Skövde, Skövde	SE	449	97	2010
Maintenance gas store, Hammerfest LNG, Melkøya	NO	426	50	2012
Housing, Sjaelland	DK	419	87	2010
Healthcare and pool center, Västerås	SE	413	48	2010
Lindholmspiren 3, Gothenburg	SE	387	59	2010
Arena, Halmstad	SE	386	94	2010
Light rail link, Phase 2, Stockholm	SE	379	4	2012
Road E6 Solhem – Pålen, Western Sweden	SE	353	75	2011
District court, Ullevi Park, Gothenburg	SE	304	97	2010
Travel center, Uppsala	SE	301	69	2011

volumes and, because the proportion of fixed costs is high, the affect on the margin is considerable.

For proprietary housing projects within NCC Housing, the major challenge is to have the right products in the market and to guide them through the planning process so they arrive in the market at the right time.

NCC Property Development's earnings are predominantly determined by sales. Opportunities to sell development projects are affected by the leases signed with tenants, whereby an increased leasing rate facilitates higher sales. The value of a property is also determined by the difference between operating expenses and rent levels, which means that a change in the rent levels or operating economy of projects in progress could change the value of such projects.

The NCC Group had a favorable financial position with substantially reduced indebtedness in 2009. Interest-rate changes, amortization of remaining debt using available cash assets or increased financing of construction projects would not have a major impact on earnings. A continued reduction in net indebtedness would have a continued favorable impact on profitability, while an increase in borrowing and in the dividends paid/spin-offs to shareholders, and thus a lower equity/assets ratio, would have an adverse impact on earnings, but boost the return on equity.

CARTEL PROCESSES

On May 28, 2009, the Swedish Market Court ordered NCC to pay competition-impeding damages of SEK 200 M. NCC had posted a provision of SEK 150 M in the accounts for 2007 to cover the fee. Since the fee was raised, SEK 50 M was charged against earnings for the second quarter of 2009. The verdict of the Swedish Market Court cannot be appealed.

The Supreme Administrative Court of Finland ordered NCC Roads Oy and the half-owned NCC company VLT Trading Oy, formerly Valtatie Oy, to pay an administrative fee of approximately SEK 70 M for violations of the Finnish Competition Act. An amount of SEK 25 M had already been charged against NCC's earnings in the fourth quarter of 2007 to cover the fees to be paid by NCC and VLT. The remaining fee of approximately SEK 45 million was charged against earnings in the third quarter of 2009. The verdict of the Supreme Administrative Court cannot be appealed.

NCC and other construction companies have received claims for damages from a number of municipalities in Sweden and Finland, as well as the Finnish Road Administration. These claims will be heard in general courts of law.

PERSONNEL

Number of employees

In 2009, the average number of employees in the NCC Group was 17,745 (19,942). NCC is continuously adapting the organization to the prevailing market conditions and slightly more than 2,900 (1,200) surplus employees were laid off during 2009. In February 2010, the assessment was that it will not be necessary to implement any major further cutbacks. Locally, however, it could still be necessary to continue to make adjustments in the form of either lay-offs or new recruitment. NCC's long-term efforts involving the work environment and health matters continued during the year.

NCC SHARE

At December 31, 2009, NCC's registered share capital consisted of 42,396,448 Series A shares and 66,039,374 Series B shares. The shares have a quotient value of SEK 8.00 each. The company holds 21,138 Series B treasury shares. NCC purchased these shares at an average price of SEK 73.35 per share. These shares account for 0.02 of total capital. Series A shares carry ten votes and Series B shares one vote each. All shares provide the same entitlement to participation in the company's assets and profit and to an equally large dividend.

At the request of the holder, Series A shares can be converted into Series B shares. Such a request must be made in writing to the Board of Directors, which takes decisions on such matters on a continuous basis. After a conversion decision is made, this is reported to Euroclear Sweden AB for registration. Conversion occurs when such registration has taken place.

The number of NCC shareholders at year-end was 32,317 (32,730), with Nordstjernan AB as the largest individual holder accounting for 23 percent (27) of the share capital and 51 percent (55) of the voting rights. The second largest shareholder was L E Lundbergföretagen AB, with 10 percent (10) of the share capital and 22 percent (21) of the voting rights. Combined, the ten largest owners accounted for 53 percent (54) of the share capital and 83 percent (85) of the voting rights.

The Annual General Meeting on April 7, 2009 renewed the Board's authorization to repurchase a maximum of 10 percent of the total number of NCC shares. No shares were repurchased in 2009. The Board will propose to the 2010 Annual General Meeting that it be authorized to repurchase Series A or B NCC shares up to the next Annual General Meeting in such a number that the Company's holding of its own shares does not exceed 10 percent of the total number of NCC shares at any point in time. Share purchases must be effected via the OMX Nasdaq Exchange in Stockholm at a price per share that is within the band of share prices registered at each particular time. The reason for repurchasing shares is to adjust NCC's capital structure.

In the event that any major changes occur in NCC AB's ownership structure, meaning if a shareholder other than L E Lundbergföretagen AB or Nordstjernan AB acquires more than 30 percent of voting rights in NCC AB, the syndicated credit facility may be terminated by the lenders.

NOMINATION COMMITTEE

At the Annual General Meeting on April 7, 2009, Viveca Ax:son Johnson (Chairman of the Board of Directors, Nordstjernan), Ulf Lundahl (Executive Vice President, L E Lundbergföretagen) and Mats Lagerqvist (formerly President, Swedbank Robur AB) were elected as members of the Company's Nomination Committee, with Viveca Ax:son Johnson as Committee Chairman. Tomas Billing, Chairman of the NCC Board of Directors, is a co-opted member of the Nomination Committee but has no voting right.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The Board of Director's motion concerning guidelines apply to the company's President and members of Group Management, a total of 11 (10) people. The objective of the guidelines for salary and remuneration to Group Management is that NCC will be able to offer competitive market remuneration that enables the NCC Group to both recruit and retain people with the highest possible expertise. The remuneration payable to Group Management comprises a fixed salary, variable remuneration, pension and other benefits.

Fixed salary. When determining the fixed salary, the individual executive's sphere of responsibility, experience and achieved results shall be taken into account. The fixed salary is to be revised either annually or every second year.

Variable remuneration. The variable remuneration must be maximized and be related to the fixed salary, as well as being based on the outcome in relation to established targets, with financial targets accounting for by far the greatest proportion. For the President, variable remuneration is maximized to 50 percent of fixed salary and for other members of Group Management to 40–50 percent of fixed salary. The variable remuneration is to be revised annually. It is estimated that the company's undertakings in relation to the executives concerned will cost the company a maximum of SEK 22.5 M (20.9).

Pensions. NCC is endeavoring to move gradually towards defined contribution solutions, which entail that NCC pays contributions that represent a specific percentage of the employee's salary. In addition to basic pension, which is normally an ITP pension, members of Group Management who are active in Sweden are entitled to a defined contribution supplementary pension for salary increments exceeding 30 income base amounts. The income base amount for 2010 is SEK 51,100. Members of Group Management who are active in another country are covered by pension solutions in accordance with local practices.

NCC is endeavoring to achieve a harmonization of the retirement age of Members of Group Management at 65 years.

Other benefits. NCC provides other benefits to members of Group Management in accordance with local practices. The combined value of such benefits in relation to total remuneration should account for only a limited portion and correspond essentially to the costs normally arising in the market.

Period of notice and severance pay. Members of Group Management who terminate their employment at NCC's initiative are normally entitled to a 12-month period of notice, plus severance pay corresponding to 12 months of fixed salary. Any severance pay will be deducted from remuneration paid by a new employer during the said 12 months. The normal period of notice when employment is terminated at the employee's own initiative is six months.

These guidelines may be disapplied by the Board of Directors if there is special reason to do so in an individual case.

In all significant respects, the above proposed guidelines comply with those applying in 2009.

PARENT COMPANY

Commission agreement

Since January 1, 2002 and January 1, 2009, respectively, NCC Construction Sverige AB and NCC Boende AB have been conducting operations on a commission basis on behalf of NCC AB.

Net sales and earnings

The Parent Company's net sales totaled SEK 21,784 M (21,239). Profit after financial items amounted to SEK 3,202 M (1,305). In the Parent Company, profit is recognized when projects are subject to final profit recognition. The increase in profit was attributable to dividends from subsidiaries. The average number of employees was 7,259 (7,821).

OUTLOOK

No growth in terms of construction investments in housing, offices and other buildings is expected in 2010. However, the prospects in the civil engineering market appear brighter, partly thanks to government infrastructure programs.

The anticipated decline in activity in the construction market in 2010 will also impact demand for aggregates and asphalt, although such demand will benefit from a growing civil engineering market.

NCC expects stable or slightly rising demand for housing in all of its submarkets in 2010, with the exception of the Baltic region.

NCC's assessment is that the market conditions for commercial properties will be challenging in 2010.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend of SEK 6.00 (4.00) per share. The proposed record date for dividends is April 19, 2010. The dividend proposal is in line with NCC's dividend policy, which states that at least 50 percent of profit shall be distributed to the shareholders. If the Annual General Meeting approves the Board of Directors motion, it is estimated that dividend payments, via Euroclear Sweden AB, will commence on April 22, 2010.

The Board of Directors statement regarding the proposed dividend and the acquisition of NCC's own shares will be available on NCC's website and be distributed to shareholders at the Annual General Meeting.

AMOUNTS AND DATES

Unless otherwise indicated, amounts are stated in SEK millions (SEK M). The period referred to is January 1 – December 31 for income-statement items and December 31 for balance-sheet items. Rounding-off differences may arise.

CONSOLIDATED INCOME STATEMENT
WITH COMMENTS

SEK M	Note	2009	2008
	1, 8, 26		
Net sales	2, 3	51,817	57,465
Production costs	4, 5, 6, 10	–46,544	–52,005
Gross profit		**5,273**	**5,460**
Selling and administrative expenses	4, 5, 6, 7	–3,035	–3,197
Result from sales of properties	9	10	15
Impairment losses on fixed assets	10	–7	–76
Result from sales of Group companies	11	5	8
Competition impeding damages		–95	
Result from participations in associated companies	12	–1	9
Operating profit	3, 13	**2,150**	**2,220**
Financial income		70	615[1)]
Financial expense	10	–526	–449
Net financial items	17	**–456**	**166**
Profit after financial items		**1,694**	**2,386**
Tax on net profit for the year	31	–432	–565
NET PROFIT FOR THE YEAR	18, 44	**1,262**	**1,820**
Attributable to:			
NCC's shareholders		1,261	1,809
Minority interests		1	11
Net profit for the year		**1,262**	**1,820**
Earnings per share	19		
Before dilution			
Profit after tax, SEK		11,63	16,69
After full dilution			
Profit after tax, SEK		11,63	16,69

1) Including profits of SEK 493 M from the sale of NCC's share in AWSA.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK M	Note	2009	2008
	1		
Net profit for the year		**1,262**	**1,820**
Other comprehensive income			
Translation differences during the year in translation of foreign operations		–64	481
Gain/loss on hedging of exchange-rate risk in foreign operations		118	–521
Tax attributable to hedging of exchange-rate risk in foreign operations		–31	146
Translation differences transferred to net profit for the year		–3	3
Fair-value changes for the year on available-for-sale financial assets			1
Fair-value changes for the year in cash flow hedges		–34	–57
Fair-value changes in cash flow hedges transferred to net profit for the year	4	28	
Tax attributable to cash flow hedges		8	7
Revaluations of tangible assets for the year in conjunction with gradual acquisitions		14	
Other comprehensive income/loss for the year		**–1**	**102**
Total comprehensive income		**1,262**	**1,922**
Attributable to:			
NCC's shareholders		1,261	1,910
Minority interests		1	12
TOTAL COMPREHENSIVE INCOME		**1,262**	**1,922**

Net sales

Net sales decreased 10 percent to SEK 51,817 M (57,465). The lower sales were primarily due to the recession and reduced demand in the Nordic construction market, which impacted the contracting operations of the Nordic Construction units as well as NCC Roads in the form of lower volumes. However, housing sales were favorable but at lower prices.

Gross profit

Impairment losses

Gross profit includes impairment losses on land and completed unsold housing totaling SEK 192 M (537), of which impairment losses on land accounted for SEK 60 M (285) and completed unsold housing for SEK 132 M (252). Also refer to Note 10, Impairment losses and reversal of impairment losses.

Specification of total impairment losses and reversals of impairment losses

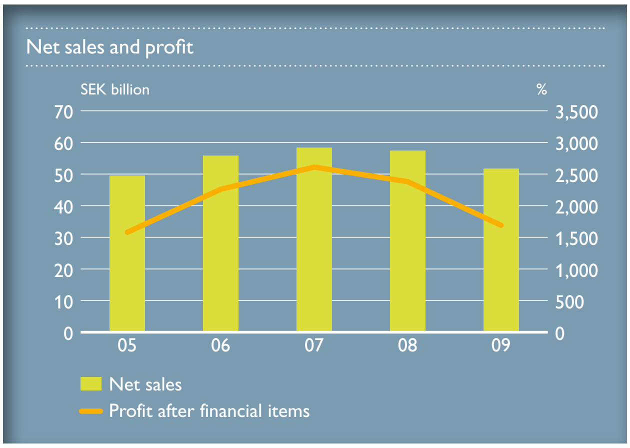
SEK M	2009	2008
Housing projects	–192	–537
Managed properties		–8
Owner-occupied properties	–6	–33
Machinery and equipment	–1	–3[1]
Financial fixed assets	–2	–1
Goodwill within NCC Roads[2]		–32
Total impairment losses	**–200**	**–614**

[1] The impairment losses correspond to the net of impairment losses and reversed impairment losses.

[2] Impairment losses on goodwill pertain to subsidiaries whose recoverable amount proved to be lower than the carrying amount. The residual value of goodwill is tested annually and when indications of a change in value arise. The reasons for recognizing impairment losses could be changed market conditions or return requirements that result in a lower recoverable amount.

Competition-infringement fees

In 2009, NCC paid competition-impeding fees of SEK 50 M in Sweden and SEK 45 M in Finland, or SEK 95 M in total. In May, the Swedish Market Court ordered NCC to pay SEK 200 M, of which SEK 150 M had been charged to earnings for 2007. In September, the Finnish Supreme Administrative Court ordered NCC Roads Oy and NCC's half-owned company VLT Trading Oy, formerly Valtatie Oy, to pay fines totaling SEK 70 M, of which SEK 25 M had been charged to earnings for 2007.



Following two years of weaker growth in construction, net sales declined, primarily in construction contract operations. Market-adjusted prices resulted in increased sales of housing, although with losses after net financial items. Margins on construction contract operations remained at a historically high level, although the volume decline resulted in lower profits.

Operating profit

The decline compared with the preceding year was largely due to a weak first quarter featuring a sluggish housing market, a reduced number of property sales and a slack start for NCC Roads. The decrease in volumes had an adverse impact on earnings, although the operating margin for NCC's Construction units remained at a favorable level. Full-year housing sales were healthy, but sales were conducted at lower prices leading to a loss.

Profit for 2009 includes the above-mentioned impairment losses on land and completed unsold housing, and for 2008 restructuring expenses. These items correspond to a total of SEK 192 M (741). Competition-infringement fees had a negative impact of SEK 95 M on 2009 earnings. Project settlements in the former business area NCC International resulted in earnings of SEK 70 M.

Selling and administrative expenses

Expenses declined since adjustments were made to the organization and to costs.

Financial income

Financial income for the preceding year included the divestment of NCC's holding in the Polish concession company AWSA for a final gain of SEK 493 M.

Taxation

NCC's tax rate was 25 percent (24) during the year. Also refer to Note 31, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

Other comprehensive income

The change in comprehensive income primarily comprises net profit for the year, translation differences and the effects of IAS 39. Any tax effects of these transactions are recognized separately; refer also to Note 31, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

CONSOLIDATED BALANCE SHEET

WITH COMMENTS

SEK M	Note	2009	2008
	1,8,26		
ASSETS			
Fixed assets			
Goodwill	21	1,750	1,772
Other intangible assets	21	120	122
Managed properties	23		12
Owner-occupied properties	22	647	682
Machinery and equipment	22	1,910	1,975
Participations in associated companies	25	9	10
Other long-term holdings of securities	28	203	227
Long-term receivables	30	1,261	1,135
Deferred tax assets	31	117	203
Total fixed assets	39	**6,016**	**6,139**
Current assets			
Property projects	32	2,835	3,439
Housing projects	32	8,363	11,377
Materials and inventories	33	514	624
Tax receivables	31	200	164
Accounts receivable		6,355	7,820
Worked-up, non-invoiced revenues	34	1,459	1,854
Prepaid expenses and accrued income		844	1,169
Other receivables	30	1,272	1,613
Short-term investments	28	286	215
Cash and cash equivalents	46	1,831	1,832
Total current assets	39	**23,959**	**30,108**
TOTAL ASSETS	44	**29,976**	**36,247**
EQUITY			
Share capital	35	867	867
Other capital contributions		1,844	1,844
Reserves		170	173
Earnings brought forward including profit for the year		4,786	3,955
Shareholders' equity		**7,667**	**6,840**
Minority interests		18	25
Total shareholders' equity		**7,685**	**6,865**
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	36	2,941	2,620
Other long-term liabilities	40	558	837
Deferred tax liabilities	31, 37	710	492
Provisions for pensions and similar obligations	37, 38	18	42
Other provisions	37	3,023	3,190
Total long-term liabilities	39, 43	**7,250**	**7,180**
Current liabilities			
Current liabilities, interest-bearing	36	391	2,929
Accounts payable		3,545	4,356
Tax liabilities		38	140
Invoiced revenues, not worked up	34	4,516	5,300
Accrued expenses and deferred income	42	3,539	4,249
Provisions	37	59	122
Other current liabilities	40	2,954	5,106
Total current liabilities	39	**15,041**	**22,202**
Total liabilities		**22,291**	**29,382**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	44	**29,976**	**36,247**
Assets pledged	45		
Contingent liabilities	45		

Fixed assets

Goodwill

NCC impairment tests the carrying amount annually and more often when there are indications of value changes. This balance-sheet item declined in 2009 primarily due to exchange-rate fluctuations. Refer also to Note 21, Intangible assets.

Current assets

Property projects

Lower investments, few initiations of new projects and continued divestments of previously started projects led to a decrease in the value of property projects compared with 2008. Refer also to Note 32, Properties classed as current assets.

Housing projects

Fewer investments in properties held for future development and a high level of sales reduced the value. The number of unsold completed housing units also fell since sales exceeded production for the year. Refer also to Note 32, Properties classed as current assets.

Accounts receivables

Lower sales and proactive efforts to secure payment for accounts receivables resulted in lower accounts receivables compared with 2008.

Worked-up, non-invoiced revenues

The decrease in operations, primarily in NCC's construction contract projects, reduced the work-up rate for projects.

Other receivables

The decrease in other receivables was due to the settlement of receivables pertaining to property projects during the year.

Long-term liabilities

Long-term interest-bearing liabilities

The portion of long-term liabilities rose slightly in 2009 in NCC, as a result of the longer interest-rate maturities that were sought. Refer also to Note 36, Interest-bearing liabilities.

Current liabilities

Current interest-bearing liabilities

The healthy cash flow was used to repay some interest-bearing liabilities.

Invoiced revenues, not worked up

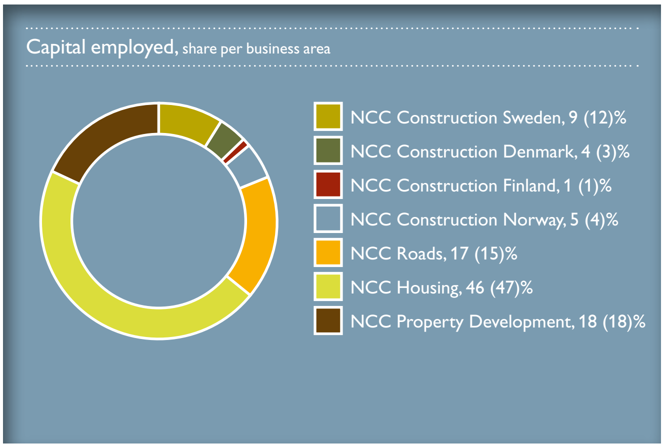
The decrease in operations, primarily in NCC's construction contract projects, reduced advanced invoicing of projects.

Accrued expenses and deferred income

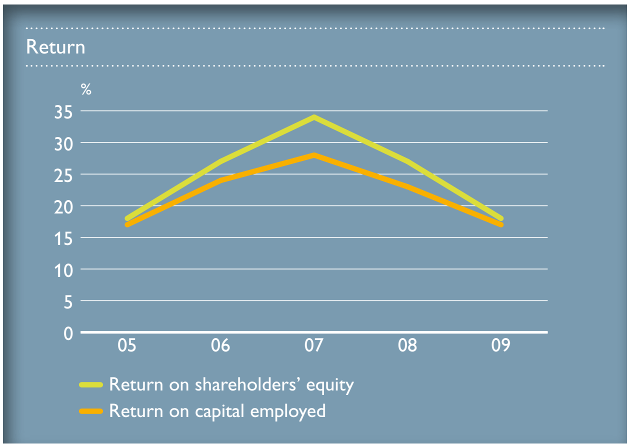
The decrease in operations resulted in a reduction in accrued expenses and deferred income primarily pertaining to NCC's construction contract projects. Refer also to Note 42, Accrued expenses and deferred income.

Other current liabilities

Other current liabilities declined, primarily due to the reduction in housing operations and in production-related liabilities. The decrease in operations in NCC's Construction units also contributed to the decline. Refer also to Note 40, Other liabilities



The NCC Group's business areas that mainly tie up capital are NCC Housing, NCC Property Development and NCC Roads. NCC Housing and NCC Property Development tie up capital in land and unsold houses and buildings. The operations of NCC Roads require capital for maintaining quarries, asphalt plants and machinery.



The return rose up until 2007 only to fall in 2008 from a historically high level, due to lower profitability, primarily in NCC Housing. The return on shareholders' equity totaled 18 percent in 2009.

PARENT COMPANY INCOME STATEMENT

WITH COMMENTS

SEK M	Note	2009	2008
	1		
Net sales	2,41	21,784	21,239
Production costs	4,5,6,10	–20,053	–19,612
Gross profit		**1,732**	**1,627**
Selling and administrative expenses	4,5,6,7	–1,283	–1,321
Result from sales of properties	9	3	6
Operating profit		**452**	**312**
Result from financial investments			
Result from participations in Group companies	10,11	2,851	1,356
Result from participations in associated companies	10,12	24	–5
Result from other financial fixed assets	14	1	
Result from financial current assets	15	223	48
Interest expense and similar items	16	–348	–405
Profit after financial items		**3,202**	**1,305**
Appropriations	20	50	–73
Tax on net profit for the year	31	–106	45
NET PROFIT FOR THE YEAR		**3,147**	**1,278**

The Parent Company income statement differs from the consolidated income statement in such ways as its presentation and designations of certain items, because the Parent Company's income statement is compiled in accordance with the Annual Accounts Act while the Group complies with IFRS.

The Parent Company comprises the operations in NCC AB, as well as NCC Construction Sverige AB and NCC Boende AB, which conduct their own operations on a commission basis on NCC AB's behalf.

Invoicing for the Parent Company amounted to SEK 21,784 M (21,239). Profit after financial items was SEK 3,202 M (1,305). In the Parent Company, profit is not recognized until final recognition of projects. The change in profit was due partly to healthy margins from the contracting operations but was mainly an effect of higher dividends from subsidiaries compared with the preceding year.

The average number of employees was 7,259 (7,821).

PARENT COMPANY BALANCE SHEET

WITH COMMENTS

SEK M	Note	2009	2008
	1		
ASSETS			
Fixed assets			
Tangible fixed assets			
Owner-occupied properties, construction in progress		112	113
Machinery and equipment		171	175
Total tangible fixed assets	22	**283**	**288**
Financial fixed assets			
Participations in Group companies	24	5,421	5,559
Receivables from Group companies		145	157
Participations in associated companies	27	139	139
Receivables from associated companies		130	46
Other long-term holdings of securities		6	7
Deferred tax assets	31	240	301
Other long-term receivables		64	76
Total financial fixed assets	29,39	**6,144**	**6,284**
Total fixed assets		**6,426**	**6,572**
Current assets			
Properties classed as current assets			
Housing projects		358	549
Total current assets	32	**358**	**549**
Inventories, etc.			
Materials and inventories	33	13	17
Total inventories, etc.		**13**	**17**
Current receivables			
Accounts receivable		3,179	3,077
Receivables from Group companies		1,965	1,825
Receivables from associated companies		34	45
Other current receivables		3,079	1,606
Tax receivable	31	28	129
Prepaid expenses and accrued income		422	308
Total current receivables		**8,705**	**6,991**
Short-term investments	46	**3,526**	**500**
Cash and bank balances	46	**1,348**	**1,966**
Total current assets	39	**13,951**	**10,023**
TOTAL ASSETS	44	**20,377**	**16,595**

SEK M	Note	2009	2008
	1		
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	35	867	867
Statutory reserves		174	174
Total restricted shareholders' equity		**1,041**	**1,041**
Unrestricted shareholders' equity			
Earnings brought forward		1,338	332
Net profit for the year		3,147	1,278
Total unrestricted shareholders' equity		**4,485**	**1,610**
Total shareholders' equity		**5,526**	**2,651**
Untaxed reserves	20	**513**	**563**
Provisions			
Provisions for pensions and similar obligations	38	3	9
Other provisions		1,299	1,103
Total provisions	37	**1,301**	**1,112**
Long-term liabilities			
Liabilities to credit institutions		1,200	1,200
Liabilities to Group companies		1,987	1,547
Other liabilities		291	382
Total long-term liabilities	36,39	**3,478**	**3,130**
Current liabilities			
Advances from customers		367	137
Work in progress on another party's account	41	3,331	3,379
Accounts payable		1,808	1,657
Liabilities to Group companies		2,066	1,715
Liabilities to associated companies		6	5
Other liabilities		460	814
Accrued expenses and deferred income	42	1,521	1,433
Total current liabilities	36,39	**9,559**	**9,139**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	44	**20,377**	**16,595**
Assets pledged	45	**13**	**14**
Contingent liabilities	45	**16,217**	**18,769**

The Parent Company balance sheet differs from the consolidated balance sheet in terms of presentation and certain designations of items, because the Parent Company's balance sheet is prepared in accordance with the Annual Accounts Act while the Group complies with IFRS.

CHANGES IN SHAREHOLDERS' EQUITY

WITH COMMENTS

GROUP	Shareholders' equity attributable to Parent Company's shareholders						
SEK M	Share capital	Other capital contributions	Reserves	Earnings brought forward	Total	Minority interests	Total equity
Opening balance, January 1, 2008	**867**	**1,844**	**73**	**4,423**	**7,207**	**30**	**7,237**
Total comprehensive income for the year			101	1,809	1,910	12	1,922
Transactions with minority interests						–15	–15
Dividend				–2,277	–2,277	–2	–2,279
Shareholders' equity on December 31, 2008	**867**	**1,844**	**174**	**3,955**	**6,840**	**25**	**6,865**
Total comprehensive income for the year			–1	1,262	1,261	1	1,262
Reversal of depreciation on previously revalued assets			–3	3			
Transactions with minority interests						–2	–2
Dividend				–434	–434	–7	–440
Shareholders' equity on December 31, 2009	**867**	**1,844**	**170**	**4,786**	**7,667**	**18**	**7,685**

Accounting of shareholders' equity in accordance with IFRS and Swedish Companies Act

Shareholders' equity is divided into equity attributable to the Parent Company's shareholders and minority interests. Transfer of value in the form of dividends from the Parent Company and the Group shall be based on a statement prepared by the Board of Directors concerning the proposed dividend. This statement must take into account the prudence regulation contained in the Act, in order to avoid dividends being paid in an amount that exceeds what there is coverage for.

Change in shareholders' equity

The change in shareholders' equity derives primarily from total comprehensive income for the year, transactions with minority interests and dividends to shareholders.

Share capital

On December 31, 2009, the registered share capital amounted to 42,396,448 Series A shares and 66,039,374 Series B shares. The shares have a quotient value of SEK 8.00 each. Series A shares carry ten votes each and Series B shares one vote each.

Other capital contributions

Pertains to shareholders' equity contributed by the owners. A reduction in share capital in 2004 is included in this item.

Reserves

Translation reserve

The translation reserve includes all exchange-rate differences that arise from the translation of the financial statements of foreign operations that have compiled their reports in a currency other than that in which the consolidated financial statements are presented, in NCC's case, SEK. Furthermore, the translation reserve includes exchange-rate differences that arise from the revaluation of liabilities and currency forward contracts entered into as instruments intended to hedge net investments in foreign operations.

Fair value reserve

The fair value reserve includes the accumulated net change in the fair value of available-for-sale financial assets up to the time that the asset is derecognized from the balance sheet.

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in the fair value of cash-flow hedging instruments attributable to hedging transactions that have not yet occurred.

Revaluation reserve

The revaluation reserve arises from gradual acquisitions, meaning acquisitions that comprise several stages, and increases in the fair value of already owned portions of net assets resulting from gradual acquisitions.

Earnings brought forward including net profit for the year

This item includes funds earned by the Parent Company and its subsidiaries, associated companies and joint ventures.

PARENT COMPANY	Restricted shareholders' equity		Unrestricted shareholders' equity		
SEK M	Share capital	Statutory reserves	Earnings brought forward	Net profit for the year	Total equity
Opening balance, January 1, 2008	**867**	**174**	**288**	**2,395**	**3,724**
Appropriations of profits			2,395	–2,395	
Group contributions provided[1)]			–74		–74
Total change in net asset value recognized directly against equity, excluding transactions involving Company shareholders	**867**	**174**	**2,609**		**3,650**
Net profit for the year				1,278	1,278
Total change in net asset value, excluding transactions involving Company shareholders	**867**	**174**	**2,609**	**1,278**	**4,928**
Dividends			–2,277		–2,277
Shareholders' equity on December 31, 2008	**867**	**174**	**332**	**1,278**	**2,651**
Appropriations of profits			1,278	–1,278	
Group contributions[1)]			162		162
Total change in net asset value recognized directly against equity, excluding transactions involving Company shareholders	**867**	**174**	**1,772**		**2,813**
Net profit for the year				3,147	3,147
Total change in net asset value, excluding transactions involving Company shareholders	**867**	**174**	**1,772**	**3,147**	**5,960**
Dividends			–434		–434
Shareholders' equity on December 31, 2009	**867**	**174**	**1,338**	**3,147**	**5,526**

1) In accordance with a statement from the Swedish Financial reporting Board, UFR 2. See the Reporting of Group and Shareholder Contributions section of the accounting policies, p. 62.

Specification of the item Reserves in shareholders' equity:

Translation reserve	2009	2008
Translation reserve, January 1	158	50
Translation differences during the year in translation of foreign operations	–64	483
Gain/loss on hedging of exchange-rate risk in foreign operations	118	–521
Tax attributable to hedging of exchange-rate risk in foreign operations	–31	146
Translation differences transferred to net profit for the year	–3	
Translation reserve, December 31	**178**	**158**

Fair value reserve	2009	2008
Fair value reserve, January 1	4	3
Fair value changes for the year on available-for-sale financial assets		1
Fair value reserve, December 31	**4**	**4**

Hedging reserve	2009	2008
Hedging reserve, January 1	–2	20
Fair value changes for the year in cash flow hedges	–34	–57
Fair-value changes in cash flow hedges transferred to net profit for the year	4	28
Tax attributable to cash flow hedges	8	7
Hedging reserve, December 31	**–24**	**–2**

Revaluation reserve	2009	2008
Revaluation reserve, January 1	14	
Valuation due to acquisition achieved in stages		19
Transfer to earnings brought forward	–3	–5
Revaluation reserve, December 31	**11**	**14**

Total reserves	2009	2008
Reserves, January 1	174	73
Change in reserves during the year		
– Translation reserve	20	108
– Fair value reserve		1
– Hedging reserve	–22	–22
– Revaluation reserve	–3	14
Reserves, December 31	**170**	**174**

Capital management

The aim of the NCC Group's strategy is to generate favorable returns to shareholders under financial stability. The strategy is reflected in the financial objectives, which in 2009 were:

– A return on shareholders' equity after tax of 20 percent. In 2009, the return on shareholders' equity was 18 percent.
– A positive cash flow before gross investments in properties classed as current assets and other investment activities gross, which was achieved in 2009.
– Net indebtedness that is less than shareholders' equity. On December 31, 2009, net indebtedness was about 10 percent of shareholders' equity.

NCC's subsidiaries, NCC Försäkrings AB and NCC Re AG, as insurance companies, must have investment assets that cover technical reserves for own account. During 2008 and 2009, both companies fulfilled these requirements. Otherwise, there were no other Group companies subject to external capital requirements.

For further information on NCC Group's financial objectives and dividend policy, refer to page 28.

CASH FLOW STATEMENTS

WITH COMMENTS

		Group		Parent Company	
SEK M	Note	2009	2008	2009	2008
OPERATING ACTIVITIES					
Profit after financial items		**1,694**	**2,385**	**3,202**	**1,305**
Adjustments for items not included in cash flow:					
– Depreciation		506	497	75	65
– Impairment losses and reversed impairment losses		200	614	67	359
– Exchange-rate differences		408	–771		
– Result from sales of fixed assets		–23	–541	–9	–13
– Result from sales of subsidiaries		–49	–16	1	–24
– Result from associated companies			12		
– Changes in provisions		–72	–129	230	167
– Restructuring costs			256		50
– Anticipated dividend				–2,381	–1,492
– Other		52	21		
Total items not included in cash flow		**1,023**	**–57**	**–2,017**	**–887**
Taxes paid		–218	–472	57	–42
Cash flow from operating activities before changes in working capital		**2,499**	**1,856**	**1,243**	**377**
Cash flow from changes in working capital					
Increase(–)/Decrease(+)in inventories		88	–81	–5	–16
Increase(–)/Decrease(+)in receivables		2,110	1,339	–1,351	–126
Increase(+)/Decrease(–)in liabilities		–4,801	–995	–246	–455
Increase(+)/Decrease(–)in net work in progress				–48	1,012
Increase(–)/Decrease(+)in properties recognized as current assets, net		3,422	–1,990	150	–381
Cash flow from changes in working capital		**819**	**–1,728**	**–1,500**	**35**
CASH FLOW FROM OPERATING ACTIVITIES		**3,318**	**128**	**–257**	**412**
INVESTING ACTIVITIES					
Acquisition of subsidiaries	46		–149	–190	–15
Sale of subsidiaries	46	–9	86	143	119
Acquisition of buildings and land	46	–41	–117	–5	
Sale of buildings and land		37	65	4	6
Acquisition of other financial fixed assets		–92	–220	12	–31
Sale of other financial fixed assets		25	532	1	
Acquisition of other fixed assets	46	–446	–592	–67	–66
Sale of other fixed assets		45	90	7	21
Cash flow from investing activities		**–481**	**–306**	**–95**	**34**
CASH FLOW BEFORE FINANCING		**2,837**	**–178**	**–352**	**446**
FINANCING ACTIVITIES					
Dividend paid		–434	–2,277	–434	–2,277
Group contributions				162	–74
Loans raised		1,657	3,906	3,519	2,243
Amortization of loans		–3,820	–1,822	–116	34
Increase(–)/Decrease(+) in long-term interest-bearing receivables		–29	174	63	38
Increase(–)/Decrease(+) in current interest-bearing receivables		–193	319	–434	–363
Increase(+)/Decrease(–) in minority interests, etc.		–8	–2		
Cash flow from financing activities		**–2,827**	**298**	**2,759**	**–399**
CASH FLOW DURING THE YEAR		**11**	**121**	**2,408**	**47**
Cash and cash equivalents on January 1	46	**1,832**	**1,685**	**2,466**	**2,419**
Exchange-rate difference in cash and cash equivalents		–12	27		
Cash and cash equivalents on December 31	46	**1,831**	**1,832**	**4,874**	**2,466**

Cash flow from changes in working capital

Cash flow from changes in working capital amounted to SEK 819 M (negative: 1,728). Lower investments primarily in housing projects led to a positive cash flow from changes in working capital. A decrease in interest-free financing at NCC Housing had an adverse impact on cash flow.

Cash flow from investing activities

Cash flow from investing activities was a negative SEK 481 M (negative: 306). Cash flow for the preceding year was positively affected by the sale of NCC's portion of the Polish concession company, AWSA.

Cash flow from financing activities

Cash flow from financing activities was a negative SEK 2,827 M (positive: 298). The positive cash flow from operations was used to repay interest-bearing liabilities.

Total cash and cash equivalents including short-term investments with a maturity exceeding three months amounted to SEK 2,117 M (2,047).

Cash and cash equivalents and short-term investments

Group	2009	2008
Short-term investments	**286**	**215**
Cash and bank balances	1,093	1,085
Investments with a maturity of less than three months	738	747
Cash and cash equivalents	**1,831**	**1,832**
Amount at year-end	**2,117**	**2,047**

The Group's unutilized committed lines of credit amounted to SEK 4 billion (5) at year-end.

Information about transactions that did not give rise to cash flow

Cash flow was affected by exchange-rate differences in cash and cash equivalents estimated at:

Group	2009	2008
Exchange-rate differences in cash and cash equivalents	–12	27
Of which, exchange-rate differences in cash and cash equivalents attributable to cash and cash equivalents at the beginning of the year	–1	11
Exchange-rate differences in cash flow for the year	**–11**	**16**

Refer also to Note 46, Cash flow statement.

Net indebtedness

Net indebtedness (interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables) amounted to SEK 754 M (3,207) on December 31. Cash flow from operating activities was positive and lower capital tied-up in property and housing projects contributed positively to reducing net indebtedness. The maturity period for interest-bearing liabilities was 47 months (24) at the end of the year. NCC's unutilized committed lines of credit at year-end amounted to SEK 4,307 M (4,884) with a remaining average duration of 26 months (32).

Net indebtedness trend

Group	2009 Jan–Dec	2008 Jan–Dec
Net indebtedness, January 1	–3,207	–744
Cash flow before financing	2,837	–178
Dividend	–434	–2,277
Other changes in net indebtedness	49	–8
Net indebtedness, December 31	**–754**	**–3,207**

Financial objective, cash flow

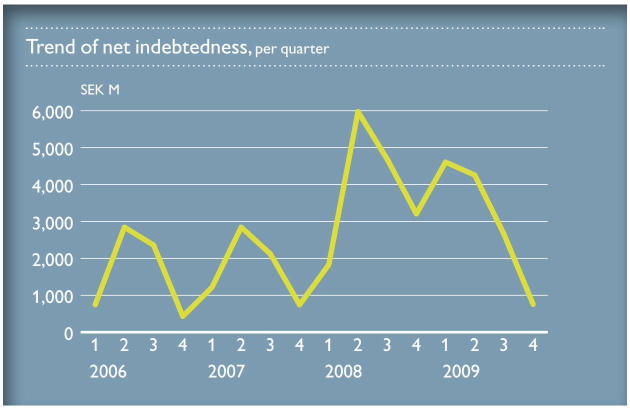
Group	2009	2008
Cash flow before financing	2,837	–178
Reversal of gross investments in properties classed as current assets and other gross investments	2,895	7,965
Cash flow before investments in properties classed as current assets	**5,732**	**7,787**

Change in properties classed as current assets

	Group		Parent Company	
	2009	2008	2009	2008
Investments in property projects	–1,054	–2,210		
Sales of property projects	1,992	2,332		
Investments in housing projects	–1,262	–5,010	–236	–405
Sales of housing projects	3,747	2,898	386	24
Increase(–)/Decrease(+) in properties classed as current assets, net	**3,422**	**–1,990**	**150**	**–381**

Parent Company

The Parent Company's cash flow was higher than in the preceding year. Cash flow before changes in working capital rose due to improved profits, mainly attributable to higher dividends from subsidiaries, which were received in part in 2009. Anticipated dividends will be paid in 2010. This resulted in an increase in tied-up working capital. Some portions of the dividends were not paid and increased working capital instead.



Net indebtedness is affected by seasonal variations. Dividends are paid to NCC's shareholders during the second quarter, and more capital is normally tied up during the second and third quarters due to a high degree of activity in NCC Roads' asphalt and aggregate operations, as well as in parts of NCC's Construction units. The 2008 fiscal year was impacted by higher capital tied-up for primarily NCC Housing and partly due to interest-bearing liabilities. A reduction in tied-up capital was noted in 2009 mainly in the housing operations but also in the property operations.

CONTENTS NOTES

NOTES

NOTE 1 | ACCOUNTING POLICIES

The NCC Group applies the International Financial Reporting Standards (IFRS) adopted by the EU and the interpretive statements issued by the International Financial Reporting Interpretations Committee (IFRIC). The Group also applies recommendation RFR 1.2 and statements issued by the Swedish Financial Reporting Board. The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on February 9, 2010. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be subject to adoption by the Annual General Meeting on April 14, 2010.

NEW IFRS, AMENDMENTS TO IFRS AND INTERPRETATIVE STATEMENTS APPLIED AS OF 2009

IFRS 8 Operating Segments states that segments are to be presented from the perspective of the "chief operating decision maker," who in NCC's case is the President and CEO. As far as NCC is concerned, the division of segments under IFRS 8 is the same as the segments presented under the former standard IAS 14, with the addition of the recently formed business area, NCC Housing, comprising a separate segment. IFRS 8 stipulates the disclosure requirements for each segment and, in accordance with the transition rules, information for the comparative year has been adjusted to the new requirements.

Amendments to IAS 1 Presentation of Financial Statements (2007) states that the statement of changes in shareholders' equity shall only contain changes attributable to transactions with owners. Other income and expenses that were previously recognized in the statement of changes in shareholders' equity are now included in other comprehensive income instead. NCC presents this item in a separate statement entitled "Statement of other comprehensive income" directly after the income statement. The amendment to IAS 1 also permits changes to the designations and terminology used in the financial statements. NCC has decided not to change these designations and terminology. Comparison periods have been adjusted throughout the financial statements to comply with the new presentation format.

Amendments to IFRS 7 Financial Instruments: Disclosures affects NCC's financial statements as of the 2009 Annual Report. The amendment primarily involves the division of financial instruments measured at fair value into three tiers depending on the quality of the input data in the measurement. In addition, existing disclosure requirements regarding liquidity risk have been clarified and expanded. These disclosure requirements affected Note 39 below. In accordance with the transition rules, comparative information need not be provided for the first year of application.

Amendments to IAS 23 Borrowing Costs require the mandatory capitalization of borrowing costs in the acquisition value of qualifying assets started after January 1, 2009. For a more detailed description of the accounting policy, refer to the "Borrowing costs" section below. For 2009, the amendment led to a SEK 7 M reduction in interest expense.

The following amendments to existing standards also became effective during the year:

- Addition to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Addition to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation.
- Addition to IFRS 2 Vesting Conditions and Cancellations

None of these additions had any impact on NCC's financial statements.

The interpretive statement IFRIC 13 Customer Loyalty Programs came into effect in 2009, and did not have any impact on NCC's financial statements.

NEW IFRS', AMENDMENTS TO IFRS AND INTERPRETIVE STATEMENTS THAT HAVE YET TO BE APPLIED

The following EU-approved IFRS, amendments to IFRS and interpretive statements issued by IFRIC become effective as of the 2010 fiscal year and have not yet been applied in the compilation of the current financial statement.

IFRS 3 (revised) Business Combinations and IAS 27 (amended) Consolidated and Separate Financial Statements include regulations entailing the following: changes to the definition of business combinations, that transaction expenses attributable to business combinations be expensed, that conditional purchase considerations be determined at fair value on the acquisition date and that effects of revaluations of liabilities related to purchase considerations be recognized in profit or loss. Another new feature is that there are two alternatives for recognizing non-controlling interests (formerly called minority interest) and goodwill in conjunction with business combinations. Non-controlling interests can be measured at either fair value or the proportionate share of net assets of the acquiree. The choice of method can be made on a transaction-by-transaction basis. Furthermore, the amendments to IAS 27 Consolidated and Separate Financial Statements require that the effects of transactions involving non-controlling interests be recognized in shareholders' equity if they do not entail any change in the controlling interest and these transactions do not give rise to goodwill or gains and losses. When a Parent Company loses its controlling influence, any remaining share shall be remeasured at fair value and the loss/gain recognized in profit or loss. The amendments to IFRS 3 and IAS 27 will have only prospective effects for NCC.

IFRIC 12 Service Concession Arrangements addresses the reporting of facilities by private players and the rights and obligations undertaken in agreements with national governments, county councils or municipalities concerning, for example, financing, operation and development of facilities. This interpretive statement will affect NCC's reporting of projects involving the construction and subsequent maintenance of facilities. The interpretive statement is to be applied retroactively.

IFRIC 15 Agreements for the Construction of Real Estate

NCC will apply IFRIC 15 Agreements for the Construction of Real Estate as of January 1, 2010. This means that the sale of housing projects from 2010 will be primarily recognized in profit or loss on the date of transfer of the property to the end customer, in contrast to current practice, whereby projects are recognized in pace with completion and sale. This change will mean that revenues and gains on sales of housing projects will be postponed normally by about one to two years compared with current principles.

Similarly, NCC's assets and liabilities will be affected by the introduction of IFRIC 15. The most important change is that, unlike current practice, unsold housing in Swedish tenant-owners' associations and Finnish housing companies will be recognized in NCC's balance sheet, which will mainly affect interest-bearing liabilities. It also means that NCC's key figures will change, primarily capital employed, equity/assets ratio and indebtedness. Accordingly, NCC's financial objectives will be reviewed.

NCC Housing is the segment of NCC's reporting that will mainly be impacted by this change, although minor changes will also be made in NCC Property Development and the Construction units.

The effects of IFRIC 15 will be announced prior to the publication of the 2010 first-quarter interim report. Comparative figures for 2009 will be restated in accordance with IFRIC 15 (pro forma).

The following additions to IFRS and interpretative statements from the IFRIC do not currently have any effect on NCC's financial statements:

- Addition to IFRS 2 Group Cash-settled Share-based Payments Transactions
- Addition to IAS 39, Eligible Hedge Items
- Addition to IAS 32, Classification of Rights Issues
- Addition to IFRIC 9 and IAS 39, Imbedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

PARENT COMPANY ACCOUNTS COMPARED WITH CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and recommendation RFR 2.2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The statements issued by the Swedish Financial Reporting Board in respect of listed companies are also applied. In RFR 2.1, the Swedish Financial Reporting Board, for tax reasons, has granted exemption from the requirement that listed parent companies must report certain financial instruments at fair value. NCC applies the exemption rules and has thus refrained from reporting certain financial instruments at fair value.

The accounting policies presented below differ from those used in the consolidated financial statements:

- Subsidiaries
- Associated companies
- Income taxes
- Financial instruments
- Leasing
- Construction contracts and similar assignments
- Pensions
- Borrowing costs

The differences are presented under the respective headings below.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Parent Company and the companies and operations in which the Parent Company, directly or indirectly, has a controlling interest, as well as joint ventures and associated companies.

Purchase method

The acquisition of business operations is handled in accordance with the purchase method, which is characterized by acquired assets, liabilities and contingent liabilities being entered at market value, after due consideration for deferred tax on the acquisition date. If the acquisition value of a subsidiary exceeds the market value of the subsidiary's net assets, taking contingent liabilities into account, the difference is entered as Group goodwill. When the difference is negative, it is recognized directly in profit or loss.

Goodwill arising in this connection is not amortized but is subject to continuous impairment testing when necessary, at least once a year. Other acquired intangible assets are amortized over their estimated useful life. Acquired and divested companies are included in the consolidated income statement, balance sheet and cash flow statement for the holding period.

When an acquisition is conducted in several stages, known as gradual acquisitions, a revaluation of NCC's earlier holdings is performed when control is obtained. This revaluation is recognized as a revaluation reserve under equity and is reversed as the recognized surplus value is used.

Subsidiaries

Companies in which the Parent Company, directly or indirectly, holds shares carrying more than 50 percent of the voting rights, or otherwise has a controlling influence, are consolidated in their entirety. Shares in subsidiaries are recognized in the Parent Company in accordance with the acquisition value (cost) method. Impairment losses on shares in subsidiaries are recognized upon a permanent decline in value. Dividends received are recognized as revenue. For information on NCC's subsidiaries, refer to Note 24, Participations in Group companies.

Minority interest

In companies that are not wholly owned subsidiaries, minority interest is recognized as the share of the subsidiaries' equity held by external shareholders. This item is recognized as part of the Group's shareholders' equity. The minority share is recognized in profit or loss. Information about the minority share of profit is disclosed in conjunction with the income statement.

Associated companies

Associated companies are defined as companies in which the Group controls 20–50 percent of the voting rights. Companies in which the Group owns less than 20 percent of voting rights but exercises a significant influence are also classified as associated companies. Refer to Note 25 for information about the Group's participations in associated companies, and Note 27 for the Parent Company's participations in associated companies.

Participations in associated companies are consolidated in accordance with the equity method.

In the equity method, the carrying amount of shares in associated companies is adjusted by the Group's shares in the profit of associated companies less dividends received. As in the case of full consolidation of subsidiaries, an acquisition analysis is made when the shares are acquired. Fixed assets are recognized at fair value and any surplus value is amortized during its estimated useful life. This depreciation affects that the carrying amount of associated companies. Any goodwill that arises is not amortized but is subject to continuous impairment testing performed at least once a year. NCC's share in associated companies relates to their operations and its share in the results of associated companies is recognized in profit or loss as "Result from participation in associated companies," which is part of operating profit. Amounts are recognized net after taxes.

In the Parent Company, associated companies are recognized at acquisition value less any impairment losses. Dividends received are recognized as revenue. Refer to Note 12, Result from participations in associated companies, for information about results from participations in associated companies. For additional information about associated companies, refer to Note 25, Participations in associated companies consolidated in accordance with the equity method, and Note 27, Participations in associated companies.

Joint ventures

Joint ventures are defined as projects conducted in forms similar to those of a consortium, meaning subject to joint control. This could take the form of, for example, jointly owned companies that are governed jointly. NCC consolidates joint ventures in accordance with the proportional method. Accordingly, NCC's share of the joint venture's income statements and balance sheets is added to the corresponding line in NCC's accounts in the same manner as the recognition of subsidiaries. For further information, refer to Note 26, Participations in joint ventures consolidated in accordance with the proportional method.

Elimination of intra-Group transactions

Receivables, liabilities, revenues and costs, as well as unrealized gains and losses, that arise when a Group company sells goods or services to another Group company are eliminated in their entirety. Unrealized losses are eliminated in the same way as unrealized gains, but only insofar as there are no impairment requirements. This also applies to joint ventures and associated companies, in an amount corresponding to the Group's holding. Refer to Note 44, Transactions with related companies.

Internal pricing

Market prices are applied for transactions between Group entities.

Foreign subsidiaries and joint ventures

Foreign subsidiaries are recognized using the functional currency and are translated to the reporting currency. For NCC, the functional currency is defined as the local currency used in the reporting entity's accounts. The Parent Company's functional currency is SEK. The reporting currency is defined as the currency in which the Group's overall accounting is conducted, in NCC's case SEK. All assets and liabilities in the subsidiaries' balance sheets, including goodwill, are translated at exchange rates prevailing on the balance-sheet date, and all income statement items are translated at the calculated average exchange rates in effect at the time of each transaction. The translation difference arising in this connection is transferred directly to other comprehensive income. For divested subsidiaries, the accumulated translation difference is recognized under consolidated profit or loss.

REVENUES

With the exception of contracting assignments, the Group recognizes revenues in profit or loss when, among other factors, the material risks and rewards associated with ownership have been transferred to the purchaser.

Construction contracts and similar assignments

Income recognition of construction projects based on percentage-of-completion method

Application of the percentage-of-completion method entails income recognition in pace with the degree of completion of the project. To determine the amount of income worked up at a specific point in time, the following components are required:

- Project revenue – Revenues related to the construction contract. The revenues must be of such a character that the recipient can credit them to income in the form of actual payment received or another form of payment.
- Project cost – Costs attributable to the construction assignment, which correspond to project revenues.
- Completion rate (worked-up rate) – Recognized costs in relation to estimated total assignment costs.

The fundamental condition for income recognition based on percentage of completion is that project revenues and costs can be quantified reliably.

As a consequence of income recognition based on the percentage-of-completion method, the trend of earnings is reflected immediately in the financial statements. However, percentage of completion gives rise to one disadvantage. Due to unforeseen events, the final profit may occasionally be higher or lower than expected. It is particularly difficult to anticipate profit at the beginning of the project period and for technically complex projects or projects that extend over a long period.

For projects that are difficult to forecast, revenue is recognized in an amount corresponding to the worked-up cost, meaning that zero earnings are entered until the profit can be reliably estimated. As soon as this is possible, the project switches to the percentage-of-completion method.

Provisions posted for potential losses are charged against income for the relevant year. Provisions for losses are posted as soon as they become known.

Balance-sheet items such as "worked up, non-invoiced revenues" and "invoiced revenues, not worked up" are recognized in gross amounts on a project-by-project basis. Projects for which worked-up revenues exceed invoiced revenues are recognized as current assets, while projects for which invoiced revenues exceed worked-up revenues are recognized as a current interest-free liability. Refer to Note 34 Construction contracts.

The following example illustrates how the percentage-of-completion method is applied. On January 1 of Year 1, NCC receives a contract regarding the construction of a building. The project is estimated to take two years to complete. The contract price is 100 and the anticipated profit from the project is 5. On December 31 of year 1, NCC's costs for the project amount to 47.5, which is in line with expectations. Since NCC has completed half of the work and the project is proceeding as planned, NCC recognizes half of the anticipated profit of 5, that is 2.5, in the accounts for Year 1. Income recognition on completion means that profit is not recognized until the end of Year 2, or the beginning of Year 3, depending on when the final financial settlement with the customer was agreed.

Earnings	Year 1	Year 2
Income recognition on completion	0	5
According to percentage-of-completion	2.5	2.5

Proprietary housing projects

When determining income from proprietary housing projects, income from the project is calculated by multiplying the completion rate with the sales rate. The sales rate refers to the sold portion of the project.

Example: Sales rate of 50 percent
Completion rate of 50 percent

In the above example, earnings based on the percentage-of-completion method during Year 1 would be 1.25, rather than the 2.5 based on the completion rate.

Work in progress in the Parent Company

NCC does not apply percentage-of-completion profit recognition in the Parent Company. Projects that are not completed on the balance-sheet date are recognized in the Parent Company accounts as work in progress. The invoicing amount is equivalent to the amount billed to the customer, including amounts withheld by the customer in accordance with contract terms. Advances not matched by work performed reduce the invoiced amount. Costs incurred by a particular construction worksite include:

- Cost of installation materials, consumption materials and construction tools.
- Wages, salaries and remuneration, including social security fees, for hourly rated employees, supervisors and other staff on site.
- Cost of subcontracts and other external and internal services.
- External and internal machine rentals and transport costs.

Work in progress on another party's account comprises the difference between invoicing and costs incurred. Income is recognized when the project is completed. As a result of this accounting method, this entry may include profits not entered as income. When a project is expected to incur a loss, a provision is posted for such a loss. For details, refer to Note 41, Work in progress on another party's account and net sales.

Result from sales of development properties

NCC's sales include revenues from sales of properties classed as current assets. Sales also include rental revenues from properties classed as current assets.

Property sales are recognized at the time when material risks and rewards are transferred to the purchaser, which normally coincides with the transfer of ownership rights.

Property projects sold before construction is completed are recognized as profit in two separate transactions when the property (land or land with ongoing construction) is sold and, at the same time, a separate agreement is signed with the purchaser concerning the construction of a building or completion of the ongoing construction. The first transaction – sale of a property project – comprises the realization of a property value that has been accumulated at several levels, such as site acquisition, formulation of a detailed development plan, design of a property project, receipt of a building permit and leasing to tenants. This value accumulation is finally confirmed by means of the sale. The second transaction is the contracting assignment, meaning implementation of construction work on the sold property. The first transaction is recognized as profit, provided that the material risks and rewards are deemed to have been transferred, in the manner stated above and the second transaction is recognized as profit in pace with the degree of completion of the project.

It could also be the case that property projects are sold with guarantees of certain leasing to tenants or with a stipulation that a supplementary purchase consideration be paid when a certain leasing rate has been achieved. In connection with the date of sale, a provision for rental guarantees is posted. The supplementary purchase consideration is recognized as revenue when the agreed leasing rate has been achieved.

Result from property management

Results from property management operations consist of the operating net of managed properties and revaluations to fair value (impairment losses and reversal of previous impairment losses). Rental revenues are distributed evenly over the leasing period. Also refer to Note 8, Result from property management.

Result from sales of managed and owner-occupied properties

These items include the realized result of sales of managed and owner-occupied properties. Selling and administrative expenses include costs for the company's own sales work. Earnings are charged with overhead costs for both completed and non-implemented transactions. See income statement and Note 9, Result from property sales.

DEPRECIATION

Straight-line depreciation according to plan is applied in accordance with the estimated useful life, with due consideration for any residual values at the close of the period, or after confirmed depletion of net asset value in those cases when the asset does not have an indefinite life. Goodwill and other assets that have an indefinite life are not amortized but subject to systematic impairment testing. NCC applies so-called component depreciation, whereby each asset with a considerable value is divided into a number of components that are depreciated on the basis of their particular useful life. Depreciation/amortization rates vary in accordance with the table below:

Usufructs	In line with confirmed depletion of net asset value
Software	20–33 percent
Other intangible assets	10–33 percent
Owner-occupied properties	1.4–10 percent
Land improvements	3.7–5 percent
Pits and quarries	In line with confirmed depletion of net asset value
Fittings in leased premises	14–20 percent
Machinery and equipment	5–33 percent

The distribution of the depreciation/amortization posted in profit or loss and balance sheet is presented in Comments to the income statement, Note 6, Depreciation, Note 21, Intangible assets and Note 22, Tangible fixed assets.

IMPAIRMENT LOSSES

This section does not apply to impairment of inventories, assets that arise during the course of a construction assignment, deferred tax assets, financial instruments, assets connected to pensions or assets classified as investments available for sale, since the existing standards for these types of assets contain specific requirements regarding recognition and valuation.

An impairment requirement arises when the recoverable amount is less than the carrying amount. The distribution of impairment losses in the income statement and balance sheet is described in comments to the income statement, Note 10, Impairment losses and reversed impairment losses, Note 21, Intangible assets, and Note 22, Tangible fixed assets.

When necessary, although at least once a year, NCC conducts impairment tests of recognized asset values, for indications of whether values have declined. In the event that the recoverable amount is lower than the carrying amount, an impairment loss is posted. If the basis for impairment has been removed, impairment losses posted earlier are reversed. Impairment losses are recognized in profit or loss. The residual carrying amount of goodwill is subject to impairment testing once per year or if there is an indication of a change in value. In those cases where the recoverable amount of goodwill is less than the carrying amount, an impairment loss is posted. Previously impaired goodwill is not reversed.

The term impairment is also used in connection with revaluations of properties classed as current assets. Valuations of these properties, however, are based on the lowest value principle and comply with IAS 2 Inventories.

GOVERNMENT ASSISTANCE

Government assistance is an action by the government designed to provide a financial advantage that is limited to a single company or a category of companies that fulfills certain criteria. Government grants are support from governmental authorities in the form of transfers of resources to a company in exchange for the company's fulfillment or future fulfillment of certain conditions regarding its operations. Government is defined as states, federal governments, public authorities or similar organizational bodies, regardless of whether they are local, national or international. Grants related to assets are recognized as a reduction of the carrying amount for the asset. Grants related to profit are recognized as a reduction in the expenses for which the subsidy is intended to cover.

LEASING

In the consolidated financial statements, leasing is classified as either financial or operational. Financial leasing exists if the financial risks and benefits associated with ownership are essentially transferred to the lessee. All other cases are regarded as operational leasing. Assets leased in accordance with financial leasing agreements are capitalized in the consolidated balance sheet. Corresponding obligations are entered as long-term and current liabilities. Leased assets are depreciated, while leasing payments are recognized as interest payments and debt amortization. The assets are recognized in the balance sheet under appropriate asset items. As a lessor, the asset is recognized in accordance with a financial leasing agreement as a receivable in the balance sheet. Operational leasing is recognized in profit or loss. Leasing fees are distributed on the basis of use, which could differ from the leasing fee paid during the year under review. For further information on leasing, refer to Note 44. In the Parent Company, all leasing agreements are recognized in accordance with the regulations for operational leasing.

TAXES

Income taxes comprise current tax and deferred tax. Taxes are recognized in profit or loss, with the exception of cases in which underlying transactions are recognized in other comprehensive income or directly under shareholders' equity, with the relating tax effect recognized in other comprehensive income or in equity. Current tax is tax attributable to the current fiscal year, which also includes adjusted tax attributable to previous periods.

Deferred tax is recognized on the basis of temporary differences between recognized and taxable values of assets and liabilities, and has to be paid in the future. Deferred tax assets represent a reduction of future tax attributable to temporary tax-deductible differences, tax loss carryforwards and other unutilized tax deductibles. Temporary differences are not taken into consideration for differences arising in the recognition of goodwill or upon initial recognition of assets and liabilities not classified as acquisitions of business operations that, at the time of the transaction, did not affect either net profit or taxable profit. Nor are temporary differences attributable to shares in subsidiaries that are not expected to be reversed in the foreseeable future taken into consideration.

Deferred tax liabilities and assets are calculated on the basis of the tax rate determined for the following year in each particular country. When changes occur in tax rates, the change is recognized in the consolidated income statement. Tax-deductible temporary differences and tax loss carryforwards are recognized to the extent that it is considered likely they will result in lower tax payments in the future. For information on tax on current-year profit and deferred tax assets and liabilities, refer to Note 31.

In the Parent Company, untaxed reserves are recognized that consist of the taxable temporary difference arising because of the relationship between reporting and taxation in the legal entity. Untaxed reserves are recognized gross in the balance sheet and the change is recognized gross in profit or loss, as an appropriation.

REPORTING BY OPERATING SEGMENT

An operating segment is part of the Group that conducts business operations from which it generates revenues and incurs costs and for which independent financial information is available. Furthermore, the earnings of an operating segments are monitored by the chief operating decision maker, who in NCC's case is the President and CEO, for evaluation of results and for allocating resources to the operating segment. The reporting of operating segments concurs with the reports presented to the President and CEO. For further information, refer to Note 3 Operating segments.

EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's net profit for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. The calculation of earnings per share is not affected by preferred shares or convertible debentures, since the Group has no such items. NCC has a small number of Series B treasury shares; see page 62 under Repurchase of shares.

INTANGIBLE ASSETS

Intangible assets are recognized at acquisition value less accumulated impairment losses and amortization.

Goodwill arises from acquisitions of companies and operations. Goodwill is not amortized according to plan. Goodwill in foreign operations is valued in the particular functional currency and is converted from this functional currency to the Group's reporting currency at the exchange rates prevailing on the balance-sheet date.

Usufructs consist primarily of the right to utilize rock pits and gravel quarries, which are depreciated in parallel with confirmed depletion of net asset value based on volumes of extracted stone and gravel. For the distribution of value, refer to Note 21 Intangible assets.

TANGIBLE FIXED ASSETS

NCC's property holdings are divided into:

- Owner-occupied properties
- Managed properties
- Properties classed as current assets

Properties classed as current assets are held for development and sale as part of operations. The principles applied for the categorization, valuation and profit recognition of properties classed as current assets are presented under the Current assets section below.

Owner-occupied properties

Owner-occupied properties are held for use in the Company's own operations for the purpose of production, the provision of services or administration.

Owner-occupied properties are recognized at acquisition value less accumulated depreciation and any accumulated impairment. Also refer to Note 22, Tangible fixed assets.

Managed properties

Managed properties are held to generate rental income or value growth, or a combination of both. These properties are valued in accordance with the fair value method in IAS 40 Investment Property. The fair value of a managed property is the price at which the property could be sold in a transaction between knowledgeable parties who are independent of each other and have an interest in the completion of the transaction. NCC divested its last remaining managed property in 2009.

Machinery and equipment

Machinery and equipment is recognized at acquisition value less accumulated depreciation and any impairment losses. In addition to the purchase price, the acquisition value includes costs attributable to transporting the machinery and equipment to the correct site and preparations of the asset in order to be used in the manner intended by the acquisition.

FINANCIAL FIXED ASSETS

Financial fixed assets are recognized at fair value or accrued acquisition value. Impairment losses are posted if the fair value is less than the acquisition cost. Also see the Financial instruments section on page 61. For information on the value and type of assets, refer to Note 29 Financial fixed assets. For valuations of participations in associated companies, joint ventures and financial instruments, see the respective headings. The Parent Company recognizes shares in Group companies at acquisition value less, where applicable, impairment losses.

CURRENT ASSETS

Properties classed as current assets

Group property holdings recognized as property and housing projects are valued as inventories when the intention is to sell the properties on completion. Property projects are valued at the lower of acquisition value and net realizable value. Property projects are defined as properties held for development and sale within NCC Property Development. Housing projects pertain to unsold residential properties, unsold portion of proprietary residential properties with ownership rights, undeveloped land and properties held for future development in NCC Housing.

Property projects

Property projects within NCC Property Development are divided as follows:

- Properties held for future development
- Ongoing property projects
- Completed property projects

For a distribution of values, refer to Note 32, Properties classed as current assets.

Properties held for future development, property development

Properties held for future development consist of NCC's holding of land and development rights intended for future property development and sale. Properties comprising leased buildings are classified as properties held for future development in cases where the intention is to demolish or refurbish the buildings.

Ongoing property projects

Properties held for future development are reclassified as ongoing property projects when a definitive decision is taken about a building start and when the activities required in order to complete the property project have been initiated. An actual building start is not necessary.

Ongoing property projects include properties under construction, extension or refurbishment.

Ongoing property projects are reclassified as completed property projects when the property is ready for occupancy, excluding adjustments to tenant requirements in those properties whose premises are not fully leased. The reclassification is effective not later than the date of approved final inspection. If a project is divided into phases, each phase must be reclassified separately. In this context, a phase always comprises an entire building that can be sold separately.

Completed property projects

Completed property projects can only be derecognized from the balance sheet as a result of a sale or, if they remain unsold, by being reclassified as managed properties. This occurs only to a small extent in NCC.

Valuation of commercial property projects

The acquisition value of commercial property projects includes expenditure for the acquisition of land and for building design/property development, as well as expenditure for construction, extension or refurbishment. Expenditure for borrowing costs is included when capitalized interest during the term of the project totals a significant amount. Other borrowing costs are expensed on a current account basis. Property development means that the input of the developer – NCC Property Development – is concentrated to the activities that do not pertain to actual construction. These activities are evaluation of project concepts, acquisition of land, work on the detailed development plan, project development, leasing and sale. These activities are conducted by the company's own employees and by external architects and other technical consultants. Expenditure for the Company's own employees within the project development organization and for consultants is capitalized after the project has been classified in the balance sheet as an ongoing project. Prior to this, the costs are expensed on a current account basis.

Commercial property projects are recognized continuously in the balance sheet at the lower of acquisition value and net realizable value, which is the selling value (market value) less estimated costs for completion and direct selling costs.

The market value of completed property projects is calculated in accordance with the yield method, which means that the continuous yield (operating net) on the property at full leasing is divided by the project's estimated yield requirement. Unleased space in excess of normal vacancy is taken into account in the form of a deduction from the value based on the assumed leasing rate.

The market value of ongoing property projects is calculated as the value in completed condition, as described above, less the estimated remaining cost of completing the project.

Properties held for future development that are included in the project portfolio, meaning ones that are held for development and sale, are normally valued in the same manner as ongoing projects, as described above. Other properties held for future development are valued on the basis of a value per square meter of development right or a value per square meter of land.

Housing projects

Housing projects within NCC Housing are divided between:

- Properties held for future development, housing
- Unsold portion of ongoing proprietary housing projects
- Unsold, completed residential properties

For a distribution of values, refer to Note 32, Properties classed as current assets. Ongoing housing projects are recognized as construction contracts. The reclassification from properties held for future development to ongoing projects occurs when a decision to initiate construction has been taken.

Properties held for future development, housing

Properties held for future development are NCC's holdings of land and development rights for future housing development. Properties with leased buildings are classified as properties held for future development if the intention is to demolish or refurbish the property.

Properties held for future development are valued taking into consideration whether the properties will be developed or sold on. The valuation of land and development rights for future development is based on a capital investment appraisal. This appraisal is updated with regard to the established sales price and cost trend when the market and other circumstances so require. In those cases when a positive contribution margin from the development cannot be obtained taking into consideration normal contract profit, an impairment loss is recognized. In the case when properties are to be sold on, the holdings are valued at the established market value.

Unsold portion of ongoing proprietary housing projects

The unsold portion of housing projects for which the purchasers, following acquisition, will directly own their portion of the project, meaning they will have ownership rights, is recognized as a housing project.

Unsold, completed residential properties

Project costs for completed unsold residential properties are reclassified from ongoing housing projects to unsold residential properties at the date of final inspection.

Properties classed as current assets and completed unsold housing projects are valued at the lower of acquisition value and net realizable value.

Properties classed as current assets transferred from subsidiaries

Due to the commission relationship between NCC AB and NCC Construction Sweden AB, certain properties that are included in housing projects are recognized in NCC AB's accounts, even if the ownership right remains with NCC Construction Sweden AB until the properties are sold to customers.

INVENTORIES

Inventories are valued at the lower of acquisition value and net realizable value. For a distribution of inventory values, refer to Note 33 Materials and inventories.

FINANCIAL INSTRUMENTS

Acquisition and divestments of financial instruments are recognized on the date of transaction, meaning the date on which the company undertakes to acquire or divest the asset.

Financial instruments recognized on the asset side of the balance sheet include cash and cash equivalents, loan receivables, accounts receivable, financial investments and derivatives. Accounts payable, loan payables and derivatives are recognized under liabilities. Financial guarantees such as sureties are also included in financial instruments.

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Accounts receivable are recognized in the balance sheet when invoices have been sent. Accounts payable are recognized when invoices have been received.

A financial asset is derecognized from the balance sheet when the contractual rights have been realized or extinguished. The same applies to portions of financial assets. A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or otherwise terminated. This also applies to part of the financial liability.

Financial instruments are classified in the following categories for measurement: Financial assets at fair value through profit or loss, Investments held to maturity, Loan receivables and accounts receivable and Available-for-sale financial assets, Financial liabilities at fair value through profit or loss and Other financial liabilities. When entered for the first time, a financial instrument is classified on the basis of the purpose for which the instrument was acquired. This classification determines how the financial instrument is measured following the first reporting occasion, as described below.

Cash and cash equivalents comprise cash funds and immediately available balances at banks and equivalent institutions, as well as short-term investments with a maturity of less than three months at the date of acquisition and that are exposed to only a minor risk of value fluctuation.

Financial assets at fair value through profit or loss

This category includes the Group's derivative instruments with a positive fair value and short-term investments. Changes in fair value are recognized among net financial items in profit or loss. All instruments included in this category are held for trading. Derivative instruments that function as identified and effective hedging instruments are not included in this category. For an account of hedging instruments, see Hedge accounting below.

Held-to-maturity investments

Investments intended to be held to maturity comprise interest- bearing securities with fixed or calculable payments and a determined maturity that were acquired with the intention and possibility of being held to maturity. Investments intended to be held to maturity are measured at amortized cost. Assets with a remaining maturity exceeding 12 months after the balance-sheet date are recognized as fixed assets. Other assets are recognized as current assets.

Loans and accounts receivable

Loans and accounts receivable are measured at amortized cost, meaning the amount expected to be received less an amount for doubtful receivables, which is assessed on an individual basis. Since the expected maturity of an account receivable is short, a nominal value without discounting is recognized.

Accounts receivable are measured on an ongoing basis. As soon as it is doubtful that an invoice will be paid, a provision is made for the amount. Although each invoice is measured individually, provisions are noted for invoices that are more than 60 days overdue unless special circumstances apply. Provisions are made for all invoices that are more than 150 days overdue if payment is not secured.

Available-for-sale financial assets

This category includes financial assets that do not fall into any of the other categories, or those assets that the company has elected to classify into this category. Holdings of shares and participations that are not recognized as subsidiaries, associated companies or joint ventures are recognized here. These assets are valued at accrued acquisition value (amortized cost). Impairment losses are posted when there are objective reasons for assuming that impairment is required.

Financial liabilities at fair value through profit or loss

This category includes the Group's derivative instruments with a negative fair value, with the exception of derivative instruments that function as identified and effective hedging instruments. Changes in fair value are recognized among net financial items.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are recognized at amortized cost.

Hedge accounting

NCC applies hedge accounting in the following categories: Hedging of exchange-rate risk in transaction flows, Hedging of net investments and Hedging of the Group's interest maturities.

Hedging of exchange-rate risk in transaction flows

Currency exposure associated with future flows is hedged by using currency forward contracts. The currency forward contract that hedges this cash flow is recognized at fair value in the balance sheet. When hedge accounting is applied, the change in fair value attributable to changes in the exchange rate for the currency forward contract is recognized in other comprehensive income, after taking tax effects into account. Any ineffectiveness is recognized in profit or loss. When the hedged flow is recognized in profit or loss, the value change of the currency forward contract is moved from other comprehensive income to profit or loss, where it offsets the exchange-rate effect of the hedged flow. The hedged flows can be both contracted and forecast transactions.

Hedging of net investments

Group companies have currency hedged their net investments in certain foreign subsidiaries, associated companies and joint ventures. In the consolidated financial statements, the exchange-rate differences on these hedging positions, after taking tax effects into account, are moved directly to other comprehensive income, insofar as they are matched by the year's translation differences within other comprehensive income. Any surplus amount, so-called ineffectiveness, is recognized among net financial items. NCC uses currency loans and currency forward contracts to hedge net investments.

Hedging of the Group's interest maturities

Interest-rate derivatives are used to manage the interest-rate risk. Hedge accounting occurs in cases where an effective hedging relationship can be proved. The value change is recognized in other comprehensive income after taking tax effects into account. Any ineffectiveness is recognized among net financial items. What NCC achieves by hedging interest rates is that the variable interest on parts of the Group's financing becomes fixed interest.

Embedded derivatives

An embedded derivative is a part of either a financial agreement or a commercial put or call contract that is equivalent to a financial derivative instrument. An embedded derivative must be recognized separately only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the characteristics and risks of the host contract's cash flow, and
- a separate "stand alone" derivative with the same terms as the embedded derivative would meet the definition of a derivative, and
- the hybrid (combined) instrument is not measured at fair value in the balance sheet, while changes in its fair value are recognized in profit or loss.

If the contractual terms and conditions meet the criteria for an embedded derivative, this, in common with other financial derivatives, is measured at fair value, with changes in value recognized in profit or loss.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are restated at the exchange rates prevailing on the balance-sheet date.

Exchange differences arising from the translation of operational receivables and liabilities are recognized in operating profit, while exchange differences arising from the translation of financial assets and liabilities are recognized in net financial items.

Financial instruments in the Parent Company

Financial instruments in the Parent Company are recognized at acquisition value less any impairment losses and taking into account earnings effects accrued up to fiscal year-end. In respect of the qualitative and quantitative risk information, reference is made to the disclosures made for the Group above, since Group-wide risk management is applied for the Group.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, bank balances and short-term investments with a maturity of less than three months at the date of acquisition.

SHAREHOLDERS' EQUITY

Recognition of Group and shareholder contributions

Group contributions and shareholder contributions in the Parent Company are recognized in accordance with their financial impact, which in the case of NCC is directly against shareholders' equity, following due consideration for tax.

Repurchase of shares

The repurchase of shares (treasury shares) has been charged directly against retained earnings. Similarly, the sale of such shares results in an increase in retained earnings. Refer to Note 35 Share capital, for more information on treasury shares.

EMPLOYEE BENEFITS

NCC differentiates between defined contribution pension plans and defined benefit pension plans. Defined contribution plans are pension plans for which the company pays fixed fees to a separate legal entity and does not assume any obligations for payments of additional fees, even if the legal entity lacks sufficient assets to pay benefits accrued for employment up to and including the balance-sheet date. Other pension plans are defined benefit plans.

Country of operation	Defined benefit pension obligations	Defined contribution pension obligations
Sweden	X	X
Denmark		X
Finland		X
Norway	X	X
Germany		X
Other countries		X

There are several defined contribution and defined benefit pension plans in the Group, some of which are secured through assets in dedicated foundations or similar funds. The pension plans are financed through payments made by the various Group companies. Calculations of defined benefit pension plans are based on the Projected Unit Credit Method, whereby each term of employment is considered to create a future unit of the total final obligation. All units are computed separately and, combined, represent the total obligation on the balance-sheet date. The principle is intended to provide linear expensing of pension payments during the term of employment. The calculation is made annually by independent actuaries. When there is a difference between how pension costs are established in the legal entity and the Group, a provision or receivable is recognized, which is not present valued, pertaining to the payroll tax based on this difference. Accordingly, the value of the defined benefit liability is the present value of anticipated future disbursements using a discount rate that corresponds to the interest rate stated in Note 38 Pensions. The outstanding term of interest corresponds to the pension obligations.

For funded plans, the fair value of plan assets reduces the computed obligation. Funded plans with assets that exceed the obligations are recognized as financial fixed assets. Estimated actuarial gains and losses within the 10-percent corridor are not recognized. It is not until the actuarial gains or losses fall outside the corridor that revenues and expenses are recognized. The results are distributed over the anticipated average remaining term of employment.

This reporting method is applied for all identified defined benefit pension plans in the Group. The Group's disbursements related to defined benefit pension plans are recognized as an expense during the period in which the employees perform the services covered by the fee.

The Parent Company is covered by the ITP plan, which does not require any payments by the employees. The difference, compared with the principles applied by the Group, pertains mainly to how the discounting rate is determined, the fact that the calculation of defined benefit obligations is based on the current salary level without assuming future pay rises and the fact that all actuarial gains and losses are recognized in profit or loss when they arise.

Severance payments

In conjunction with notice of employment termination, a provision is posted only if the company is contractually obliged to terminate an employment position before the normal time, or when payments are made as an offering to encourage voluntary termination. For cases in which the company implements personnel cutbacks, a detailed plan is prepared that covers at least the workplace concerned, positions, and the approximate number of affected employees and disbursements for every personnel category or position, as is a time schedule for the plan's implementation. If severance payment requirements arising from personnel cutbacks extend beyond 12 months after fiscal year-end, such payments are discounted.

PROVISIONS

Provisions differ from other liabilities in that there is a degree of uncertainty concerning when payment will occur or concerning the size of the amount required to settle the provision. Provisions are recognized in the balance sheet when there exists a legal or informal commitment as a result of an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and provided that the amount can be estimated reliably.

Provisions are made in an amount that corresponds to the most reliable estimate of the amount required to settle the existing commitment on the balance-sheet date. In the event that the effect of the date of payment is significant, provisions are calculated through a discounting of the anticipated future cash flow.

Guarantee commitments

Provisions for future costs arising due to guarantee commitments are recognized at the estimated amounts required to settle the commitment on the balance-sheet date. The computation is based on calculations, executive management's appraisal and experience from similar transactions.

Other provisions

Provisions for restoration costs are posted when such obligations arise. Provisions are posted for that portion of restoration that arises for start-up of a quarry and construction of plants at pits and quarries, and on current account when activities are related to additional extractions at pits and quarries. A provision for restructuring is recognized when a detailed or formal restructuring plan has been established and the restructuring has either started or been announced publically. No provisions are posted for future operating expenses.

BORROWING COSTS

Borrowing costs attributable to qualifying assets are capitalized as a portion of the capitalized asset's acquisition value when the total borrowing costs total a significant amount. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale, which in NCC's case is more than a year. For NCC, the capitalization of borrowing costs is most relevant in the construction of property and housing projects. Other borrowing costs are expensed on current account in the period in which they are incurred.

In the Parent Company, borrowing costs are expensed in their entirety in the period in which they are incurred.

PLEDGED ASSETS

NCC recognizes collateral pledged for company or Group liabilities and/or obligations as pledged assets. These liabilities and/or obligations may or may not be included in the balance sheet. The collateral may be related to assets entered in the balance sheet or mortgages. Assets are recognized at the carrying amount and mortgages at nominal value. Shares in Group companies are recognized at their value in the Group.

For information on types of collateral, refer to Note 45 Pledged assets, guarantees and guarantee obligations.

GUARANTEES AND GUARANTEE OBLIGATIONS

An obligation is recognized when there is a possible commitment originating from occurred events whose existence will be confirmed by one or more uncertain future events, or when there is a commitment that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required. For information on the distribution and size of contingent liabilities, refer to Note 45 Pledged assets, guarantees and guarantee obligations.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, in accordance with IAS 7, Statement of Cash Flows. The recognized cash flow includes only transactions that involve cash payments and disbursements. For information on the effects on cash flow of acquired and divested subsidiaries, refer to Note 46 Cash flow statement.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

To be recognized as fixed (non-current) assets held for sale, the assets must be available for immediate sale and it must be highly probable that the sale will be effected within a year from the reclassification. Operations that are being discontinued are defined as any part of a company that is being discontinued in accordance with a cohesive plan and which can comprise an independent organizational unit or a major line of business or geographical area. For the 2009 and 2008 fiscal years, no fixed assets or operations covered by the above standard were identified.

EVENTS AFTER THE BALANCE-SHEET DATE

NCC considers events that confirm a condition that was relevant on the balance-sheet date.

If events occur after the balance-sheet date that are not of such nature that they should be considered when the income statement and balance sheet are finalized, but are so significant that a lack of information about them would affect opportunities for readers to make correct assessments and well-founded decisions, NCC will provide information about every such event in a note and in the Report of the Board of Directors.

CRITICAL ESTIMATES AND ASSESSMENTS

Estimates and assessments that affect the Group's accounting records have been made on the basis of what is known when the Annual Report was issued. The estimates and assessments may, at a later date, be changed because of, for example, changes in factors in the business environment. Particular attention must be paid to this considering the prevailing economic climate, which is characterized by major uncertainty in terms of the construction market and the global financial market. The assessments that are most critical to NCC are reported below.

Percentage-of-completion profit recognition

A fundamental condition for being able to estimate percentage-of-completion profit recognition is that project revenues and project costs can be established reliably. This reliability is based on such factors as compliance with NCC's systems for project control and that project management has the necessary skills.

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to SEK 38.5 billion (46.8); refer to Note 34 Construction contracts.

Profit recognition of property development projects

Property sales are recognized as of the time when significant risks and rewards are transferred to the purchaser. The actual timing of profit recognition depends on the agreement with the purchaser and could occur when signing the agreement, at a certain leasing rate, on completion or when the right of ownership is transferred, and it could also depend on a combination of these variables. This is determined from agreement to agreement and is subject to elements of estimations and assessments, and also applies to both direct sales of a property and indirect sales via the sale of companies.

Valuation of properties classed as current assets

NCC's properties classed as current assets are recognized at the lower of acquisition value and net realizable value. In 2009, impairment losses on properties classed as current assets amounted to SEK 0.2 billion (0.5), which can be compared with their year-end carrying amount of SEK 11.2 billion (14.8).

The assessment of net realizable value is based on a series of assumptions that, in the prevailing market conditions, are very difficult to gauge, such as sales prices, production costs, the price of land, rent levels and yield requirements plus the possible timing of production start and/or sale. NCC continuously monitors developments in the market and tests the assumptions made on an ongoing basis.

In some cases, the difference between the carrying amount and the estimated net realizable value is very slight. A change in the assumptions made could give rise to an additional impairment requirement.

Valuation of goodwill

Goodwill is measured at the lower of acquisition value and recoverable amount. Goodwill in the Group is valued at SEK 1.8 billion (1.8).

Several assumptions and estimations are made concerning future conditions, which are taken into account when calculating the discounted cash flow upon which the estimated recoverable amount has been based. Important assumptions include expected growth, margins and the weighted average cost of capital. If these assumptions change, the value of the remaining goodwill could be affected; refer to Note 21 Intangible assets, for information on the assumptions and estimations made.

Valuation of receivables

NCC's accounts receivable, including receivables for sold property projects, amount to SEK 6.8 billion (8.7); refer to Note 39 Financial instruments and financial risk management.

Receivables are measured at fair value, which is affected by several assessments, of which the one that is most important to NCC is credit risk and thus any need to post provisions for doubtful receivables. Although each receivable must be valued individually, for receivables that are more than 60 days past due special circumstances are generally required for a provision not to be posted in full or in part.

Guarantee commitments

At year-end, the guarantee provision amounted to SEK 2.1 billion (1.9); refer to Note 37 Provisions. Provisions for future costs due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date. This estimate is based on calculations, assessments by company management and experiences of similar transactions.

Pension obligations

NCC's net pension obligation amounts to SEK 0.5 billion (0.6) which, taking into account an actuarial loss, resulted in a net asset of SEK 1.0 billion (0.8); refer to Note 38 Pensions.

Recognized amounts are affected by changes in the actuarial assumptions that form the foundation for calculations of plan assets and pension obligations. These actuarial assumptions are described in Note 38 Pensions.

Guarantee obligations, legal disputes, etc.

Within the framework of its regular business operations, NCC occasionally becomes a party to legal disputes. In such cases, an assessment is made of NCC's obligations and the probability of a negative outcome for NCC. NCC's assessment is made on the basis of the information and knowledge currently possessed by the company. In several cases, these are difficult assessments and the final outcome could differ from the conclusion currently made.

NOTE 2 | DISTRIBUTION OF NET SALES

	Group		Parent Company	
	2009	2008	2009	2008
Construction contracts	31,056	35,979	16,974	18,206
Housing projects	8,996	8,773	4,782	2,998
Aggregates, asphalt, paving and road-service operations	9,600	10,529		
Property projects	1,966	2,054		
Rental revenue	48	76		
Other sales	151	54	29	35
Total	**51,817**	**57,465**	**21,784**	**21,239**
Sales distributed by business segment[1)]				
NCC Construction Sweden			17,002	18,241
NCC Housing			4,782	2,998
Total			**21,784**	**21,239**

1) For the distribution of consolidated sales, refer to Note 3.

NCC's business operations are divided into seven operating segments based on the parts of the organization monitored by the President and CEO, who is the chief operating decision maker. Each operating segment has a president who is responsible for the daily operations and regularly reports on the results of the segment's performance to Group Management. The following segments were identified based on this reporting procedure:

NCC Construction Sweden, Denmark, Finland (not civil engineering operations) and Norway, which construct housing, offices, other buildings, industrial facilities, roads, and other types of infrastructure.

NCC Housing develops and sells housing in selected markets in the Nordic region, Germany, the Baltic countries and St. Petersburg.

NCC Property Development develops and sells commercial properties in defined growth markets in the Nordic and Baltic region.

NCC Roads' core business is the production of aggregates and asphalt, combined with paving operations and road services.

All transactions between the different segments were conducted on a purely commercial basis. With the exception of Swedish pension costs, segment reporting is prepared by applying the same accounting policies as those used in the consolidated financial statements.

NOTE 3 | OPERATING SEGMENTS

	NCC Construction				NCC	NCC	Property	Total	Other and	
GROUP, 2009	Sweden	Denmark	Finland	Norway	Roads	Housing	Development	Segment	eliminations[1)]	Group
External net sales	20,387	3,121	3,745	3,906	9,600	8,995	2,013	51,768	49	51,817
Internal net sales	1,837	199	1,972	159	738	1	2	4,908	–4,908	
Total net sales	22,225	3,321	5,718	4,065	10,338	8,996	2,014	56,676	–4,859	51,817
Depreciation	–160	–27	–22	–25	–308	–10	–3	–554	–19	–573
Impairment losses		–2	–14		–1	–184		–200		–200
Share in associated company profits					–3	1		–2	1	–1
Operating profit/loss	1,031	72	172	140	387	–126	359	2,035	116	2,150
Financial items										–456
Profit after financial items										1,694
Cash flow before financing	1,494	–405	337	–6	263	940	374	2,997	–160	2,837
Assets	8,777	2,101	1,104	2,702	5,213	11,254	3,495	34,646	–4,670	29,976
Capital employed	1,434	617	103	859	2,788	7,653	2,965	16,420	–5,386	11,034

	NCC Construction				NCC	NCC	Property	Total	Other and	
GROUP, 2008	Sweden	Denmark	Finland	Norway	Roads	Housing	Development	Segment	eliminations[1)]	Group
External net sales	21,446	3,335	4,378	6,435	10,529	8,773	2,130	57,026	439	57,465
Internal net sales	3,166	744	2,709	501	789	1	2	7,911	–7,911	
Total net sales	24,612	4,079	7,087	6,936	11,317	8,773	2,133	64,937	–7,472	57,465
Depreciation	–151	–34	–21	–28	–299	–9	–3	–544	–25	–568
Impairment losses	–1				–26	–520		–546	–68	–614
Share in associated company profits					5		4	9		9
Operating profit/loss	1,154	119	254	224	446	–660	735	2,272	–53	2,220
Financial items										166
Profit after financial items										2,386
Cash flow before financing	1,477	300	67	34	–289	–1,512	–295	–218	40	–178
Assets	9,845	2,262	1,632	3,120	5,430	14,175	4,625	41,090	–4,843	36,247
Capital employed	2,101	583	141	778	2,695	8,698	3,200	18,197	–5,741	12,456

1) This heading includes:

	2009		2008	
	External net sales	Operating profit/loss	External net sales	Operating profit/loss
NCC's Head office, results from minor subsidiaries and associated companies, the remaining portions of NCC International	49	–134[2)]	439	–158
Eliminations of inter-company gains and sales-rate eliminations		133		–91
Other Group adjustments (essentially comprising the differences in accounting policies pertaining to Swedish pensions between the segments and the Group)		117		196
	49	**116**	**439**	**–53**

2) This amount includes competition-impeding damages of SEK 50 M and a gain of SEK 70 M from the settlement of a project from the divested business areas NCC International Projects.

Geographical areas

	External net sales		Operating profit[1)]	
	2009	2008	2009	2008
Sweden	28,793	29,844	1,802	1,799
Finland	7,521	8,317	289	316
Norway	5,914	8,378	761	677
Denmark	6,159	6,808	1,452	1,613
Other countries	3,430	4,118	122	159
Total	**51,817**	**57,465**	**4,426**	**4,564**

1) Pertains to fixed assets that are not financial instruments, deferred tax assets, assets pertaining to post employment benefits and rights arising in accordance with insurance agreements.

Investments and sales

	2009	2008
NCC Housing		
Investments in fixed assets	17	7
Investments in housing projects	1,262	5,010
Housing projects	8,363	11,377
NCC Property Development		
Property investments	1,054	2,210
Property sales	1,992	2,332

NOTE 4 | AVERAGE NUMBER OF EMPLOYEES

	2009		2008	
	No. of employees	of whom, men	No. of employees	of whom, men
Parent Company				
Sweden	7,259	6,690	7,821	7,166
Subsidiaries				
Sweden	2,784	2,596	2,930	2,601
Denmark	2,295	1,951	2,878	2,491
Estonia	46	39	58	49
Finland	2,475	2,025	2,849	2,414
Latvia	87	75	160	138
Lithuania	84	67	133	107
Norway	1,790	1,645	2,032	1,849
Poland	2	1	46	40
Russia	198	143	190	133
Germany	692	566	774	630
Other countries	33	29	71	61
Total in subsidiaries	**10,486**	**9,137**	**12,121**	**10,513**
Group total	**17,745**	**15,827**	**19,942**	**17,679**

Percentage of women, %	2009	2008
Distribution of company management by gender		
Group total, including subsidiaries		
– Boards of Directors	22.9	16.6
– Other senior executives	18.1	16.4
Parent Company		
– Board of Directors	22.2	22.2
– Other senior executives	16.7	23.1

NOTE 5 | PERSONNEL EXPENSES

Wages, salaries and other remuneration distributed by members of the Board and senior executives and other employees

	2009			2008		
	Board of Directors and other senior executives (of which, bonus)	Other employees	Total	Board of Directors and other senior executives (of which, bonus)	Other employees	Total
Parent Company						
Sweden	30	3,012	3,042	20	3,153	3,173
Total in Parent Company	**30**	**3,012**	**3,042**	**20**	**3,153**	**3,173**
	(8.0)			(0.5)		
Social security expenses			1,468			1,501
– of which, pension costs	12	336	348	9	349	358
Pension commitments	51			50		
Group total	**223**	**8,316**	**8,539**	**226**	**8,818**	**9,044**
	(33.2)			(34.5)		
Social security expenses			2,631			2,574
– of which, pension costs			833			804
Pension commitments	81			74		

The Board of Directors and senior executives category comprises 13 people (13) in the Parent Company and 171 (168) in the Group.

Sickness absence

The below figures concerning sickness absence pertain to the NCC Group's Swedish operations.

	Group		Parent Company	
%	2009	2008	2009	2008
Total sickness absence as a percentage or ordinary working time	3.4	3.6	3.7	3.8
Percentage of total sickness absence accounted for by uninterrupted sickness absence of 60 days or more	44.7	45.5	44.1	44.4
Sickness absence by gender:				
Men	3.6	3.8	3.8	3.9
Women	2.3	2.3	2.3	2.2
Sickness absence by age category:				
29 years or younger	3.5	3.3	3.6	3.3
Between 30 and 49 years	2.5	2.6	2.6	2.7
50 years or older	4.5	4.9	4.7	5.0

Senior executives' employment conditions and remuneration

The Chairman of the Board and other Board members elected by the Annual General Meeting receive director fees in an amount resolved by the Annual General Meeting. No pensions are paid to Board members. No special fee is paid to the Nomination Committee.

Remuneration for the CEO is proposed by the Chairman of the Board and decided by the Board. Remuneration for other senior executives in Group Management is proposed by the CEO and approved by the Chairman of the Board.

Remuneration for the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pensions. The term "other senior executives" pertains to the senior executives who, together with the CEO, constitute Group Management, as well as those senior executives who are not members of Group Management but who report directly to the CEO. At the start of 2009, there were 12 such executives and at year end there were 11, of whom six were employed by the Parent Company and five by subsidiaries.

Variable remuneration

The maximum variable remuneration payable to CEO Olle Ehrlén in 2009 amounted to 50 percent of his basic salary. The variable remuneration was based on financial targets established by the Board. The amounts expensed for 2009 corresponded to 50 percent of his fixed annual salary, meaning SEK 3,090,000 (0). Variable remuneration for other senior executives in 2009 corresponded to 35 to 50 percent of basic salary based on financial targets. The provision posted for variable remuneration payments to other senior executives during 2009 corresponded to 26 to 50 percent (0–45) of basic salary.

NOTE 5 | cont. PERSONNEL EXPENSES

Remuneration and other benefits in 2009

SEK 000s	Total salary, remuneration and benefits	of which, benefits	of which, variable remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	575				
Deputy Chairman of the Board Fredrik Lundberg	460				
Member of the Board Ulf Holmlund	375				
Member of the Board Antonia Ax:son Johnson	375				
Member of the Board Ulla Litzén	375				
Member of the Board Marcus Storch	375				
President and CEO Olle Ehrlén	9,417	65	3,090	7,980	23,053
Other senior executives employed by NCC AB (7 people)[1]	18,356	166	4,940	4,448	7,771
Total Parent Company	**30,308**	**231**	**8,030**	**12,428**	**30,824**
Other senior executives employed by subsidiaries (5 people)	21,619	596	5,364	3,809	6,058
Total senior executives	**51,927**	**827**	**13,394**	**16,237**	**36,882**

Remuneration and other benefits in 2008

SEK 000s	Total salary, remuneration and benefits[3]	of which, benefits	of which, variable remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	555				
Deputy Chairman of the Board Fredrik Lundberg	444				
Member of the Board Ulf Holmlund	362				
Member of the Board Antonia Ax:son Johnson	362				
Member of the Board Ulla Litzén[2]	275				
Member of the Board Anders Rydin[2]	87				
Member of the Board Marcus Storch	362				
President and CEO Olle Ehrlén	6,743	66		4,356	15,891
Other senior executives employed by NCC AB (6 people)	11,244	131	516	4,991	11,248
Total Parent Company	**20,434**	**197**	**516**	**9,347**	**27,139**
Other senior executives employed by subsidiaries (6 people)	20,348	399	2,818	4,400	2,488
Total senior executives	**40,782**	**596**	**3,334**	**13,747**	**29,627**

1) The number of senior executives in the Parent Company in 2009 was seven until September, and subsequently six.
2) Ulla Litzén was elected and Anders Rydin declined re-election at the Annual General Meeting on April 8, 2008.
3) The director fees were raised in accordance with a resolution of the 2008 Annual General Meeting. Amounts in the table have been subject to accrual accounting.

Remuneration and benefits pertain to vacation compensation, reduced working hours and company cars. Variable remuneration pertains to the amounts expensed during the particular fiscal year.

Pension conditions for the President

NCC's CEO Olle Ehrlén is covered by a defined benefit ITP plan with a contracted retirement age of 65. In additon, Olle Ehrlén is also covered by a defined benefit pension agreement originating from the period prior to him becoming CEO. In connection with Ehrlén taking office as CEO, a supplementary agreement was reached under which remaining costs for these previous agreements would be limited to a certain amount.

This entails that Olle Ehrlén will receive an old-age pension between the ages of 60 and 65 corresponding to aproximately 50 percent of fixed salary in 2009 and – excluding ITP – from the age of 65 corresponding to aproximately 10 percent of this salary. In 2009, the final provision for these commitments was posted, which resulted in an elevated pension cost for 2009 compared with 2008. The commitments are secured with NCC's pension foundation.

From age 60, meaning November 2009, the company pays a defined contribution pension premium corresponding to 30 percent of fixed salary. To this must be added ITP fees, which in connection with retirement prior to 65 years will be paid definitely on a single occasion, as well as indexing of the aforementioned defined benefit commitments to safeguard value, etc.

Pension conditions for other senior executives

Other senior executives employed in Sweden are covered by a defined-benefit ITP plan with a retirement age of 65. In addition, five senior executives are encompassed by a supplementary pension plan with retirement ages of 60 or 62. The supplementary pension plan is paid until the age of 65, and has a target pension of 70 percent of pensionable salary. Pensionable salary is defined as the senior executive's average fixed salary over a vesting period of at least ten years. The earned benefit is vested and secured in a pension foundation. The company has undertaken to pay the ITP plan in full on the condition that the senior executive remains in service until the agreed age of retirement. Two senior executives, who are not part of the aforementioned supplementary pension plan, are encompassed by a defined contribution pension commitment totaling 30 percent of fixed salary, less pension costs for the defined benefit ITP plan. For other senior executives employed outside Sweden, the various pension conditions in those countries of employment will apply.

Severance pay

NCC and Olle Ehrlén are subject to a mutual period of notice of employment termination of six months. Olle Ehrlén will not receive any severance pay. Other senior executives are normally subject to 12 months' notice from NCC, or six months' notice if the senior executive resigns of his/her own accord. Other senior executives are normally entitled to 12 months of severance pay, in one case 18 months, if their employment is terminated by NCC. Remuneration will be reduced by an amount corresponding to any remuneration received from a new employer or own business. During the period of notice, senior executives may not take up a new position with another employer or conduct their own business activities without NCC's written consent.

NOTE 6 | DEPRECIATION/AMORTIZATION

	Group		Parent Company	
	2009	2008	2009	2008
Other intangible assets	–21	–25		–1
Owner-occupied properties	–34	–43	–7	–7
Machinery and equipment[1]	–519	–500	–69	–58
Total depreciation/amortization	**–573**	**–568**	**–75**	**–65**

1) Of which, depreciation for leased equipment in the Group amounts to 67 (71).

NOTE 7 | FEES AND REMUNERATION TO AUDITORS AND AUDIT FIRMS

	Group		Parent Company	
	2009	2008	2009	2008
Audit firms				
PricewaterhouseCoopers				
Auditing assignments	15	13	5	3
Other assignments	3	2	1	1
Other auditors				
Auditing assignments	1	1		
Other assignments		3		
Total fees and remuneration to auditors and audit firms	**20**	**19**	**6**	**4**

Auditing assignments are defined as examinations of the Annual Report and financial statements, as well as of the administration of the Board of Directors and President, other duties that the Company's auditors are obliged to conduct and advice or other assistance required due to observations made during such examinations or during the performance of such other duties. All other work is defined as other assignments.

NOTE 8 | RESULT FROM PROPERTY MANAGEMENT

GROUP	2009	2008
Rental revenues	1	1
Operation and maintenance costs	–	–1
Operating net	**1**	**0**

NOTE 9 | RESULT FROM SALES OF PROPERTIES

	Owner-occupied properties	
GROUP	2009	2008
Sales value	17	56
Carrying amount	–7	–41
Total	**10**	**15**

	Owner-occupied properties	
PARENT COMPANY	2009	2008
Sales value	3	17
Carrying amount		–11
Total	**3**	**6**

NOTE 10 | IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

	Group		Parent Company	
	2009	2008	2009	2008
Production costs				
Housing projects	–192	–537	–18	–98
Result from participations in associated companies				
Associated companies				–1
Financial expenses				
Other securities	–2	–1		
Result from participations in subsidiaries				
Shares in subsidiaries			–49	–260
Impairment loss and reversal of impairment losses, fixed assets				
Managed properties		–8		
Owner-occupied properties	–6	–33		
Machinery and equipment	–1	–3[1]		
Goodwill within NCC Housing[2]		–32		
Total	**–200**	**–614**	**–67**	**–359**

Impairment losses have been reported under the following headings in the income statement

	Group		Parent Company	
	2009	2008	2009	2008
Production costs	–192	–537	–18	–98
Impairment loss, fixed assets	–7	–76		
Result from participations in associated companies				–1
Financial expenses	–2	–1		
Result from participations in Group companies			–49	–260
Total	**–200**	**–614**	**–67**	**–359**

1) Impairment losses are defined as the recognized net amount of impairment losses and reversed impairment losses.

2) Goodwill impairment; refer also to Note 21.

NOTE 11 | RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

	Group		Parent Company	
	2009	2008	2009	2008
Dividend			2,901	1,593
Capital gain/loss on sale	5	8	–1	23
Impairment losses			–49	–266
Reversal of impairment losses				6
Total	**5**	**8**	**2,851**	**1,356**

NOTE 12 | RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

	2009	2008		
GROUP	Other	Property operations	Other	Total
Participation in results of associated companies after taxes	4	3	3	6
Capital gains/losses on sales	–5	1	2	3
Total	**–1**	**4**	**5**	**9**

PARENT COMPANY	2009	2008
Dividends from associated companies and earnings in partnerships and limited partnerships	24	–4
Impairment losses		–1
Total	**24**	**–5**

NOTE 13 | OPERATING EXPENSES

GROUP	2009	2008
Change in inventories	110	–150
Personnel expenses	11,183	11,619
Depreciation/amortization	573	568
Impairment losses	200	614
Reversal of impairment losses		–1
Total	**12,066**	**12,652**

Purchases of production-related goods and services, as well as raw materials and supplies, are recognized as production costs.

NOTE 14 | RESULT FROM OTHER FINANCIAL FIXED ASSETS

PARENT COMPANY	2009	2008
Capital gains on sales	1	
Total	**1**	**0**

NOTE 15 | RESULT FROM FINANCIAL CURRENT ASSETS

PARENT COMPANY	2009	2008
Interest income, Group companies	57	103
Interest income, others	11	10
Premium income	140	
Exchange-rate differences	15	–65
Total	**223**	**48**

NOTE 16 | INTEREST EXPENSE AND SIMILAR INCOME STATEMENT ITEMS

PARENT COMPANY	2009	2008
Interest expense, Group companies	–92	–72
Interest expense, others	–276	–135
Exchange-rate differences	17	–201
Other financial items	3	3
Total	**–348**	**–405**

NOTE 17 | NET FINANCIAL ITEMS

GROUP	2009	2008
Interest income on financial assets held for resale	34	55
Interest income on non-impaired investments held to maturity	11	12
Interest income on non-impaired loans and accounts receivable	11	17
Interest income on bank balances	6	17
Net profit on available-for-sale financial assets[1]	2	493
Net profit on financial assets/liabilities held for resale		8
Net exchange-rate changes		5
Other financial income	7	8
Financial income	**70**	**615**
Interest expense on financial liabilities recognized at accrued acquisition value	–468	–420
Interest expense on financial liabilities held for resale	–5	
Net loss on financial assets/liabilities held for resale	–7	–2
Impairment loss on financial investments	–2	–1
Net exchange-rate changes	–5	
Other financial expenses	–39	–26
Financial expense	**–526**	**–449**
Net financial items	**–456**	**166**
Of which, changes in value calculated using valuation techniques	–7	11

1) Gain on the sale of NCC's share in AWSA in 2008.

Interest expense was capitalized in the amount of SEK 7 M, for which an interest rate of 2.6 percent was used to determine the amount.

NOTE 18 | EFFECTS ON INCOME STATEMENT OF EXCHANGE-RATE CHANGES

GROUP	2009 Exchange rates 2008[1]	2009	Exchange-rate effect
Net sales	49,980	51,817	1,837
Operating profit	2,117	2,150	33
Profit after financial items	1,693	1,694	1
Net profit for the year	1,270	1,262	–8

1) Figures for 2009 converted at 2008 exchange rates.

			Average exchange rate Jan–Dec		Year-end rate Dec 31	
Country	SEK	Currency	2009	2008	2009	2008
Denmark	100	DKK	142.65	128.95	138.72	146.73
EU	1	EUR	10.62	9.61	10.32	10.93
Norway	100	NOK	121.61	117.04	123.88	110.56
Poland	1	PLN	2.46	2.74	2.50	2.64
US	1	USD	7.65	6.59	7.19	7.70

NOTE 19 | EARNINGS PER SHARE

GROUP, SEK M	2009 Before dilution	2009 After dilution	2008 Before dilution	2008 After dilution
Earnings per share	11.63	11.63	16.69	16.69

The numerator and denominators used in the accompanying calculation of earnings per share were calculated in the manner shown below.

SEK M	2009 Before dilution	2009 After dilution	2008 Before dilution	2008 After dilution
Net profit for the year attributable to Parent Company shareholders	1,261	1,261	1,809	1,809
Weighted average number of shares outstanding				
Thousands of shares				
Total number of shares, January 1	108,415	108,436	108,415	108,436
Total number of shares, December 31	108,415	108,436	108,415	108,436
Weighted average number of shares for the year	108,415	108,436	108,415	108,436

NOTE 20 | APPROPRIATIONS AND UNTAXED RESERVES

PARENT COMPANY	Appropriations 2009	Appropriations 2008	Untaxed reserves 2009	Untaxed reserves 2008
Accumulated depreciation in excess of plan				
– machinery and equipment	4	–6	32	36
Reserve in work in progress	46	–67	481	527
Total	**50**	**–73**	**513**	

NOTE 21 | INTANGIBLE ASSETS

2009	Group: Goodwill	Group: Acquired intangible assets – Usufructs	Group: Acquired intangible assets – Other	Group: Internally developed intangible assets	Group: Total other	Parent Company: Other
Recognized acquisition value on January 1	**2,134**	**170**	**92**	**23**	**284**	**4**
Investments		5	16		21	
Divestment and scrappage		–1	–30		–32	
Reclassifications	–1					
Translation difference during the year	–28	–2	–5		–7	
Recognized acquisition value on December 31	**2,105**	**171**	**73**	**23**	**267**	**4**
Accumulated amortization on January 1	**0**	**–68**	**–60**	**–21**	**–150**	**–4**
Divestment and scrappage		1	23		24	
Reclassifications			–5		–5	
Translation difference during the year		1	3		5	
Amortization according to plan during the year		–12	–7	–2	–21	
Accumulated amortization on December 31	**0**	**–77**	**–46**	**–23**	**–145**	**–4**
Accumulated impairment losses on January 1	**–361**	**–2**	**–12**		**–13**	
Divestment and scrappage			8		8	
Reclassifications			5		5	
Translation differences during the year	5					
Accumulated impairment losses on December 31	**–355**	**–2**			**–1**	
Residual value on January 1	**1,772**	**100**	**20**	**2**	**122**	**0**
Residual value on December 31	**1,750**	**92**	**28**	**0**	**120**	**0**

NOTE 21 | cont. INTANGIBLE ASSETS

2008	Group					Parent Company
		Acquired intangible assets				
	Goodwill	Usufructs	Other	Internally developed intangible assets	Total other	Other
Recognized acquisition value on January 1	**1,954**	**130**	**69**	**28**	**227**	**4**
Investments	40	37	9		47	
Divestment and scrappage		–6	3	–5	–8	
Translation difference during the year	140	9	11		20	
Recognized acquisition value on December 31	**2,134**	**170**	**92**	**23**	**284**	**4**
Accumulated depreciation on January 1	**0**	**–52**	**–40**	**–15**	**–107**	**–3**
Divestment and scrappage		2			2	
Through sold companies			2		2	
Reclassifications		1	–10		–9	
Translation difference during the year		–5	–8		–13	
Depreciation according to plan during the year		–14	–5	–6	–25	–1
Accumulated depreciation on December 31	**0**	**–68**	**–60**	**–21**	**–150**	**–4**
Accumulated impairment losses on January 1	**–303**	**–2**	**–22**		**–24**	
Reclassifications			10		10	
Translation differences during the year	–25					
Impairment losses during the year	–32					
Accumulated impairment losses on December 31	**–361**	**–2**	**–12**		**–13**	
Residual value on January 1	**1,651**	**76**	**7**	**13**	**96**	**1**
Residual value on December 31	**1,772**	**100**	**20**	**2**	**122**	**0**

Impairment testing of goodwill in cash-generating units

Goodwill totaling SEK 1,750 M is included in NCC's balance sheet. The item is distributed as follows among NCC's business areas:

Unit	2009	2008
NCC Construction	610	619
NCC Roads	1,118	1,132
NCC Housing	22	22
NCC Group	**1,750**	**1,772**

Impairment testing has been conducted by discounting future cash flow after tax and thus calculating their value in use. The future cash flow has been calculated using the following method:

Unless another course of action arises from discussions with the management of the various cash-generating units, a five-year forecast has been prepared. This forecast is based on the assumption that sales will grow at a sustainable rate of 1.5 percent (1.5) based on the figures for 2009, that tied-up working capital will be the same as in 2009 and that the future margins will be the average of those for the most recent three years.

However, in certain cases, future market prospects are not the same as the historical ones. In these cases, sales, margin and capital requirements have been adjusted based on a five-year business plan produced by the local management of the cash-generating unit.

Important variables:

Sales: The general socioeconomic trend, the investment plans of other industries, public finances and investment plans, monetary policy and the interest rate trend, local market conditions and the price trend.

Operating expenses: Anticipated wage trends, the cost trend for building materials and at the subcontractor level (mainly applies to NCC's construction units), bitumen and energy prices (mainly applies to NCC Roads) and ongoing internal action programs to boost operational efficiency.

Capital requirements: NCC's construction units often apply pre-invoicing, which means that increased sales do not result in an increased need for working capital. However, NCC Housing, which develops housing, has a need for working capital that is determined by the forthcoming production and sales rate for new projects. A constant production rate and reduced sales increase capital requirements. NCC Roads' operations mainly tie up capital in gravel and rock pits, asphalt plants and machinery. The need to reinvest in order to maintain capacity is largely determined by the future capacity utilization rate.

The cash flow that is forecast after five years is based on a sustainable growth rate in terms of both revenues and costs, and a constant capital turnover.

Subsequently, the cash flow is discounted using a weighted capital cost, for which the required return on shareholders' equity is calculated in accordance with the Capital Asset Pricing Model and the interest on net indebtedness is calculated in accordance with the market cost of NCC's borrowing.

NOTE 21 | cont. INTANGIBLE ASSETS

Assumptions regarding required return:
Risk-free interest rate: Ten-year treasury bond, or similar financial investment offering the lowest possible risk.

The market's risk premium: 4.5 percent (4.5).

Beta: Since the trend in the construction industry largely tracks the general socioeconomic trend, the beta has been set at one (1).

Interest expense: In accordance with NCC's cost for borrowing with a five-year duration.

Tax rate: Based on the tax rate prevailing in the various countries.

Debt/equity ratio: Company management's estimate of reasonable indebtedness based on a balance sheet with no goodwill. This is in accordance with NCC's internal governance concerning the indebtedness of units.

Based on the above assumptions, the required return after tax varies between the cash-generating units, depending on the level of indebtedness and the total value in use, although the return requirement for the NCC Group corresponds to 7.8 percent.

Other intangible assets
Usufructs include the right to use gravel and rock pits for a determinate period. The periods vary but the rights normally pertain to long periods.

Amortization occurs in pace with confirmed depletion of net asset value, based on the volume of extracted rock and gravel.

The other intangible assets consist mainly of software and licenses. The periods of use range from three to five years and amortization is posted on a straight-line basis.

Depreciation is included in the following lines in the income statement

	Group		Parent Company	
	2009	2008	2009	2008
Production costs	–14	–17		
Selling and administrative costs	–7	–8		–1
Total	**–21**	**–25**	**0**	**–1**

Impairment losses are included in the following lines in the income statement

	Group		Parent Company	
	2009	2008	2009	2008
Total on line Impairment of fixed assets	–7	–76		
of which, impairment of goodwill, based on the above		–32		

NOTE 22 | TANGIBLE FIXED ASSETS

2009	Group: Owner-occupied properties	Group: Construction in progress	Group: Machinery and equipment	Group: Total	Parent Company: Owner-occupied properties	Parent Company: Machinery and equipment	Parent Company: Total
Recognized acquisition value on January 1	**1,384**	**6**	**6,185**	**7,575**	**178**	**478**	**656**
Investments	35	4	517	556	5	82	87
Increase through acquisitions	2			2			
Transfer within NCC Group						–22	–22
Divestment and scrappage	–36		–421	–457		–33	–33
Decrease through sales of companies			–6	–6			
Reclassifications	7	–7	31	32			
Translation difference during the year	–21		–16	–37			
Recognized acquisition value on December 31	**1,370**	**3**	**6,291**	**7,664**	**183**	**504**	**687**
Accumulated impairment losses and depreciation on January 1	**–708**		**–4,210**	**–4,919**	**–65**	**–303**	**–368**
Transfer within NCC Group						7	7
Divestment and scrappage	10		351	360		31	31
Decrease through sales of companies			2	2			
Reclassifications	–1		–22	–23			
Translation difference during the year	13		18	31			
Impairment losses during the year[1)]	–6		–1	–7			
Depreciation during the year	–34		–519	–553	–7	–69	–75
Accumulated impairment losses and depreciation on December 31[2)]	**–726**		**–4,381**	**–5,108**	**–71**	**–333**	**–404**
Residual value on January 1	**676**	**6**	**1,975**	**2,657**	**113**	**175**	**288**
Residual value on December 31	**644**	**3**	**1,910**	**2,556**	**112**	**171**	**283**
Carrying amount of financial lease			**209**	**209**			
Tax assessment value of fixed assets in Sweden							
– Buildings	198			198	41		41
– Land	187			187	16		16
Carrying amount of fixed assets in Sweden assigned tax assessment value	**241**			**241**	**112**		**112**

1) Impairment losses on owner-occupied properties are included on the line "Impairment losses" in the income statement. Impairment losses on machinery and equipment are included on the line "Production costs."

	Owner-occupied properties	Construction in progress	Machinery and equipment	Total
2) Accumulated impairment losses at year-end	–121		–100	–221

NOTE 22 | cont. TANGIBLE FIXED ASSETS

2008	Group				Parent Company		
	Owner-occupied properties	Construction in progress	Machinery and equipment	Total	Owner-occupied properties	Machinery and equipment	Total
Recognized acquisition value on January 1	**1,226**	**1**	**5,970**	**7,198**	**177**	**469**	**646**
Investments	99	2	766	867		96	96
Increase through acquisitions	5		13	18			
Transfer within NCC Group						–65	–65
Divestment and scrappage	–32		–599	–631		–22	–22
Decrease through sales of companies	–10			–10			
Reclassifications	11	3	–197	–183			
Translation difference during the year	86		231	317			
Recognized acquisition value on December 31	**1,385**	**6**	**6,185**	**7,576**	**178**	**478**	**656**
Accumulated impairment losses and depreciation on January 1	**–587**		**–4,196**	**–4,783**	**–58**	**–288**	**–346**
Transfer within NCC Group						35	35
Divestment and scrappage	2		481	483		8	8
Decrease through sales of companies			–2	–2			
Reclassifications	–4		178	174			
Translation difference during the year	–43		–168	–211			
Reversed impairment	1			1			
Impairment losses during the year[1)]	–34		–3	–37			
Depreciation during the year	–43		–500	–543	–7	–58	–65
Accumulated impairment losses and depreciation on December 31[2)]	**–708**		**–4,210**	**–4,919**	**–65**	**–303**	**–368**
Residual value on January 1	**640**	**1**	**1,774**	**2,415**	**119**	**181**	**300**
Residual value on December 31	**676**	**6**	**1,975**	**2,657**	**113**	**175**	**288**
Carrying amount of financial lease			**232**	**232**			
Tax assessment value of fixed assets in Sweden							
– Buildings	168			168	14		14
– Land	180			180	12		12
Carrying amount of fixed assets in Sweden assigned tax assessment value	**239**			**239**	**113**		**113**

1) Impairment losses on owner-occupied properties are included on the line "Impairment losses" in the income statement. Impairment losses on machinery and equipment are included on the line "Production costs."

2) Accumulated impairment losses at year-end	–125		–112	–238

Depreciation is included on the following lines in the income statement:

Parent Company	2009	2008
Production costs	53	42
Selling and administrative costs	23	23
Total depreciation in the income statement	**75**	**65**

NOTE 23 | MANAGED PROPERTIES

GROUP	2009	2008
Fair value on January 1	**12**	**21**
Investment in properties		11
Reclassifications	–1	
Revaluation effect during the year		–8
Capital gains/losses on sales	–12	6
Sales revenue, divested properties		–17
Fair value on December 31	**0**	**12**
Tax assessment value of managed properties in Sweden		
– Buildings		6
– Land		1

Managed properties are recognized in accordance with the fair value method. No managed properties existed at year-end 2009. For information about the effect of managed properties on net profit for the period, refer to Notes 8 and 9.

NOTE 24 | PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Ownership, share, %[1]	No. of part-icipations[2]	Carrying amount 2009	Carrying amount 2008
Real estate companies:				
NCC Property Development BV, 33.213.877, the Netherlands	93		4	4
NCC Property Development Nordic AB, 556743-6232, Solna	100	1	960	960
Total participations in real estate companies			**964**	**964**
Other companies:				
Allmänna El Motala AB, 556145-1856, Solna	100	1		
Alsike Utvecklings AB, 556245-9452, Uppsala	100	16	2	2
Anjo Bygg AB, 556317-8515, Halmstad	100	9	43	33
Bergnäsets Ställningsmontage i Luleå AB, 556393-2838, Luleå	100	1	2	2
Boendeutveckling i Ursvik AB, 556718-5961, Solna				135
Däldehög AB, 556268-5700, Gothenburg	100	9	41	41
Eeg-Henriksen AB, 556399-2642, Stockholm	100	5	1	1
Ekängens Handelsträdgård AB, 556188-6903, Linköping	100	1	4	4
Elpolerna i Malmö AB, 556720-5934, Malmö	80	1		
Frösunda Exploaterings AB, 556430-1876, Solna	100	1		
Frösunda Exploaterings KB, 916636-6451, Stockholm	98[3]		1	1
Fågelbro Mark AB, 556234-0868, Stockholm	100	200	30	34
Förseglet Fastighets AB, 556681-8935, Stockholm				2
Hercules Grundläggning AB, 556129-9800, Stockholm	100	196	59	59
JCC Johnson Construction Company AB, 556113-5251, Solna	100	1		
Kungsplattan AB, 556713-0850, Solna	100	1	1	2
Kvarntorget Bostad AB, 556729-8541, Uppsala	100	1		
Lava Leasing AB, 556308-2139, Solna				2
Luzern, AB, 556336-4727, Lund	100	1	3	3
Marielund 1:7 AB, 556522-7369, Stockholm	100	1	6	6
Mälarstadens Exploaterings AB, 556336-2135, Södertälje	100	1		
NCC Bau & Holding GmbH, FB-nr 201178a, Austria	100			
NCC Beckomberga nr 1 AB, 556617-6243, Stockholm	100	1	1	1
NCC Boende AB, 556726-4121, Solna	100			
NCC Boende Holding 1 AB, 556761-3459, Solna	100	1		
NCC Boende Holding 2 AB, 556795-2089, Solna	100	1		
NCC Bolig AS, 980 390 020, Norway	100		45	
NCC Construction Danmark A/S, 69 89 40 11, Denmark	100	400	115	115
NCC Construction Norway AS, 911 274 426, Norway	100	17,500	160	160
NCC Construction Sverige AB, 556613-4929, Solna	100	500	50	50
NCC Deutschland GmbH, HRB 8906 FF, Germany	100		410	410
NCC Försäkrings AB, 516401-8151, Solna	100	500	78	78
NCC Industries AB, 556001-8276, Stockholm	100	15	22	22

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Ownership, share, %[1]	No. of part-icipations[2]	Carrying amount 2009	Carrying amount 2008
NCC International AB, 556033-5100, Solna	100	1 000	258	258
NCC International Danmark A/S, 26 70 86 21, Denmark	100	300		
NCC Knallen Stockholm AB, 556716-8637, Stockholm	100	1		
NCC Komponent AB, 556627-4360, Solna	100	1	4	4
NCC Leasing Alfa AB, 556522-7724, Solna	100	1		
NCC Nordic Construction Company AB, 556065-8949, Solna	100	3,809	1,018	1,018
NCC Polska Sp. Z.o.o., KRS20513, Poland	100	665		
NCC Purchasing Group AB, 556104-9932, Stockholm	100	2	1	1
NCC Rakennus Oy, 1765514-2, Finland	100	4	391	391
NCC Reinsurance AG, CH-0203003243-9, Switzerland	100	3	35	78
NCC Roads Holding AB, 556144-6732, Solna	100	275	1,633	1,633
NCC Seminariet i Uppsala AB, 556698-6823, Solna				4
NCC Södra Ekkällan AB, 556679-8780, Solna	100	1	1	1
NCC Treasury AB, 556030-7091, Solna	100	120	16	17
NCC Zinkensdamm AB, 556716-8652, Stockholm	100	1		
Nils P Lundh, AB, 556062-7795, Solna	100	1		
Norrströmstunneln AB, 556733-7034, Solna	100	1		
Nybergs Entreprenad AB, 556222-1845, Gotland	100	10	11	11
Portalgatan Förvaltnings AB, 556385-9296, Uppsala	100		3	3
Siab Investment AB, 556495-9079, Stockholm	100	1		
Sintrabergen Holding AB, 556498-1248, Stockholm	100	3		
Ställningsmontage och Industritjänst i Södra Norrland AB, 556195-2226, Solna	100	2	1	1
Svelali AB, 556622-7517, Halmstad	100	1		
Svenska Industribyggen AB, 556087-2508, Stockholm	100	1		
Söderby Park Fastigheter HB, 916630-4817, Stockholm	100		10	10
Södertäljebyggare Exploaterings KB, 916635-5900, Södertälje	100	1	1	1
Tipton Ylva AB, 556617-6326, Stockholm	100	1	1	1
Ursvik Sopsug AB, 556764-2334, Sundbyberg	57	1		
Total participations in other companies			**4,458**	**4,595**
Total participations in Group companies			**5,421**	**5,559**

1) The ownership share corresponds to the shareholding.
2) Number of shares in thousands.
3) Remaining 2 percent is owned by Frösunda Exploaterings AB.

Companies for which ownership shares and number of shares have not been specified were divested, merged or liquidated during the year.

Only directly owned subsidiaries are specified. The number of indirectly owned subsidiaries is 150 (153). A complete specification is available on NCC's website www.ncc.info or may be ordered from NCC AB.

NOTE 25 | PARTICIPATIONS IN ASSOCIATED COMPANIES CONSOLIDATED IN ACCORDANCE WITH THE EQUITY METHOD

GROUP	2009	2008
Carrying amount on January 1	10	25
Acquisition of associated companies		1
Divestment of associated companies	–1	–5
Share in associated company profits[1]		–11
Reclassifications		–1
Translation difference		1
Carrying amount on December 31	**9**	**10**

[1] Share in the associated companies' profit after taxes and minority interests in the associated company.

GROUP Name of company, Corp. Reg. No., Registered office	Ownership, share, %[1]	No. of participations[2]	Carrying amount 2009	Carrying amount 2008
Aggder Bygg-Gjennvinning AS, 880 704 532, Norway	50		1	
Asfalt & Maskin, 960 585 593, Norway	50		2	2
Glysisvallen AB, 556315-5125, Hudiksvall	50	1	1	1
Återvinnarna i Sverige AB, 556560-7883, Stockholm	50	10	2	2
Östhammarkrossen KB, 916673-1365, Uppsala	50		2	2
Other NCC-owned associated companies 18 (20)			1	3
Total			9	10

[1] The ownership share corresponds to the proportion of votes for the total number of shares.
[2] Number of shares in thousands.

NOTE 26 | PARTICIPATIONS IN JOINT VENTURES CONSOLIDATED IN ACCORDANCE WITH THE PROPORTIONAL METHOD

The consolidated financial statements include the items below that constitute interests in the joint ventures' revenues, costs, assets and liabilities.

GROUP	2009	2008
Revenues	151	544
Costs	–139	–467
Profit	**12**	**77**
Fixed assets	26	17
Current assets	653	940
Total assets	**679**	**957**
Long-term liabilities	187	213
Current liabilities	347	562
Total liabilities	**534**	**775**
Net assets	**145**	**182**

The joint venture category also includes partly owned contracts, for which NCC has a contractual joint influence together with the other partners.

Specification of joint ventures

GROUP	Shareholding, %
A2 Bau Development Gmbh	50
Arandur OY	33
Bergbyggarna HB i Norr	50
Björnö Mark, KB	50
Bolig Interessentskabet Tuborg Nord	50
C825 Circle Line Project	35
Entreprise 23 konsortiet	50
Eurogate, HB	50

cont.

cont. Specification of joint ventures

GROUP	Shareholding, %
Fastighets AB Strömstaden	32
Granitsoppen AB	50
Granitsoppen, KB	50
Hercules-Trevi Foundations AB	50
Isle of Grain, AF	50
Korsnäs, konsortie	50
Koy Polaris Parkki	30
Koy Polaristontti 2	50
Koy Polaristontti 3	50
Koy Polaristontti 7	50
Langebrokonsortiet - 2 I/S	50
NVB Beckomberga KB	25
NCC Boende Elinegård AB	50
NCC-MJEkonsortie I/S	50
Oraser AB	50
Polaris Business Park Oy	50
PULS Planerad Underhållsservice AB	50
Scania II, konsortie	50
Scanpile AB	50
Skattkärrs Byggnads AB	50
Stora Ursvik KB	50
SWTP Construction OY	33
Tipton Brown AB	33
Ullevi Park 4 i Gbg AB	50
Ullevi Park Holding 4 i Göteborg AB	50
Valtatie OY	50
Vänerbyggen Skattkärrs Byggnads AB & Co KB	50
Öhusen, KB	50

NOTE 27 | PARTICIPATIONS IN ASSOCIATED COMPANIES

Participations in associated companies included in financial fixed assets

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Ownership, share, %[1]	No. of participations[2]	Carrying amount 2009	Carrying amount 2008
Björnö Mark, KB, 916638-1419, Norrtälje	50		2	2
Fastighets AB Strömstaden, 556051-7202, Norrköping	32	2	2	2
PULS Planerad Underhålls Service AB, 556379-1259, Malmö	50	15	8	8
Stora Ursvik KB, 969679-3172, Stockholm	50		110	110
Tipton Brown AB, 556615-8159, Stockholm	33	125	15	15
Återvinnarna i Sverige AB, 556560-7883, Stockholm	50	10	2	2
Other 16 (16)				
Total			139	139

[1] The ownership share corresponds to the proportion of votes for the total number of shares.
[2] Number of shares in thousands.

NOTE 28 | FINANCIAL INVESTMENTS

GROUP	2009	2008
Financial investments classified as fixed assets		
Available-for-sale financial assets		
Shares and participations	29	28
Investments held to maturity		
Interest-bearing securities	174	199
Total	203	227
Short-term investments classified as current assets		
Financial assets that have been fair valued through income statement		
Interest-bearing securities	227	122
Investments held to maturity		
Interest-bearing securities	58	93
Total	286	215
Carrying amount		
Other long-term holdings of securities include:		
Unlisted securities		
Other, unlisted	29	28
Total	29	28

Investments held to maturity had an established interest rate ranging from 1.0 to 5.8 percent, and had due dates ranging from 0.5 to 4.3 years.

NOTE 29 | FINANCIAL FIXED ASSETS

PARENT COMPANY, 2009	Participations in Group companies	Receivables, Group companies	Participations in associated companies and joint ventures	Receivables, associated companies and joint ventures	Other long-term securities	Other long-term receivables	Total
Recognized acquisition value on January 1	**14,235**	**157**	**436**	**47**	**14**	**380**	**15,269**
Assets added		135		99		3	237
Transferred within NCC Group	56						56
Assets removed	–403	–147		–16	–1	–76	–643
Translation difference during the year	17						17
Recognized acquisition value on December 31	**13,904**	**145**	**436**	**130**	**14**	**307**	**14,935**
Accumulated write-ups on January 1	**268**						**268**
Accumulated write-ups on December 31	**268**						**268**
Accumulated impairment losses on January 1	**–8,945**		**–297**	**–1**	**–7**	**–2**	**–9,252**
Transferred within NCC Group	–16						–16
Assets removed	259						259
Reclassifications	–1						–1
Impairment losses during the year	–49						–49
Accumulated impairment losses on December 31	**–8,752**		**–297**	**–1**	**–7**	**–2**	**–9,059**
Residual value on December 31	**5,421**	**145**	**139**	**130**	**6**	**304**	**6,144**

PARENT COMPANY, 2008	Participations in Group companies	Receivables, Group companies	Participations in associated companies and joint ventures	Receivables, associated companies and joint ventures	Other long-term securities	Other long-term receivables	Total
Recognized acquisition value on January 1	**14,380**	**193**	**443**	**44**	**6**	**281**	**15,347**
Assets added	197	147		3	2	101	450
Transferred within NCC Group	–243						–243
Reclassifications		–183	–7		7		–183
Assets removed	–98					–2	–100
Recognized acquisition value on December 31	**14,235**	**157**	**436**	**47**	**14**	**380**	**15,269**
Accumulated write-ups on January 1	**268**						**268**
Accumulated write-ups on December 31	**268**						**268**
Accumulated impairment losses on January 1	**–8,749**		**–303**	**–1**		**–2**	**–9,056**
Transferred within NCC Group	61						61
Assets removed	3						3
Reversal of impairment losses	6						6
Reclassifications			7		–7		
Impairment losses during the year	–266		–1				–267
Accumulated impairment losses on December 31	**–8,945**		**–297**	**–1**	**–7**	**–2**	**–9,252**
Residual value on December 31	**5,559**	**157**	**139**	**46**	**7**	**377**	**6,284**

NOTE 30 | LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

GROUP	2009	2008
Long-term receivables classified as fixed assets		
Receivables from associated companies and joint ventures	67	31
Pension receivable, net[1)]	965	870
Derivatives held for hedging purposes	1	1
Other long-term receivables	229	233
Long-term receivables classified as fixed assets	**1,261**	**1,135**
Other receivables classified as current assets		
Receivables from associated companies and joint ventures	22	33
Receivables from sales of property and housing projects	428	849
Advance payments to suppliers	16	13
Derivatives held for hedging purposes	75	85
Other current receivables	731	634
Other receivables classified as current assets	**1,272**	**1,613**

1) Also refer to Note 38 Pensions.

NOTE 31 | TAX ON NET PROFIT FOR THE YEAR, DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group		Parent Company	
	2009	2008	2009	2008
Tax on net profit for the year				
Current tax cost	–112	–442	–44	–29
Deferred tax cost/revenue	–320	–123	–62	74
Total recognized tax on net profit for the year	**–432**	**–565**	**–106**	**45**

NOTE 31 | cont. TAX ON NET PROFIT FOR THE YEAR, DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group				Parent Company			
	2009		2008		2009		2008	
Effective tax	Tax, %	Profit/Loss	Tax, %	Profit/Loss	Tax, %	Profit/Loss	Tax, %	Profit/Loss
Pretax profit		**1,694**		**2,385**		**3,253**		**1,232**
Tax according to Company's current tax rate	–26	–446	–28	–671	–26	–855	–28	–345
Effect of other tax rates for non-Swedish companies	–4	–61	1	14				
Other non-tax-deductible costs	–3	–52	–6	–146	–1	–40	–5	–62
Non-taxable revenues	12	206	10	240	25	806	39	477
Tax effect resulting from utilization of non-capitalized tax loss carryforwards	–4	–76	–1	–28		–2		
Tax attributable to prior years		1		–10		–5	–2	–20
Changed tax rate			2	42				–4
Other		–4		–5		–11		
Recognized tax	**–25**	**–432**	**–24**	**–565**	**–3**	**–106**	**4**	**45**

Current tax has been calculated on the basis of the nominal tax prevailing in the country concerned. In so far as the tax rate for future years has been amended, that rate is used for calculating deferred tax. In Sweden, the tax rate has been changed from 28.0 percent in 2008 to 26.3 percent in 2009.

Tax items recognized directly in other comprehensive income or against shareholders' equity

	Group		Parent Company	
	2009	2008	2009	2008
Current tax Group contributions received/granted			–59	9
Current tax in hedging instruments	–31	117		
Other	8	36		
Total	**–23**	**153**	**–59**	**9**

Change in deferred tax in temporary differences and tax loss carryforwards

	Group		Parent Company	
	2009	2008	2009	2008
Opening value	**–289**	**–155**	**301**	**227**
Acquisition of subsidiaries	4	–23		
Total recognized tax on net profit for the year	–320	–123	–62	74
Tax items reported directly against other comprehensive income	3	36		
Translation differences	5	1		
Other	4	–24		
Closing acquisition value	**–592**	**–289**	**240**	**301**

	Assets		Liabilities		Net	
GROUP	2009	2008	2009	2008	2009	2008
Tangible fixed assets	54	62			54	62
Financial fixed assets			–1	–1	–1	–1
Non-completed projects			–742	–845	–742	–845
Properties held for future development			–111	–135	–111	–135
Accounts receivable						
Provisions	571	634			571	634
Personnel benefits/pension provisions	10	15	–253	–229	–244	–214
Tax loss carryforwards	54	275			54	275
Other	99	148	–272	–213	–173	–65
Deferred tax asset/tax liability	**788**	**1,134**	**–1,379**	**–1,423**	**–592**	**–289**
Offsetting	–671	–931	671	931		
Net deferred tax asset/tax liability	**117**	**203**	**–710**	**–492**	**–592**	**–289**

	Assets		Liabilities		Net	
PARENT COMPANY	2009	2008	2009	2008	2009	2008
Provisions	238	230			238	230
Personnel benefits/pension provisions	5	7			5	7
Other		50	–4		–4	50
Deferred tax liability		14				14
Deferred tax asset/tax liability	**244**	**301**	**–4**		**240**	**301**
Offsetting	–4		4			
Net deferred tax asset/tax liability	**240**	**301**	**0**	**0**	**240**	**301**

Temporary differences between the carrying amount and the taxable value of directly owned participations do not normally arise for participations held as business assets in Swedish companies. Nor is this the case for the participations owned by NCC companies in other countries.

Within the Group, there are also non-capitalized tax loss carryforwards corresponding to SEK 0.5 billion (0.4). These mainly derive from operations conducted outside Sweden, primarily in Germany.

NOTE 32 | PROPERTIES CLASSED AS CURRENT ASSETS

GROUP, 2009	Properties held for future development	Ongoing property projects	Completed property projects	Total property development projects[2]	Properties held for future development, housing	Unsold ongoing proprietary housing	Unsold completed housing	Total housing projects[3]	Total
Recognized acquisition value on January 1	**1,981**	**1,296**	**234**	**3,511**	**7,626**	**1,891**	**2,474**	**11,991**	**15,502**
Investments	176	785	17	978	887	358	126	1,371	2,349
Divestment and scrappage	–27	–1,157	–210	–1,394	–1,407	–1,299	–1,119	–3,825	–5,219
Decrease through company divestments					–149			–149	–149
Reclassifications	–35	–482	420	–97	465	–291	–165	9	–88
Translation difference during the year	–52	–36	–19	–107	–201	–50	–81	–332	–439
Recognized acquisition value on December 31	**2,043**	**406**	**442**	**2,891**	**7,221**	**609**	**1,235**	**9,065**	**11,956**
Accumulated impairment losses and depreciation on January 1	**–72**			**–72**	**–342**		**–273**	**–615**	**–687**
Divestment and scrappage	–1			–1	4		99	103	102
Reclassifications	15			15			–18	–13	3
Translation difference during the year	2			2	10		11	21	23
Impairment losses during the year[4]					–60		–132	–192	–192
Accumulated impairment losses and depreciation on December 31[1]	**–56**			**–56**	**–388**		**–313**	**–701**	**–757**
Residual value on January 1	**1,909**	**1,296**	**234**	**3,439**	**7,284**	**1,891**	**2,201**	**11,377**	**14,816**
Residual value on December 31	**1,987**	**406**	**442**	**2,835**	**6,833**	**609**	**922**	**8,363**	**11,198**
1) Accumulated impairment losses at year-end.	–13			–13	–320		–242	–562	–575

2) Pertains to properties classed as current assets recognized in NCC Property Development.
3) Pertains to properties classed as current assets recognized in NCC Housing.
4) Impairment losses are included in "Production costs" in the income statement.

GROUP, 2008	Properties held for future development	Ongoing property projects	Completed property projects	Total property development projects[2]	Properties held for future development, housing	Unsold ongoing proprietary housing	Unsold completed housing	Total housing projects[3]	Total
Recognized acquisition value on January 1	**1,434**	**766**	**10**	**2,210**	**6,152**	**1,891**	**731**	**8,774**	**10,984**
Investments	454	1,404	286	2,144	2,919	1,582	107	4,608	6,752
Increase through company acquisitions					51			51	51
Divestment and scrappage	–59	–891	–280	–1,230	–1,578	–835	–106	–2,519	–3,749
Decrease through company divestments					–67			–67	–67
Reclassifications	–23	–115	190	52	–361	–919	1,490	210	262
Translation difference during the year	175	132	28	335	510	172	252	934	1,269
Recognized acquisition value on December 31	**1,981**	**1,296**	**234**	**3,511**	**7,626**	**1,891**	**2,474**	**11,991**	**15,502**
Accumulated impairment losses and depreciation on January 1	**–65**			**–65**	**–32**		**–1**	**–32**	**–98**
Reclassifications					–7			–7	–7
Translation difference during the year	–7			–7	–18		–21	–39	–46
Impairment losses during the year[4]					–285		–252	–537	–537
Accumulated impairment losses and depreciation on December 31[1]	**–72**			**–72**	**–342**		**–273**	**–615**	**–687**
Residual value on January 1	**1,369**	**766**	**10**	**2,145**	**6,120**	**1,891**	**730**	**8,742**	**10,887**
Residual value on December 31	**1,909**	**1,296**	**234**	**3,439**	**7,284**	**1,891**	**2,201**	**11,377**	**14,815**
1) Accumulated impairment losses at year-end.	–28			–28	–342		–273	–615	–642

2) Pertains to properties classed as current assets recognized in NCC Property Development.
3) Pertains to properties classed as current assets recognized in NCC Housing.
4) Impairment losses are included in "Production costs" in the income statement.

NOTE 32 | cont. PROPERTIES CLASSED AS CURRENT ASSETS

PARENT COMPANY	2009 Properties held for future development	2009 Unsold completed housing	2009 Total housing projects	2008 Properties held for future development	2008 Unsold completed housing	2008 Total housing projects
Recognized acquisition value on January 1	**243**	**398**	**639**	**259**	**20**	**279**
Investments	42	68	110	19	106	125
Transferred within NCC Group				1		1
Divestment and scrappage	–61	–352	–413	–11	–11	–22
Reclassifications	8	72	80	–25	283	258
Recognized acquisition value on December 31	**232**	**186**	**418**	**243**	**398**	**639**
Accumulated impairment losses on January 1	**–41**	**–48**	**–89**	**–13**	**–1**	**–13**
Divestment and scrappage	5	57	62			
Reclassifications		–13	–13			
Impairment losses during the year		–18	–18	–28	–48	–76
Accumulated impairment losses on December 31	**–37**	**–22**	**–59**	**–41**	**–48**	**–89**
Residual value on January 1	**201**	**350**	**549**	**246**	**19**	**264**
Residual value on December 31	**195**	**163**	**358**	**201**	**350**	**549**

NOTE 33 | MATERIALS AND INVENTORIES

	Group		Parent Company	
	2009	2008	2009	2008
Aggregates	351	394		
Building materials	81	103	13	17
Other	82	127		
Total	**514**	**624**	**13**	**17**

NOTE 34 | CONSTRUCTION CONTRACTS

Worked-up, non-invoiced revenues

GROUP	2009	2008
Worked-up revenues from non-completed contracts	4,597	10,663
Invoicing for non-completed contracts	–3,137	–8,809
Total	**1,459**	**1,854**

Invoiced revenues, not worked-up

GROUP	2009	2008
Invoicing for non-completed contracts	38,403	41,482
Worked up revenues for non-completed contracts	–33,887	–36,182
Total	**4,516**	**5,300**

Worked-up revenues from non-completed contracts including recognized gains less recognized loss reserves amounted to SEK 38,484 M (46,845). Advanced payments received amounted to SEK 401 M (265). Amounts withheld by the customer amounted to SEK 564 M (597).

NOTE 35 | SHARE CAPITAL

Changes in share capital		Number of shares	Share capital, SEK M
1988	Start of year	6,720,000	672
	Split, 1:4	20,160,000	
	Directed placement in connection with the acquisitions of ABV	16,259,454	407
1991	Conversions of debentures	1,449,111	36
1993	Conversions of debentures	468,928	11
	Directed placements in connection with purchase of minority-held NK shares	1,838,437	46
1994	New issue	19,841,991	496
	Conversions of debentures	13,394,804	335
1997	Directed placements, in connection with the acquisition of Siab	28,303,097	708
2004	Reduction of share capital[1]		–1,844
2009	**End of year**	**108,435,822**	**867**

[1] The quotient value was changed from SEK 25.00 to SEK 8.00.

Holding of Series B shares		Number of shares
2000	Repurchases	2,775,289
2001	Repurchases	699,300
2002	Repurchases	2,560,800
2003	Repurchases	3
2005	Sale	–4,840,998
2006	Sale	–843,005
2007	Sale	–330,251
2009	**End of year**	**21,138**

The share capital is divided into 108,435,822 shares with a quotient value of SEK 8.00 each. During 2009, 4,000,000 (518,400) Series A shares were converted into Series B shares.

The shares are distributed as follows by class:

	Series A	Series B	Total
Number of shares	42,396,448	66,039,374	108,435,822

Series A shares carry ten voting rights each and Series B shares carry one voting right.

A specification of changes in shareholders' equity is presented on page 52. The Board of Directors proposes an ordinary dividend of SEK 6.00 per share, making a total of SEK 650,488,104.

NOTE 35 | cont. SHARE CAPITAL

Series A and B shares

	Series A shares	Series B shares	Total A and B shares
No. of shares on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares during 2000–2008	–16,715,234	16,715,234	
Shares repurchased during 2000–2003		–6,035,392	–6,035,392
Sale of treasury shares during 2005–2007		6,014,254	6,014,254
No. of shares on Dec. 31, 2008[1)]	**46,396,448**	**62,018,236**	**108,414,684**
Conversion of Series A to Series B shares during 2009	–4,000,000	4,000,000	
No. of shares at Dec. 31, 2009	**42,396,448**	**66,018,236**	**108,414,684**
Number of voting rights	423,964,480	66,018,236	489,982,716
Percentage of voting rights	87	13	100
Percentage of share capital	39	61	100
Closing price on Dec. 31, 2009	118.00	118.25	
Market capitalization, SEK M	**5,003**	**7,807**	**12,809**

1) The 1999–2001 options program expired on February 28, 2007.

NOTE 36 | INTEREST-BEARING LIABILITIES

GROUP	2009	2008
Long-term liabilities		
Liabilities to credit institutions	2,187	1,978
Financial lease liabilities	209	232
Other long-term loans	544	409
Total	**2,941**	**2,620**
Current liabilities		
Current portion of liabilities to credit institutions	106	2,715
Other current liabilities	285	214
Total	**391**	**2,929**
Total interest-bearing liabilities	**3,331**	**5,548**

For repayment schedules and terms and conditions, refer to Note 39 Financial instruments and financial risk management.

For information on payment schedules for financial leasing liabilities, also see Note 43 Leasing.

PARENT COMPANY	2009	2008
Long-term liabilities		
Liabilities to credit institutions	1,200	1,200
Group companies	869	457
Total	**2,069**	**1,657**
Current liabilities		
Associated companies	2	2
Group companies	1,946	1,252
Other current liabilities	8	29
Total	**1,956**	**1,283**
Total interest-bearing liabilities	**4,025**	**2,940**

For repayment schedules and terms and conditions, refer to Note 39 Financial instruments and financial risk management.

NOTE 37 | PROVISIONS

GROUP, 2009	Pensions	Taxes	Guarantees	Other	Total
On January 1	**42**	**492**	**1,925**	**1,387**	**3,846**
Provisions during the year	7	257	739	254	1,257
Amount utilized during the year	–28	–42	–503	–567	–1,140
Reversed, unutilized provisions	–6	–2	–56	–49	–113
Via sold companies		–9		–20	–29
Reclassifications		4	52	–114	–58
Translation differences	3	11	–19	52	47
On December 31	**18**	**710**	**2,138**	**944**	**3,810**

GROUP, 2008	Pensions	Taxes	Guarantees	Other	Total
On January 1	**112**	**431**	**1,860**	**1,223**	**3,627**
Provisions during the year		263	431	308	1,002
Amount utilized during the year	–68	–170	–309	–310	–857
Reversed, unutilized provisions		–7	–117	–28	–152
Via sold companies				2	2
Reclassifications		–31	–2	194	161
Translation differences	–3	6	62	–3	62
On December 31	**42**	**492**	**1,925**	**1,387**	**3,846**

PARENT COMPANY, 2009	Pensions	Guarantees	Other	Total
On January 1	**9**	**1,003**	**100**	**1,112**
Provisions during the year		473	8	482
Amount utilized during the year		–241	–44	–286
Reversed, unutilized provisions	–6			–6
On December 31	**3**	**1,235**	**64**	**1,301**

PARENT COMPANY, 2008	Pensions	Guarantees	Other	Total
On January 1	**12**	**840**	**43**	**895**
Provisions during the year		314	9	323
Amount utilized during the year	–3	–151	–2	–156
Reclassifications			50	50
On December 31	**9**	**1,003**	**100**	**1,112**

Specification of other provisions and guarantees

	Group		Parent Company	
	2009	2008	2009	2008
Provision for proprietary housing projects, recognized profit	10	375		
Restoration reserve	158	151		
Other	777	861	64	100
Other provisions	**944**	**1,387**	**64**	**100**
Guarantee commitments	2,047	1,764	1,235	1,003
Rental guarantees	91	161		
Total	**3,082**	**3,312**	**1,299**	**1,103**

Guarantee commitments

Guarantee provisions pertain to anticipated future costs. To estimate a future guarantee cost, individual assessments are made from project to project. Standard percentage rates are used for the calculation of the size of the future cost, whereby the standard percentage is varied depending on the nature of the project. In order to eliminate various risks, a provision for guarantee claims is posted at the rate at which the risks are expected to arise after having been identified. Initially, the guarantee cost is posted for each project. This means that the cost can be recognized and booked gradually for each project. The longest maturity for a guarantee provision is ten years, while most of them have maturities of approximately two to three years. Guarantee commitments also include rental guarantees issued as part of property transactions implemented by NCC Property Development.

A provision has been posted for the estimated consequences of deficiencies in the performance of housing construction whereby façades were sealed in accordance with the single-stage method. NCC had previously issued a ten-year guarantee covering damp-related damage to the particular façade design. In addition, on the basis of in-house studies and conclusions from studies implemented by the Development Fund of the Swedish Construction Industry and SP Technical Research Institute of Sweden, NCC has developed and tested a program for investigating and rectifying deficiencies in façades sealed in accordance with the single-stage method. The program has been offered to

NOTE 37 | cont. PROVISIONS

property owners in a limited number of residential areas where NCC, following a dialog with property owners, has reason to fear that deficiencies may exist. Investigations, plus actions in accordance with the program, were implemented during 2009 and will continue in 2010. A number of property owners, who were offered but rejected participation in the program, have decided to sue NCC and, among other claims, have demanded that the existing façades be demolished and replaced using a different façade design. NCC does not agree with the opinion forwarded by these property owners.

Provision for proprietary housing projects, recognized profit

For proprietary housing projects built by NCC Construction for NCC Housing, provisions are posted for the difference between the completed contract method and the percentage-of-completion method. Only profit corresponding to the completion rate multiplied by the sales rate is recognized.

Restoration reserve

The restoration reserve is attributable to NCC Roads. The provisions are intended to cover future costs for restoring pits used to mine gravel and aggregates. The provisions are posted continuously, once the future costs have been identified. Accordingly, the reserves are utilized at the same rate as restoration occurs.

Other

The provisions comprise additional costs and apply to uncertainty in projects, such as outstanding disputes and legal matters. Part of the provisions is intended to cover losses that arise in operations and is utilized gradually as the project is worked up. "Other" also includes future restructuring costs.

NOTE 38 | PENSIONS

Pension costs

GROUP	2009	2008
Defined benefit plans:		
Current service cost	163	153
Past service cost	15	13
Interest expense	134	130
Expected return on plan assets	–200	–194
Actuarial gains (–) and losses (+) reported during the year	84	32
Losses (+) or gains (–) on reductions and payments	11	
Total cost of defined benefit plans	**207**	**134**
Total cost of defined contribution plans	**626**	**562**
Payroll taxes and return tax	**93**	**96**
Total cost of remuneration after terminated employment	**926**	**792**

The entire cost during the year of remuneration after terminated employment is included in operating profit.

NCC secures commitments for disability pensions and family pensions for white-collar employees in Sweden through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this constitutes a defined benefit plan that covers several employers. For the 2009 fiscal year, NCC did not have access to the type of information required for reporting these plans as defined benefit plans. Accordingly, the ITP (individual supplementary pension) plan that are secured through insurance in Alecta are reported as a defined contribution plan. In 2009, the contributions for pension insurance arranged by Alecta amounted to SEK 64 M (45).

Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2008, Alecta's surplus in the form of its collective solvency rate amounted to 141 percent (112). The collective solvency rate consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial accounting assumptions, which do not comply with IAS 19.

Defined benefit obligations and the value of plan assets

GROUP	2009	2008
Obligations secured in full or in part in funds:		
Present value of defined benefit obligations	4,493	3,946
Fair value of plan assets	4,013	3,392
Net value of obligations funded in full or in part	480	554
Adjustments:		
Accumulated unrecognized actuarial gains (+) and losses (–)	–1,391	–1,336
Net obligation	**–912**	**–782**
Special payroll tax/employer contributions	**–50**	**–46**
Net amount in balance sheet (obligation +, asset –)	**–962**	**–829**

Net amount is recognized in the following balance-sheet items:

GROUP	2009	2008
Financial fixed assets	–965	–870
Provisions for pensions and similar obligations	3	42
Net amount in balance sheet (obligation +, asset –)	**–962**	**–829**
Net amount is distributed among plans in the following countries:		
Sweden	–948	–855
Norway	–13	27
Net amount in balance sheet (obligation +, asset –)	**–962**	**–829**

Change in obligation for defined benefit plans

GROUP	2009	2008
Obligation for defined benefit plans on January 1	**3,946**	**3,632**
Benefits paid	–78	–53
Current service cost plus interest expense	251	243
Decrease through company divestment	8	
Reductions	1	36
Actuarial gains and losses	261	147
Exchange-rate differences	103	–59
Obligation for defined benefit plans on December 31	**4,493**	**3,946**

Change in plan assets

GROUP	2009	2008
Fair value of plan assets on January 1	**3,392**	**3,349**
Contribution by employer	276	352
Benefits paid	–23	–22
Compensation		–25
Reductions		–1
Expected return	200	194
Actuarial gains and losses	77	–404
Exchange-rate differences	91	–51
Fair value of plan assets on December 31	**4,013**	**3,392**
The plan assets comprise:		
Shares	1,224	824
Funds	283	279
Properties	152	129
Interest-bearing securities	2,323	2,134
Others	31	27
Fair value of plan assets on December 31	**4,013**	**3,392**

Return on plan assets

GROUP	2009	2008
Return on fair value of plan assets	277	–210
Expected return on plan assets	200	194
Unrecognized actuarial result for plan assets during the year (gain +)	**77**	**–404**

Historical values

GROUP	2009	2008	2007	2006	2005
Present value of defined benefit obligations	4,493	3,946	3,632	3,070	2,920
Fair value of plan assets	4,013	3,392	3,349	3,059	2,631
Surplus (–)/deficit (+) in the plan	**480**	**554**	**283**	**11**	**289**
Experience-based adjustment of plan assets	111	–403	–86	15	–49
Experience-based adjustment of benefit obligation	260	45	96	45	51

Actuarial assumptions, weighted average value, %

GROUP	2009	2008
Discount interest rate	4.1	4.1
Expected return on plan assets	5.5	5.6
Future salary increases	3.2	3.3
Future pension increases	2.0	2.0
Anticipated inflation	2.0	2.0

NOTE 38 | cont. PENSIONS

Pension liability according to the balance sheet

	Group		Parent Company	
	2009	2008	2009	2008
Provision for pensions, other	18	42	3	9

Cost of pension payments

PARENT COMPANY	2009	2008
Proprietary pension payments		
Proprietary costs, excluding interest expense	184	222
Interest expense	7	9
Cost of proprietary pension payments	191	231
Pension payments through insurance		
Insurance premiums	133	114
Subtotal	**324**	**345**
Special payroll tax on pension costs	81	87
Pension costs during the year	**405**	**432**

Capital value of pension obligations

PARENT COMPANY	2009	2008
Capital value of pension obligations pertaining to proprietary pension payments on January 1	**2,149**	**1,933**
Cost, excluding interest expense, charged against profit	184	222
Interest expense	7	9
Pension payments	–33	–15
Capital value of pension obligations pertaining to proprietary pension on December 31	**2,307**	**2,149**

Fair value of especially detached assets

PARENT COMPANY	2009	2008
Fair value of especially detached assets on January 1	**2,345**	**2,386**
Return on especially detached assets	308	–229
Payment to pension foundations	126	188
Fair value of especially detached assets on December 31	**2,779**	**2,345**
Fair value of especially detached assets is divided among:		
Shares	994	624
Funds	258	257
Interest-bearing receivables	1,527	1,464
Fair value of especially detached assets on December 31	**2,779**	**2,345**

The pension foundations have an interest-bearing receivable of SEK 1,200 M (1,200) from NCC AB. Otherwise, the pension foundations have no financial instruments issued by the Company or assets used by the Company.

Net pension obligation

PARENT COMPANY	2009	2008
Capital value of pension obligations pertaining to proprietary pension payments on December 31	2,307	2,149
Fair value of especially detached assets on December 31	2,779	2,345
Surplus on especially detached assets	475	205
Net reported pension obligation	**3**	**9**

Assumptions underlying defined benefit obligations

PARENT COMPANY	2009	2008
Discount interest rate on December 31	3.84	3.84

The pension calculations are based on the salary and pension level on the balance-sheet date.

NOTE 39 | FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Finance policy

Through its business operations, the Group is exposed to financial risks. These financial risks are defined as refinancing, liquidity, interest-rate, exchange-rate, credit and counterparty risks. NCC's finance policy for managing financial risks has been decided by NCC's Board of Directors and constitutes a framework of guidelines and rules in the form of risk mandates and limits for finance activities.

Within the NCC Group's decentralized organization, finance activities are centralized to NCC Corporate Finance in order to monitor the Group's overall financial risk positions, to achieve cost-effectiveness and economies of scale and to accumulate expertise, while protecting Group-wide interests. Within NCC, risks associated with the Group's interest and exchange rates, credit, refinancing, counterparty and liquidity are managed by NCC's internal bank, NCC Treasury AB. Customer-credit risks are managed by the business area concerned.

Contractual conditions

NCC has a covenant in the form of the debt/equity ratio that is linked to a credit facility of EUR 275 M that was concluded with a bank syndicate and had a remaining term to maturity of about four years, with an option to extend the facility for another one year. NCC satisfies the financial covenants.

Refinancing risk

The refinancing risk is defined as the risk that NCC will not be able to obtain financing at a given time or that creditors will have difficulty in fulfilling their commitments. NCC strives to spread its risk among various sources of financing (market-financing programs, bank loans and other loan structures) in order to secure the Group's long-term access to borrowed capital.

NCC's policy for its refinancing risk is to ensure that the borrowing portfolio has a maturity structure that minimizes the Group's exposure from the perspective of the refinancing risk. The maturity periods must be well-diversified over time. The norm concerning distribution is that the weighted average remaining maturity must be at least 18 months. At December 31, the maturity of loans was 47 months (24).

Maturity structure, capital December 31, 2008

	Interest-bearing liabilities	
Matures	Amount	Proportion, %
2010	391	12
2011	96	3
2012	852	25
2013	69	2
2014[1)]	1,696	51
2015–	245	7
Total	**3,349**	**100**

1) Of which, reloaning from the NCC Group's pension foundation accounted for SEK 1,200 M.

NCC has established the following investor-related market-financing programs:

Market-financing programs

	Limit	Utilized SEK M
Commercial paper (CP) program in Finland	EUR 300 M	
Commercial paper (CP) program in Sweden	SEK 4,000 M	17
Medium Term Note (MTN) in Sweden	SEK 3,000 M	619
Total		**636**

Of NCC's total interest-bearing liability, investor-related loans accounted for 19 percent (43).

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Liquidity risks

To achieve adequate flexibility and cost-effectiveness, while ensuring that future financing requirements are satisfied, the Group's access to funds consists essentially of committed lines of credit. NCC's credit policy states that the Group's access to funds must correspond to at least 7 percent of annual consolidated sales, with at least 5 percent of this in the form of unutilized committed lines of credit. Access to funds is defined as the Group's cash and cash equivalents, short-term investments and unutilized committed lines of credit, less market-financing programs with a remaining maturity of less than three months. On December 31, the volume of unutilized committed lines of credit amounted to SEK 4.3 billion (4.9), with a remaining average maturity of 2.1 years (2.7). Available cash and cash equivalents are invested in banks or in interest-bearing instruments with good credit ratings and liquid secondary markets. At year-end, the Group's cash and cash equivalents, including short-term investments, amounted to SEK 2.1 billion (2.0). Access to funds on December 31, 2008 corresponded to 12 percent (9) of sales.

The table below shows the Group's financial liabilities (including interest payments) and derivative instruments classed as financial liabilities. Financial instruments subject to variable interest rates have been calculated using the interest rate prevailing on the balance-sheet date. Amounts in foreign currency have been translated to SEK at exchange rates prevailing on the balance-sheet date.

Analysis of maturities (amounts including interest)

	2009						2008					
	Total	<3 months	3 months –1 year	1–3 years	3–5 years	>5 years	Total	<3 months	3 months –1 year	1–3 years	3–5 years	>5 years
Reloaning from the pension foundation	1,530		66	132	1,332		1,515		63	126	1,326	
Interest-bearing liabilities	1,420	111	287	174	587	261	1,789	425	154	862	114	234
MTN loans	679	6	18	655			102	1	101			
Commercial paper	17		17				2,355	1,753	602			
Financial leasing liabilities	211		7	204			256			256		
Pension liabilities	22		1	2	19		51		2	4	45	
Interest-rate swaps	135	10	23	44	26	32	45	4	4	16	5	16
Currency forward contracts	21		21				523	523				
Financial guarantee contracts*	1,365	518	847									
Accounts payable	3,545	3,545					4,356	4,356				
Total	**8,945**	**4,190**	**1,287**	**1,211**	**1,964**	**293**	**10,992**	**7,062**	**926**	**1,264**	**1,490**	**250**

* As of 2009, the analysis of maturities includes financial guarantee contracts, although corresponding comparative figures are not shown for 2008.

Interest-rate risks

The interest-rate risk is the risk that changes in interest rates will adversely affect NCC's cash flow or the fair value of financial assets and liabilities. NCC's main financing sources are shareholders' equity, cash flow from operating activities and borrowing. Interest-bearing borrowing exposes the Group to an interest-rate risk. NCC's finance policy for the interest-rate risk is that the weighted average remaining maturity of net borrowing should normally be 12 months, subject to a mandate to deviate from this figure by +/– 6 months, and that the interest-rate maturity structure of the borrowing portfolio should be adequately spread over time. If the interest-rate terms of available borrowing vehicles are not compatible with the desired structure for the loan portfolio, interest swaps are the main instruments used to adapt the structure. In the financial statements, hedge accounting is applied when there is an effective connection between the hedged loan and interest-rate swaps.

At the end of 2009, NCC's interest-bearing gross debt amounted to SEK 3,349 M (5,591) and the average interest-rate maturity was 22 months (12), including interest-rate swaps linked to the borrowing portfolio. Short-term investments and cash and cash equivalents amounted to SEK 2,117 M (2,048) and the average interest-rate maturity for these assets was 2 months (2). The average interest rate maturity reduced by interest-rate exposure associated with cash and cash equivalents was 21 months (11).

On December 31, 2009, NCC had interest-rate swaps linked to the borrowing portfolio with a nominal value of SEK 1,811 M (415). Other interest-rate swaps, intended for the hedging of the interest-rate risk associated with lease contracts had a nominal value of SEK 516 M (547). At the same date, the interest-rate swaps linked to the borrowing portfolio had a negative fair value of SEK 10 M (2) net, comprising assets of SEK 1 M (3) and liabilities of SEK 11 M (5). The other interest-rate swaps had a negative fair value of SEK 32 M (24) net, comprising liabilities of SEK 32 M (24). The interest-rate swaps linked to the borrowing portfolio have expiration dates ranging from 0.4 (0.2) to 3.2 (2.5) years. The other interest-rate swaps have expiration dates ranging from 1.5 (2.5) to 7.6 (8.6) years.

Interest-rate maturity structure at Dec 31, 2009

	Interest-bearing liabilities, incl. interest-rate swaps	
Maturity	Amount	Proportion, %
2010	1,611	48
2011	483	15
2012	566	17
2013	179	5
2014	173	5
2015–	337	10
Total	**3,349**	**100**

Exchange-rate risks

The exchange-rate risk is the risk that changes in exchange rates will adversely affect the consolidated income statement, balance sheet or cash flow statement. In accordance with the finance policy, transaction exposure must be eliminated as soon as it becomes known. Contracted and probable forecast flows are hedged, mainly by using currency forward contracts. Contracted net exposure in each currency is hedged at a rate of 100 percent. Forecast net exposure is hedged successively over time, which entails that the quarters that are closest in time are hedged to a greater extent than the following quarters. Accordingly, each quarter is hedged on several occasions and is covered by several hedged contracts that have been entered into at different times. The target is to hedge 90 percent of the forecast for the current quarter and 70 percent of the forecast for the following quarter, followed by 50, 30 and 10 percent, respectively, in the following quarters. In the financial statements, hedge accounting is applied when the requirements for hedge accounting are fulfilled.

Exposure to financial flows, such as loans and investments, is mainly hedged using currency swaps. Following the revision of NCC's finance policy on April 7, 2009, the main rule is that the Group's translation exposure should not be hedged.

Development operations, such as NCC Property Development and NCC Housing, are exempt from this rule and for these operations currency hedging is permissible. In those cases where hedging occurs, not more than 90 percent of foreign net assets may be hedged, without taking the tax effect into account. The CEO may decide on the hedging of foreign net assets in selected companies in excess of the above limits.

Borrowing in the NCC Group occurs primarily through the central treasury unit and is then transferred to the business areas and subsidiaries in the form of internal loans. Lending is denominated in local currency, while financing largely occurs in SEK and EUR. The exchange-rate risk that thus arises is managed by means of currency swaps. The following tables illustrate NCC's financing and the currency swap agreements for financing. The stated values include underlying capital amounts.

Interest-bearing liabilities at Dec 31, 2009

Counter-value in SEK M	Amount	Proportion, %
DKK	90	3
EUR	1,661	49
SEK	1,598	48
Total	**3,349**	**100**

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financing via currency swap agreements at Dec 31, 2009	
Counter-value in SEK M	
Buy CHF	28
Sell DKK	–1,738
Sell EEK	–125
Buy EUR	429
Sell LTL	–1
Sell LVL	–347
Buy NOK	175
Sell RUB	–505
Buy SGD	56
Net	**–2,028**

Transaction exposure

The table below shows the Group's net outflows of various currencies, and the hedged portion, during the year.

Counter-value in SEK M

Currency	2009 Net outflow	2009 Of which, hedged	2009 Hedged portion, %	2008 Net outflow	2008 Of which, hedged	2008 Hedged portion, %
DKK	43	15	35	94	91	97
EUR	425	444	104	927	557	60
NOK	31	1	3	12		
PLN	25	23	92	51	34	67
USD	18	10	56	52	46	88
Other	10			14	13	93
Total	**552**	**493**	**89**	**1,150**	**741**	**64**

During 2009, no cash flow hedges were closed, because it was no longer probable that the expected cash flow would be achieved. Transaction exposure was hedged through currency forward contracts. The forward contracts used to hedge contracted and forecast transactions are classified as cash flow hedges. The net fair value of currency forward contracts used for hedging transaction exposure amounted to an expense of SEK 1 M (revenue: 32). Of this amount, assets of SEK 4 M (33) and liabilities of SEK 5 M (1) have been recognized in the balance sheet. The hedge position for the first quarter also includes remaining bank balances for past-due currency forward contracts intended for the hedging of forecast flows.

The table below shows forecast currency flows during 2010-2011, the outstanding hedge position and the hedged portion.

Counter-value in SEK M

Currency	1–3 months Net-outflow	1–3 months Of which, hedged	1–3 months Hedged portion %	3–6 months Net-outflow	3–6 months Of which, hedged	3–6 months Hedged portion %	6–9 months Net-outflow	6–9 months Of which, hedged	6–9 months Hedged portion %	9–12 months Net-outflow	9–12 months Of which, hedged	9–12 months Hedged portion %	>12 months Net-outflow	>12 months Of which, hedged	>12 months Hedged portion %	Total Net-outflow	Total Of which, hedged	Total Hedged portion %
EUR	99	123	124	100	45	45	116	27	23	96	11	11	86	2	2	497	208	42
Target value, %			**90**			**70**			**50**			**30**			**10**			**50**

The outstanding hedge position at year-end pertaining to contracted currency flows amounted to SEK 35 M, of which SEK 19 M matures within three months.

Translation exposure

The table below shows the Group's hedged net investments and hedging positions per currency, plus the hedged portion both with and without taking tax effects into account. The tables at December 31, 2009 show net investments that will continue to be hedged (NCC Property Development and NCC Housing), as well as other companies, for which the hedges are being discontinued, while the table at December 31, 2008 shows the total hedges, meaning NCC Property Development, NCC Housing and other companies.

Counter-value in SEK M

	NCC Property Development and NCC Housing					NCC Property Development, NCC Housing and other companies				
	Dec 31, 2009					Dec 31, 2008				
Currency	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedge portion after tax %	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedge portion after tax %
DKK	490	458	93	338	69	2,008	1,912	95	1,377	69
EUR	1,821	1,401	77	1,033	57	2,685	2,379	89	1,713	64
NOK	394	319	81	236	60	1,189	966	81	696	59
RUB	–64	–62	97	–46	72					
LTL	–9	–19	211	–14	156					
LVL	–61	–50	82	–37	61					
EEK	–78	–63	81	–46	59					
Total	**2,493**	**1,984**	**80**	**1,464**	**59**	**5,882**	**5,257**	**89**	**3,786**	**64**

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Other companies

NCC Property Development and NCC Housing

Valuta	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedge portion after tax %
DKK	1,748	757	43	559	32
EUR	1,244	62	5	46	4
NOK	1,007	404	40	298	30
Total	**3,999**	**1,223**	**31**	**903**	**23**

Net assets are hedged through the raising of loans and through currency forward contracts. The carrying amount of currency forward contracts (including underlying capital amounts) used as hedging instruments at December 31, 2009 was SEK 3,207 M (5,257). Hedge accounting is applied when the criteria for hedge accounting are met. A positive exchange-rate difference of SEK 118 M (negative: 521) was recognized in other comprehensive income in connection with the recalculation of loans and currency forward contracts into SEK. For more information on hedge accounting, refer to Note 1 Accounting policies, Hedging of net investments.

The hedges fulfill effectiveness requirements (except for the hedging in LTL) meaning that all changes resulting from changed exchange rates are reported in the translation reserve in other comprehensive income.

Credit risks

Credit risks in financial operations

NCC's investment regulations for financial credit risks are revised continuously and characterized by caution. Transactions are only entered into with creditworthy counterparties with credit ratings of at least A (Standard & Poor's) or the equivalent international rating. ISDA's (International Swaps and Derivatives Association) framework agreement on netting is used with all counterparties with respect to derivative trading. The investment regulations specify maximum credit exposures and maturities for various counterparties.

Total counterparty exposure with respect to derivative trading, calculated as the net receivable per counterparty, amounted to SEK 144 M (131) at the end of 2009. The net receivable per counterparty is calculated in accordance with the market valuation method (FFFF 2007:1). Calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 2,117 M (2,048).

Credit risks in accounts receivable

The risk that the Group's customers will not fulfill their obligations, meaning that payment is not received from the customers, is a credit risk. The credit rating of the Group's customers is checked, whereby information on the customers' financial position is obtained from various credit information companies. For major accounts receivable, the risk of credit losses is limited through various types of collateral, such as bank guarantees, blocks on building loans, Parent Company guarantees and other payment guarantees.

NCC's exposure to credit risks associated with accounts receivable is monitored continuously within the Group. On the balance-sheet date, there was no significant concentration of credit-risk exposure. The maximum exposure to credit risk is apparent from the carrying amount in the balance sheet.

Age analysis of accounts receivable including receivables for divested property projects

	2009		2008	
	Gross	Provision for doubtful receivables	Gross	Provision for doubtful receivables
Not due accounts receivable	5,893	5	7,035	
Past-due accounts receivable 1–30 days	256	4	839	4
Past-due accounts receivable 31–60 days	75	4	158	3
Past-due accounts receivable 61–180 days	110	7	186	15
Past-due accounts receivable > 180 days	861	393	764	291
Total	**7,195**	**413**	**8,981**	**313**

Collateral for accounts receivable was received in an amount of SEK 187 M (832).

Provision for doubtful receivables

	2009	2008
Opening balance	313	264
Provision for the year	318	179
Reversal of previously posted impairment losses	–221	–140
Translation differences	2	10
Closing balance	**413**	**313**

Carrying amount and fair value of financial instruments

The carrying amount and the fair value of financial instruments are presented in the following table. For financial assets, the fair value has been established through a discounting of future payment flows to the market interest rate prevailing on the balance-sheet date. It is considered that the carrying amount for accounts receivable and accounts payable matches the fair value.

The fair value of currency derivatives is calculated by means of a discounting of the difference between the agreed forward rate and the forward rate that can be attained on the balance-sheet date for the remaining contractual period. The fair value of interest-rate swaps is calculated by means of a discounting of future cash flows. The interest rate used for discounting is the market-based interest rate for similar instruments on the balance-sheet date.

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

CLASSIFICATION OF FINANCIAL INSTRUMENTS, fair value and carrying amount

GROUP, 2009	Financial assets measured at fair value through profit and loss*	Derivatives used in hedge accounting	Accounts and loan receivables	Investments held to maturity	Available-for-sale financial assets	Financial liabilities measured at fair value through profit and loss*	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities				174	29			203	213
Long-term receivables	1		111					112	112
Accounts receivable			6,355					6,355	6,355
Prepaid expenses and accrued income			4					4	4
Other receivables	30	45	664					739	739
Short-term investments	227			58				285	286
Total assets	**258**	**45**	**7,134**	**232**	**29**			**7,698**	**7,709**
Long-term interest-bearing liabilities[1]							2,941	2,941	2,941
Other long-term liabilities		31				6	520	557	557
Provisions for pensions, and similar obligations							18	18	18
Current interest-bearing liabilities							391	391	391
Accounts payable							3,545	3,545	3,545
Accrued expenses and deferred income						3	1	4	4
Other current liabilities		15				36	1	52	52
Total liabilities		**46**				**45**	**7,417**	**7,508**	**7,508**
GROUP, 2008									
Other long-term holdings of securities				199	28			227	237
Long-term receivables	1		71					72	72
Accounts receivable			7,820					7,820	7,820
Prepaid expenses and accrued income	1		11					12	12
Other receivables	19	66	955					1,040	1,040
Short-term investments	122			93				215	216
Total assets	**143**	**66**	**8,857**	**292**	**28**			**9,386**	**9,397**
Long-term interest-bearing liabilities[1]							2,620	2,620	2,620
Other long-term liabilities		29				3	806	837	837
Provisions for pensions, and similar obligations							42	42	42
Current interest-bearing liabilities							2,929	2,929	2,929
Accounts payable							4,356	4,356	4,356
Accrued expenses and deferred income						2	25	27	27
Other current liabilities		407				169	3	578	578
Total liabilities		**436**				**174**	**10,781**	**11,390**	**11,390**

1) Reloaning of SEK 1,200 M (1,200) from NCC's Pension Foundation is included.

*) Held for resale

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

CLASSIFICATION OF FINANCIAL INSTRUMENTS, Fair value and carrying amount

PARENT COMPANY, 2009	Derivatives used in hedge accounting	Accounts and loan receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Total fair value
Receivables from associated companies		130			130	130
Other long-term holdings of securities			6		6	6
Other long-term receivables		37			37	37
Accounts receivable		3,179			3,179	3,179
Current receivables from Group companies	23	1,942			1,965	1,965
Current receivables from associated companies		34			34	34
Other current receivables		2,591			2,591	2,591
Short-term investments		3,526			3,526	3,526
Total assets	**23**	**11,439**	**6**		**11,468**	**11,468**
Long-term liabilities to credit institutions[1]				1,491	1,491	1,491
Long-term liabilities to Group companies				1,987	1,987	1,987
Accounts payable				1,808	1,808	1,808
Current liabilities to Group companies	7			2,059	2,066	2,066
Current liabilities to associated companies				6	6	6
Other current liabilities				8	8	8
Total liabilities	**7**			**7,359**	**7,366**	**7,366**
PARENT COMPANY 2008						
Receivables from Group companies		147			147	147
Receivables from associated companies		46			46	46
Other long-term holdings of securities			7		7	7
Other long-term receivables		39			39	39
Accounts receivable		3,077			3,077	3 077
Current receivables from Group companies	28	3,289			3,317	3 339
Current receivables from associated companies		45			45	45
Other current receivables		48			48	48
Short-term investments		500			500	500
Total assets	**28**	**7,191**	**7**		**7,226**	**7 248**
Long-term liabilities to credit institutions[1]				1,582	1,582	1 582
Long-term liabilities to Group companies				1,547	1,547	1 547
Accounts payable				1,657	1,657	1 657
Current liabilities to Group companies	221			1,494	1,715	1 715
Current liabilities to associated companies				5	5	5
Other current liabilities				29	29	29
Total liabilities	**221**			**6,314**	**6,535**	**6 535**

1) Reloaning of SEK 1,200 (1,200) from NCC's Pension Foundation is included.

The classification categories Financial assets measured at fair value through profit and loss, Investments held to maturity and Financial liabilities measured at fair value through profit and loss are not applicable for the Parent Company. No reclassification of financial assets and liabilities among the above categories was effected during the year.

In the tables below, disclosures are made concerning how fair value was determined for the financial instruments measured at fair value in the balance sheet. When determining fair value, assets were divided into the following three tiers:
Tier 1: in accordance with prices quoted on an active market for the same instruments.
Tier 2: on the basis of directly or indirectly observable market data that is not included in Tier 1.
Tier 3: on the basis of input data that is not observable in the market (which is not applicable for NCC).

GROUP, 2009	Tier 1	Tier 2	Total
Financial assets measured at fair value through profit and loss			
– Available-for-sale derivative instruments		31	31
– Available-for-sale securities	227		227
Derivative instruments used for hedging purposes		45	45
Total assets	**227**	**76**	**303**
Financial liabilities measured at fair value through profit and loss			
– Available-for-sale derivative instruments		45	45
Derivative instruments used for hedging purposes		46	46
Total liabilities		**91**	**91**

PARENT COMPANY, 2009	Tier 1	Tier 2	Total
Derivative instruments used for hedging purposes		23	23
Total assets		**23**	**23**
Derivative instruments used for hedging purposes		7	7
Total liabilities		**7**	**7**

NOTE 40 | OTHER LIABILITIES

GROUP	2009	2008
Other long-term liabilities		
Liabilities to associated companies	21	21
Derivative instruments held for hedging	38	32
Other long-term liabilities	499	784
Total	**558**	**837**
Other current liabilities		
Advance payments from customers	401	266
Liabilities to associated companies	1	3
Derivative instruments held for hedging	51	576
Other current liabilities	2,501	4,261
Total	**2,954**	**5,106**

NOTE 41 | WORK IN PROGRESS ON ANOTHER PARTY'S ACCOUNT AND NET SALES

PARENT COMPANY	2009	2008
Invoicing excluding withheld amount	22,649	22,248
Withheld amount	312	301
Total invoicing	**22,961**	**22,549**
Costs incurred excluding reserve for losses	–19,690	–19,307
Reserve for losses	61	137
Total costs incurred	**–19,629**	**–19,170**
Total work in progress on another party's account	**3,331**	**3,379**
Profit-recognized invoicing		
Invoicing during the year	22,196	24,608
Invoiced but not recognized as profit on January 1	22,549	19,180
Less: Invoiced but not recognized as profit on December 31	–22,961	–22,549
Total revenues	**21,784**	**21,239**

NOTE 42 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2009	2008	2009	2008
Payroll-related costs	1,950	1,919	937	954
Financial expense	5	27		
Prepaid rental revenues	5	4	1	1
Project-related costs	1,117	1,892	538	439
Administrative costs	32	51	2	
Guarantee costs	1	56		
Operating and sales costs	118	167		
Other expenses	312	133	44	39
Total	**3,539**	**4,249**	**1,521**	**1,433**

NOTE 43 | LEASING

In Finland, Norway and Denmark, framework agreements have been concluded for the operational leasing of cars and light goods vehicles, including relating administrative services. The agreements are based on variable interest rates. A separate agreement is required for the acquisition of leased objects and the extension of leasing agreements. In Sweden, framework agreements have been concluded for the financial leasing of cars and light goods vehicles. The agreements are based on variable interest rates. NCC recommends purchasers and leasing agreements for individual vehicles can be extended. Within NCC Roads, framework agreements have been concluded for the operational leasing of production equipment for road maintenance operations. The agreements are based on variable interest rates and pertain to Sweden, Norway, Denmark and Finland. During 2005, NCC took over an operational leasing agreement on a property in Norway that runs until December 31, 2011. The property is leased to a number of other tenants on operational leasing contracts.

In 2006, a sale-leaseback agreement was concluded with the German finance group HSH Nordbank and its associated company AGV pertaining to properties in the Sonnengarten area of Berlin. At the same time, an 18-year lease was signed, which is recognized as an operational lease.

GROUP	2009	2008
Financial lessor		
Leasing contracts that expire:		
Within one year	7	
Later than one year but earlier than five years		14
Financial lessee		
Leasing contracts that expire:		
Within one year	38	46
Later than one year but earlier than five years	175	194
Future minimum leasing fees		
Within one year	66	77
Later than one year but earlier than five years	126	166
Present value of future leasing fees		
Within one year	64	64
Later than one year but earlier than five years	124	154
Reconciliation of future leasing fees and their present value		
Future minimum leasing fees	192	243
Less interest charge	–4	–25
Present value of future minimum leasing fees	**188**	**218**
Variable fees included in net profit for the year:		
Interest		
Leased machinery and equipment	4	2
Leased buildings		1
Total	**4**	**3**

Operational leasing

	Group		Parent Company	
	2009	2008	2009	2008
Operational lessor				
Future minimum leasing fees– lessor (leased premises)				
Distributed by maturity period:				
Within one year	8	2		
Later than one year but earlier than five years	16	26	13	25
Operational lessee				
Future minimum leasing fees – lessee				
Leasing contracts that expire:				
Within one year	465	572		
Later than one year but earlier than five years	630	848	20	19
Later than five years	474	602		
The year's cost for operational leasing amounts to	546	729	8	9

NOTE 44 | TRANSACTIONS WITH RELATED COMPANIES

The main companies that are closely related to NCC are the Nordstjernan Group, companies in the Axel Johnson Group and the Lundberg Group, associated companies and joint ventures. The Parent Company has a close relationship with its subsidiaries; refer to Note 24, Participations in Group companies. For information on NCC's senior executives, refer to Note 5, Personnel expenses. Transactions involving NCC's associated companies and joint ventures were of a production nature. The transactions were conducted on a purely commercial basis.

GROUP	2009	2008
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	143	128
Purchases from associated companies and joint ventures	51	63
Dividend from associated companies	3	3
Long-term receivables from associated companies and joint ventures	67	31
Current receivables from associated companies and joint ventures	36	50
Interest-bearing liabilities to associated companies and joint ventures	72	30
Current liabilities to associated companies and joint ventures	26	28
Contingent liabilities to associated companies and joint ventures	29	105
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	18	10
Purchases from the Nordstjernan Group	790	1,011
Current receivables from the Nordstjernan Group	6	3
Current liabilities to the Nordstjernan Group	50	90
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	72	52
Purchases from the Axel Johnson Group	12	7
Current receivables from the Axel Johnson Group	1	26
Transactions with the Lundberg Group		
Sales to the Lundberg Group	184	51
Purchases from the Lundberg Group	2	3
Current receivables from the Lundberg Group	24	10

PARENT COMPANY	2009	2008
Transactions with Group companies		
Sales to Group companies	242	322
Purchases from Group companies	1,004	1,189
Interest income from Group companies	57	103
Interest expense to Group companies	92	72
Dividend from Group companies	2,901	1,593
Long-term receivables from Group companies	145	157
Current receivables from Group companies	6,806	4,251
Interest-bearing liabilities to Group companies	2,815	1,708
Current liabilities to Group companies	1,238	1,553
Contingent liabilities to Group companies	11,817	12,961
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	93	73
Purchases from associated companies and joint ventures	42	43
Dividend from associated companies and joint ventures	1	
Long-term receivables from associated companies and joint ventures	130	46
Current receivables from associated companies and joint ventures	34	45
Interest-bearing liabilities to associated companies and joint ventures	2	2
Current liabilities to associated companies and joint ventures	4	3
Contingent liabilities to associated companies and joint ventures	29	105
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	9	6
Purchases from the Nordstjernan Group	510	650
Current receivables from the Nordstjernan Group	6	2
Current liabilities to the Nordstjernan Group	42	70
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	72	52
Purchases from the Axel Johnson Group	9	5
Current receivables from the Axel Johnson Group	1	26
Transactions with the Lundberg Group		
Sales to the Lundberg Group	149	50
Purchases from the Lundberg Group	1	1
Current receivables from the Lundberg Group	15	10

NOTE 45 | PLEDGED ASSETS, GUARANTEES AND GUARANTEE OBLIGATIONS

	Group		Parent Company	
	2009	2008	2009	2008
Pledged assets				
For own liabilities:				
Property mortgages	26	27		
Chattel mortgages	6	8		
Assets subject to liens, etc.	209	232		
Restricted bank deposits	57	60	13	14
Total	**298**	**327**	**13**	**14**
Other pledged assets:				
Pledging to Nasdaq OMX Stockholm AB	20			
Total	**20**			
Total assets pledged	**319**	**327**	**13**	**14**
Guarantees and guarantee obligations				
Own contingent liabilities:				
Guarantees on behalf of Group companies			11,817	12,961
Deposits and concession fees	2,958	3,049	2,958	3,049
Construction loans	1,365	2,575	1,365	2,575
Other guarantees and contingent liabilities	72	175	72	174
Held jointly with other companies:				
Liabilities in consortiums, partnerships and limited partnerships	205	194	5	10
Total guarantees and guarantee obligations	**4,600**	**5,993**	**16,217**	**18,769**

Assets subject to liens
Pertains to leased equipment in the form of vehicles.

Sureties on behalf of Group companies
Sureties on behalf of subsidiaries have mainly been issued as collateral for utilized guarantee limits with banks and insurance companies, NCC Treasury AB's borrowing and fulfillment of construction-contract agreements.

Deposits and concession fees
Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by NCC. Such guarantees shall be relinquished as soon as one year has passed after the final acquisition cost for the tenant-owner association's building has been established.

Building loans
Security provided as collateral for a building loan raised from a tenant-owner association applies until loans are transferred to the agreed long-term financing.

NOTE 46 | CASH FLOW STATEMENT

Cash and cash equivalents

GROUP	2009	2008
Cash and bank balances	1,093	1,085
Short-term investments	738	747
Total according to balance sheet and cash flow statement	**1,831**	**1,832**

PARENT COMPANY	2009	2008
Cash and bank balances	1,348	1,966
Short-term investments	3,526	500
Total according to cash flow statement	**4,874**	**2,466**

The short-term investments have been classified as cash and cash equivalents based on the following considerations:
– They are subject to an insignificant risk of value fluctuation.
– They can easily be converted into cash funds.
– They have a maturity of not more than three months from the date of acquisition.

GROUP	2009	2008
Intangible fixed assets		–54
Buildings and land		–14
Tangible fixed assets		–109
Properties classed as current assets		
Inventories		–42
Accounts receivable and other current receivables		–25
Cash and cash equivalents		–4
Long-term liabilities		5
Accounts payable and other current liabilities		52
Current interest-bearing liabilities		26
Minority interests		
Deferred tax liability		12
Purchase considerations paid		**–153**
Acquired cash and cash equivalents		4
Impact on the Group's cash and cash equivalents		**–149**
No subsidiaries were acquired in 2009.		

Sales of subsidiaries

GROUP	2009	2008
Intangible fixed assets		
Buildings and land		12
Tangible assets	5	40
Financial fixed assets		15
Properties classed as current assets		13
Inventories		15
Accounts receivable and other current assets	38	211
Cash and cash equivalents	5	71
Long-term liabilities		–27
Accounts payable and other current liabilities	–45	–185
Current interest-bearing liabilities	–1	–13
Minority interests		–3
Deferred tax liability	–4	–5
Capital gains	–2	13
Purchase considerations	**–4**	**157**
Sold cash and cash equivalents	–5	–71
Impact on the Group's cash and cash equivalents	**–9**	**86**

Acquisition of tangible fixed assets

Group

Acquisitions of tangible fixed assets during the year amounted to SEK 466 M (677), of which SEK 0 M (0) was financed through loans.

Acquisitions of subsidiaries amounted to SEK 0 M (153), of which SEK 0 M (4) had no effect on cash flow. Sales of subsidiaries amounted to a negative SEK 4 M (positive: 157), of which SEK 5 M (71) had no effect on cash flow.

Parent Company

Acquisitions of tangible fixed assets during the year amounted to SEK 72 M (66), of which SEK 0 M (0) was financed through loans.

Since the Parent Company has only insignificant amounts of cash and cash equivalents in foreign currency, no exchange-rate differences in cash and cash equivalents arose during the year.

Information about interest received/paid

Group

Interest received during the year amounted to SEK 57 M (89). Interest paid during the year amounted to SEK 429 M (351).

Parent Company

Interest received during the year amounted to SEK 68 M (113). Interest paid during the year amounted to SEK 208 M (164).

Cash flow attributable to joint ventures consolidated in accordance with the proportional method

GROUP	2009	2008
Operating activities	102	10
Change in working capital	–56	197
Investing activities	–8	14
Financing activities		–436
Total cash flow	**38**	**–215**

Cash and cash equivalents unavailable for use

GROUP	2009	2008
Restricted bank deposits	57	60
Cash and cash equivalents in joint ventures	60	86
Total cash and cash equivalents unavailable for use	**117**	**146**

Transactions that do not give rise to receipts/disbursements

GROUP	2009	2008
Sales of assets through receipt of promissory note	1	12
Acquisition of an asset through financial leasing	86	119

NOTE 47 | INFORMATION ABOUT THE PARENT COMPANY

NCC AB, Corp. Reg. No: 556034-5174, is a limited liability company registered in Sweden, with its Head Office in Solna. NCC's shares are listed on the Nasdaq OMX Exchange on the Stockholm/Large Cap List.

The address to the Head Office is:
NCC AB, Vallgatan 3,
SE-170 80 Solna, Sweden

The consolidated financial statements for 2009 relate to the Parent Company and its subsidiaries, jointly designated the Group. The Group also includes shareholdings in associated companies and joint ventures.

NCC AB is consolidated as a subsidiary in Nordstjernan AB's consolidated financial statements. Nordstjernan AB accounts for 23.1 percent of the share capital and 51.0 percent of the voting rights in NCC AB. Nordstjernan AB, Corp. Reg. No: 556000-1421, has its registered Head Office in Stockholm.

PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS

The Board of Directors proposes that	
the funds available for distribution by the Annual General Meeting	4,484,906,073
be appropriated as follows:	
Ordinary dividend to shareholders of SEK 6.00 per share	650,488,104
To be carried forward	3,834,417,969
Total, SEK	**4,484,906,073**

The Board of Directors and President hereby give their assurance that the Annual Report and the consolidated financial statements have been compiled in compliance with the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated July 19, 2002 regarding the application of international accounting standards and with generally acceptable accounting practices for listed companies and thus provide a fair and accurate impression of the financial position and earnings of the Group and the Parent Company. The Reports of the Board of Directors for both the Group and the Parent Company accurately review the Group's and the Parent Company's operations, financial positions and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on February 9, 2010. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting on April 14, 2010 for adoption.

Solna, February 9, 2010

Tomas Billing
Chairman of the Board

Antonia Ax:son Johnson
Member of the Board

Ulf Holmlund
Member of the Board

Ulla Litzén
Member of the Board

Fredrik Lundberg
Member of the Board

Marcus Storch
Member of the Board

Lars Bergqvist
Member of the Board
representing employees

Sven Frisk
Member of the Board
representing employees

Karl-Gunnar Sivertsson
Member of the Board
representing employees

Olle Ehrlén
President and CEO

Our Audit Report was submitted on February 19, 2010

PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

AUDITORS' REPORT

We have audited the Annual Report, the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of NCC AB for the 2009 fiscal year. The Company's Annual Report is included in the printed version of this document on pages 38–90. The Board of Directors and the President are responsible for these accounts and the administration of the Company, and for ensuring that the Annual Accounts Act is applied when the Annual Report is compiled, and that the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act are applied for compiling the consolidated financial statements. Our responsibility is to express an opinion on the Annual Report, consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute assurance that the Annual Report 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. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the President, evaluating the material estimations made by the Board of Directors and President when compiling the Annual Report and the consolidated financial statements, and evaluating the overall presentation of information in the Annual Report and consolidated financial statements. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the President or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Annual Report has been prepared in accordance with the Annual Accounts Act and provides a true and fair picture of the Company's and the Group's earnings and financial position in accordance with Generally Accepted Accounting Standards in Sweden. The consolidated financial statements have been compiled in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and provide an accurate impression of the Group's earnings and financial position. The Report of the Board of Directors is compatible with the other parts of the Annual Report and consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and the Group, that the profit in the Parent Company be dealt with in accordance with the proposal in the Report of the Board of Directors, and that the members of the Board and the President be discharged from liability for the fiscal year.

Stockholm, February 19, 2010

PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

TEN-YEAR REVIEW

INCOME STATEMENT, SEK M	2000	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	2009
Net sales	38,728	47,521	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817
Production costs	–34,641	–45,232	–40,950	–41,739	–41,809	–42,749	–45,158	–50,729	–52,572	–52,005	–46,544
Gross profit	**4,087**	**2,289**	**4,215**	**3,513**	**3,628**	**3,785**	**4,347**	**5,147**	**5,825**	**5,460**	**5,273**
Selling and administrative expenses	–2,545	–4,004	–3,157	–2,717	–2,523	–2,577	–2,677	–2,795	–3,059	–3,197	–3,035
Result from property management		254	103	50	29	45	17	–5			
Result from sales of managed properties	640	229	322	–26	51	–60	92	9			
Result from sales of owner-occupied properties				16	6	6	19	22	19	15	10
Impairment losses on fixed assets	–16	–282	–6	–64	–138	–149	–94	–22	–245	–76	–7
Impairment losses/reversal of impairment losses on properties, NCC Property Development[1]	–44	–77	–4	–782	–69						
Result from sale of Group companies	–1	8	303	4	73	64	–5	7	415	8	5
Competition-infringement fee									–175		–95
Result from participations in associated companies	294	47	44	11	60	33	49	29	11	9	–1
Operating profit/loss	**2,415**	**–1,536**	**1,820**	**5**	**1,117**	**1,147**	**1,748**	**2,392**	**2,790**	**2,219**	**2,150**
Financial income	503	529	327	219	148	209	116	116	131	615	70
Financial expense	–765	–1,123	–841	–547	–310	–412	–284	–245	–313	–449	–526
Net financial items	**–262**	**–595**	**–514**	**–328**	**–162**	**–203**	**–168**	**–129**	**–182**	**166**	**–456**
Profit/loss after net financial items	**2,153**	**–2,130**	**1,306**	**–323**	**955**	**945**	**1,580**	**2,263**	**2,608**	**2,385**	**1,694**
Tax on profit for the year	–655	–121	–461	–77	–96	–68	–393	–555	–357	–565	–432
Net profit/loss for the year	**1,498**	**–2,251**	**844**	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**	**1,262**
Attributable to:											
NCC's shareholders	1,494	–2,269	821	–421	856	873	1,178	1,706	2,247	1,809	1,261
Minority interests	4	18	24	21	3	3	9	1	4	11	1
Net profit/loss for the year	**1,498**	**–2,251**	**844**	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**	**1,262**

[1] As of 2004, Impairment losses/reversal of impairment losses on properties, NCC Property Development are reported as production costs.

2000: Earnings for 2000 included surplus pension funds from Alecta amounting to SEK 912 M. The main reason for the improved earnings was a high rate of activity within real estate operations. Rieber & Søn's asphalt and aggregate operations were also acquired.

2001: Earnings for 2001 were charged SEK 1,740 M for write-downs and provisions. A comprehensive restructuring and action program was introduced to improve profitability. As of 2001, sales of NCC Property Development's property projects were reported as part of net sales. The effect for 2001 was an approximately SEK 1.5 billion increase in sales.

2002: Operations were affected by the action program initiated in 2001. Restructuring measures were implemented in the Nordic countries. The phase-out of non-core operations was initiated. The sale of the subsidiary NVS generated a capital gain of SEK 301 M.

2003: Earnings for 2003 were charged SEK 782 M for impairment losses within NCC Property Development and SEK 195 M for impairment losses within NCC Roads, including restructuring measures. The subsidiary Altima was spun off. Altima's earnings for full-year 2003 are included.

2004: Properties were sold for nearly SEK 5 billion and net indebtedness was reduced by SEK 3.7 billion to SEK 1.1 billion.

2005: Earnings increased, primarily as a result of a strong housing market in the Nordic region and also because of improved profitability in the Nordic contracting operations. Impairment losses of approximately SEK 220 M were incurred for such assets as goodwill, property projects and associated companies. All financial objectives were achieved and net indebtedness was reduced to SEK 0.5 billion.

2006: A boom in the Nordic region gave rise to considerable activity, resulting in rising sales and earnings. Sales of housing, above all else, contributed to the healthy earnings, as did contracting operations, which showed increased profitability. Costs of SEK 186 M for the NCC Complete development project were charged against earnings. All of the financial objectives were achieved and net indebtedness was reduced to SEK 0.4 billion.

2007: The economic boom in combination with strong earnings from property development operations contributed to the highest earnings in NCC's history and all of the financial objectives were achieved. Costs of SEK 645 M for the NCC Complete development project were charged against earnings, as was a competition-impeding damage of SEK 175 M. Operating profit included SEK 383 M from the sale of the Polish asphalt and aggregates operations.

2008: NCC reported its second highest earnings ever and all of the financial objectives were achieved. This was also the year that the housing market came to an abrupt halt and a recession started, which was compounded by a global financial crisis. Earnings were charged with impairment losses and restructuring costs totaling SEK 741 M. The divestment of NCC's share in the Polish concession company AWSA contributed SEK 493 M to earnings.

2009: The year was characterized by recession and reduced demand in the Nordic construction market. While volumes declined, margins remained healthy. Although sales of housing units were favorable, they generated a loss due to price discounts. Earnings were charged with SEK 192 M for impairment losses on land and unsold housing units.

BALANCE SHEET, SEK M	2000	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	2009
ASSETS											
Fixed assets											
Goodwill	3,210	2,787	2,538	2,045	1,597	1,790	1,772	1,700	1,651	1,772	1,750
Other intangible assets	87	146	130	82	31	31	61	113	96	122	120
Managed properties	4,570	3,895	1,306	897	41	449	71	65	21	12	
Owner-occupied properties and construction in progress	1,057	1,072	1,190	868	821	830	865	796	640	682	647
Machinery and equipment	3,218	3,242	3,055	1,926	1,803	1,848	1,937	1,940	1,774	1,975	1,910
Participations in associated companies	833	872	805	694	609	200	44	47	25	10	9
Other long-term holdings of securities	384	236	201	167	311	311	265	242	250	227	203
Long-term receivables	1,203	670	1,253	1,217	1,392	1,363	1,246	2,739	1,968	1,338	1,378
Total fixed assets	**14,562**	**12,920**	**10,478**	**7,896**	**6,605**	**6,822**	**6,263**	**7,642**	**6,424**	**6,139**	**6,016**
Current assets											
Property projects	4,036	5,477	4,215	3,755	2,002	2,105	2,005	1,955	2,145	3,439	2,835
Housing projects	3,152	3,335	3,358	3,510	3,495	4,345	4,395	5,979	8,553	11,377	8,363
Materials and inventories	721	669	727	575	604	609	502	443	474	624	514
Participations in associated companies		120	132	116	53						
Accounts receivable	7,140	6,880	6,401	6,167	6,185	6,476	7,137	7,934	8,323	7,820	6,355
Worked-up, non-invoiced revenues	1,135	3,507	2,683	2,420	2,696	2,998	2,737	2,840	2,956	1,854	1,459
Prepaid expenses and accrued income	909	689	884	692	582	587	638	852	1,048	1,169	844
Other receivables	2,831	2,551	2,620	2,399	1,912	1,819	1,361	1,532	1,979	1,778	1,472
Short-term investments	1			2	32	113	153	173	483	215	286
Cash and cash equivalents	2,206	3,164	3,717	2,463	2,574	2,514	1,919	1,253	1,685	1,832	1,831
Total current assets	**22,131**	**26,392**	**24,737**	**22,101**	**20,133**	**21,567**	**20,848**	**22,961**	**27,645**	**30,108**	**23,959**
TOTAL ASSETS	36,693	39,312	35,215	29,997	26,738	28,389	27,110	30,603	34,069	36,247	29,976
SHAREHOLDERS' EQUITY											
Shareholders' equity	9,971	7,322	7,597	6,188	6,728	6,715	6,785	6,796	7,207	6,840	7,667
Minority interests	20	94	83	78	84	84	94	75	30	25	18
Total shareholders' equity	**9,991**	**7,416**	**7,680**	**6,266**	**6,812**	**6,799**	**6,879**	**6,870**	**7,237**	**6,865**	**7,685**
LIABILITIES											
Long-term liabilities											
Long-term interest-bearing liabilities	4,757	4,826	4,924	4,267	3,148	3,485	2,004	2,023	1,590	2,620	2,941
Other long-term liabilities	2,212	24	20	38	34	343	392	561	816	837	558
Deferred tax liabilities	858	504	687	659	502	481	199	461	431	492	710
Provisions for pensions and similar obligations	884	1,022	1,168	20	180	180	143	119	112	42	18
Other provisions	714	1,370	1,475	1,472	1,641	1,683	1,611	2,157	2,729	3,190	3,023
Total long-term liabilities	**9,425**	**7,746**	**8,274**	**6,456**	**5,506**	**6,172**	**4,348**	**5,321**	**5,678**	**7,180**	**7,250**
Current liabilities											
Current liabilities, interest-bearing	6,073	8,904	4,987	4,125	1,107	1,187	1,052	552	1,701	2,929	391
Accounts payable	4,463	4,890	4,460	3,855	3,891	3,908	4,520	4,874	4,974	4,356	3,545
Tax liabilities	333	398	292	118	261	260	137	170	101	140	38
Invoiced revenues, not worked-up	2,632	3,468	3,486	3,521	3,563	4,375	4,367	4,823	4,971	5,300	4,516
Accrued expenses and deferred income	2,472	3,548	3,003	3,161	3,231	3,305	3,271	4,592	5,177	4,371	3,598
Other current liabilities	1,304	2,942	3,033	2,497	2,368	2,383	2,535	3,400	4,231	5,106	2,954
Total current liabilities	**17,277**	**24,150**	**19,261**	**17,276**	**14,421**	**15,418**	**15,883**	**18,411**	**21,154**	**22,202**	**15,041**
Total liabilities	**26,702**	**31,896**	**27,535**	**23,732**	**19,926**	**21,590**	**20,231**	**23,732**	**26,832**	**29,382**	**22,291**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	36,693	39,312	35,215	29,997	26,738	28,389	27,110	30,603	34,069	36,247	29,976

2004: Total assets declined primarily as a result of considerable sales of investment properties within NCC Property Development and the divestment of a number of subsidiaries. Property development projects were also reduced through divestment.

2005: NCC Property Development continued to divest managed properties and received payment for properties sold in the preceding years, which led to a reduction in total assets.

2006: As a result of additional sales of property projects within NCC Property Development, long-term receivables from sales of property projects increased. Investments in land for housing projects increased.

2007: Increase in capital tied up in property projects within NCC Property Development, and in housing projects within NCC's Construction units in Sweden, Denmark and Finland.

2008: Continued increase in tied-up capital, primarily in housing operations.

2009: Total assets declined as a result of an intensified focus on cash flow and tied-up capital, resulting in, for example, lower investments in property and housing projects. An increase in sales of housing units also contributed to a decline in tied-up capital.

TEN-YEAR REVIEW, cont.

KEY FIGURES	2000	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	2009
SEK M											
Net sales	38,728	47,521	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817
Operating profit/loss	2,415	–1,536	1,820	5	1,117	1,147	1,748	2,392	2,790	2,219	2,150
Profit/loss after net financial items	2,153	–2,130	1,306	–323	955	945	1,580	2,263	2,608	2,385	1,694
Profit/loss for the year	1,498	–2,251	844	–400	859	876	1,187	1,708	2,252	1,820	1,262
Investments in fixed assets	4,298	2,269	1,662	1,102	850	866	901	798	780	983	584
Investments in property projects	2,738	2,819	1,439	1,334	413	438	626	1,049	1,493	2,210	1,054
Investments in housing projects[1]	2,276	860	1,525	1,667	1,921	1,920	2,140	3,908	5,392	5,010	1,262
Cash flow, SEK M											
Cash flow from operating activities	279	916	2,747	959	3,399	4,161	2,046	2,171	1,031	128	3,318
Cash flow from investing activities	–2,635	–1,662	2,308	–196	1,097	1,083	69	–514	134	–306	–481
Cash flow before financing	–2,356	–746	5,055	762	4,517	5,244	2,115	1,657	1,165	–178	2,837
Cash flow from financing activities	2,161	1,617	–4,452	–1,962	–4,380	–5,264	–2,745	–2,307	–763	298	–2,827
Change in cash and cash equivalents	–195	871	603	–1,199	115	–20	–596	–666	432	147	–1
Profitability ratios											
Return on shareholders' equity, %	15	neg	11	neg	14	14	18	27	34	27	18
Return on capital employed, %	13	neg	10	1	10	9	17	24	28	23	17
Financial ratios at year-end, SEK M											
Interest-coverage ratio, %	4.8	–1.1	2.4	0.5	3.6	3.6	6.9	11.5	10.2	7.0	4.5
Equity/assets ratio, %	27	19	22	21	25	24	25	22	21	19	26
Interest-bearing liabilities/total assets, %	32	37	31	28	16	17	12	9	10	15	11
Net indebtedness	8,118	10,306	5,816	4,891	679	1,149	496	430	744	3,207	754
Debt/equity ratio, times	0.8	1.4	0.8	0.8	0.1	0.2	0.1	0.1	0.1	0.5	0.1
Capital employed at year-end	21,705	22,153	18,759	14,678	11,098	11,503	10,032	9,565	10,639	12,456	11,034
Capital employed, average	19,797	22,999	20,770	17,770	13,152	14,054	10,930	10,198	10,521	11,990	12,659
Capital turnover rate, times	1.8	2.1	2.2	2.5	3.5	3.3	4.5	5.5	5.6	4.8	4.1
Share of risk-bearing capital, %	30	20	24	23	27	26	26	24	23	20	28
Average interest rate, %	5.5	5.6	5.3	4.6	4.8	4.8	4.8	4.8	5.2	5.9	4.5
Average period of fixed interest, years	1.6	1.2	1.3	0.9	1.3	1.3	1.1	2.6	1.8	1.6	1.8
Order status, SEK M											
Orders received	46,316	50,647	43,098	40,941	45,362	45,624	52,413	57,213	63,344	51,864	45,957
Order backlog	25,835	30,750	23,788	23,752	27,077	27,429	32,607	36,292	44,740	40,426	34,084
Per share data, SEK											
Profit/loss after taxes, before dilution	14.00	–21.60	7.95	–4.10	8.36	8.53	11.07	15.80	20.75	16.69	11.63
Profit/loss after taxes, after dilution	13.80	–21.60	7.55	–4.10	7.89	8.05	10.86	15.74	20.73	16.69	11.63
Cash flow from operating activities, after dilution	2.57	8.45	25.34	8.84	31.35	38.39	18.88	20.03	9.51	1.18	30.60
Cash flow before financing, after dilution	–21.73	–6.88	46.63	7.03	41.67	48.38	19.52	15.29	10.75	–1.64	26.17
P/E ratio, before dilution	5	neg	7	neg	10	10	13	12	7	3	10
Dividend	4.50	2.25	2.75	2.75	4.50	4.50	5.50	8.00	11.00	4.00	6.00[2]
Extraordinary dividend				6.70[3]	10.00	10.00	10.00	10.00	10.00		
Dividend yield, %	6.5	3.2	5.2	17.0	16.5	16.5	10.9	9.6	15.1	8.1	5.1
Dividend yield excl. extraordinary dividend, %	6.5	3.2	5.2	5.0	5.1	5.1	3.9	4.3	7.9	8.1	5.1
Shareholders' equity before dilution	93.90	69.75	74.20	60.45	65.70	65.58	63.30	62.86	66.48	63.10	70.72
Shareholders' equity after dilution	91.98	67.55	70.08	57.08	62.07	61.95	62.60	62.69	66.48	63.10	70.70
Share price/shareholders' equity, %	73	100	71	92	134	134	225	298	209	78	167
Share price at year-end, NCC B, SEK	69.00	70.00	53.00	55.50	88.00	88.00	142.50	187.50	139.00	49.50	118.25
Number of shares, millions											
Total number of issued shares[4]	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
Treasury shares at year-end	2.7	3.4	6.0	6.0	6.0	6.0	1.2	0.3			
Total number of shares outstanding at year-end before dilution	105.7	105.0	102.4	102.4	102.4	102.4	107.2	108.1	108.4	108.4	108.4
Average number of shares outstanding before dilution during the year	107.0	105.0	103.6	102.4	102.4	102.4	106.4	108.0	108.3	108.4	108.4
Market capitalization before dilution, SEK M	7,353	7,347	5,366	5,625	8,984	8,984	15,282	20,242	14,999	5,209	12,809
Personnel											
Average number of employees	25,192	28,170	25,554	24,076	22,214	22,375	21,001	21,784	21,047	19,942	17,745

1) As of 2007, includes investments in the unsold share of ongoing proprietary housing projects. As of 2008, includes costs incurred prior to project start.
2) Board of Directors' motion to the Annual General Meeting.
3) Extraordinary dividend in 2003 pertains to all shares in Altima.
4) All shares issued by NCC are common shares.

Figures for 2000 to 2004 are not IFRS adjusted.
Figures for 2004 are not adjusted for IAS 39, Financial Instruments.
For definitions of key figures, see p. 109.

QUARTERLY DATA

SEK M	Quarterly amounts, 2009 Q 1	Q 2	Q 3	Q 4	Full year 2009	Quarterly amounts, 2008 Q 1	Q 2	Q 3	Q 4	Full year 2008
NCC Group										
Orders received	8,166	11,931	11,644	14,216	45,957	11,993	17,408	12,794	9,670	51,864
Order backlog	38,318	35,096	33,721	34,084	34,084	45,123	46,165	45,288	40,426	40,426
Net sales	11,065	13,992	12,211	14,549	51,817	11,412	15,623	13,945	16,485	57,465
Operating profit/loss	–234	858	792	735	2,150	169	968	787	294	2,219
Operating margin, %	–2.1	6.1	6.5	5.1	4.1	1.5	6.2	5.6	1.8	3.9
Profit/loss after financial items	–352	729	676	642	1,694	117	883	702	684	2,385
Net profit/loss attributable to NCC's shareholders	–257	551	505	463	1,261	93	670	514	532	1,809
Cash flow before financing	–1,356	746	1,552	1,896	2,837	–1,122	–1,888	1,333	1,500	–178
Net indebtedness	–4,608	–4,256	–2,654	–754	–754	–1,830	–5,975	–4,688	–3,207	–3,207
Earnings per share after dilution, SEK	–2.37	5.08	4.66	4.27	11.63	0.86	6.18	4.74	4.91	16.69
Average number of shares outstanding after dilution during the year, millions	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
NCC Construction Sweden										
Orders received	3,767	5,107	4,143	5,826	18,842	6,599	7,337	5,888	5,232	25,056
Order backlog	18,320	17,533	16,799	16,247	16,247	20,541	21,553	21,771	19,638	19,638
Net sales	5,082	5,806	4,967	6,369	22,225	5,228	6,330	5,700	7,354	24,612
Operating profit	221	212	267	330	1,031	198	279	291	385	1,154
Operating margin, %	4.4	3.7	5.4	5.2	4.6	3.8	4.4	5.1	5.2	4.7
NCC Construction Denmark										
Orders received	554	800	720	1,119	3,194	1,113	765	768	606	3,253
Order backlog	2,224	2,165	2,011	2,263	2,263	3,218	2,933	2,882	2,525	2,525
Net sales	866	828	748	878	3,321	869	1,068	917	1,225	4,079
Operating profit	9	24	17	23	72	27	26	34	32	119
Operating margin, %	1.0	2.8	2.3	2.6	2.2	3.1	2.4	3.7	2.6	2.9
NCC Construction Finland										
Orders received	799	1,344	1,840	1,679	5,662	1,035	2,175	1,220	981	5,411
Order backlog	4,109	3,880	4,205	4,498	4,498	4,960	5,301	5,135	4,686	4,686
Net sales	1,546	1,541	1,125	1,506	5,718	1,730	1,864	1,538	1,955	7,087
Operating profit	73	34	23	42	172	78	88	60	28	254
Operating margin, %	4.7	2.2	2.1	2.8	3.0	4.5	4.7	3.9	1.4	3.6
NCC Construction Norway										
Orders received	646	1,077	833	2,125	4,681	635	1,600	822	489	3,546
Order backlog	2,911	2,932	3,000	4,124	4,124	5,674	5,438	4,701	3,120	3,120
Net sales	1,199	985	776	1,104	4,065	1,604	1,937	1,554	1,841	6,936
Operating profit	45	27	29	39	140	14	53	40	117	224
Operating margin, %	3.8	2.7	3.7	3.5	3.4	0.9	2.7	2.6	6.4	3.2
NCC Roads										
Orders received	1,901	3,404	3,035	2,661	11,001	1,824	4,003	3,306	2,855	11,989
Order backlog	4,304	4,721	4,216	4,159	4,159	3,280	4,025	3,602	3,460	3,460
Net sales	1,147	2,939	3,484	2,768	10,338	1,243	3,270	3,762	3,042	11,317
Operating profit/loss	–412	367	413	19	387	–289	305	389	41	446
Operating margin, %	–35.9	12.5	11.9	0.7	3.7	–23.2	9.3	10.4	1.3	3.9
NCC Housing										
Orders received	717	519	2,207	1,685	5,128	1,571	2,082	1,610	–436	4,827
Order backlog	6,711	4,878	4,732	4,147	4,147	11,206	10,683	10,670	8,559	8,559
Net sales	1,851	2,530	2,034	2,581	8,996	1,961	2,763	1,899	2,149	8,773
Operating profit/loss	–175	3	–33	79	–126	39	109	–176	–633	–660
Operating margin, %	–9.5	0.1	–1.6	3.1	–1.4	2.0	4.0	–9.3	–29.4	–7.5
NCC Property Development										
Net sales	530	898	96	489	2,014	441	331	292	1,071	2,133
Operating profit	34	134	7	184	359	181	122	92	340	735

The operations of NCC Roads and certain activities within NCC's Construction units are affected by seasonal variations in their production caused by cold weather conditions. The first and final quarters are normally weaker than the rest of the year.

CORPORATE GOVERNANCE REPORT

NCC AB is a Swedish public limited liability company whose shares are listed on Nasdaq OMX Stockholm. NCC AB is governed in accordance with Swedish company law. NCC also complies with other applicable Swedish and international laws and regulations. In addition, NCC has undertaken to comply with Nasdaq OMX Stockholm's regulations, which include the Swedish Code of Corporate Governance. NCC has applied the Code since it was introduced in 2005. This report is not part of the formal annual report documentation and has not been examined by the Company's auditors.

GENERAL SHAREHOLDER MEETINGS

The procedures for notifying shareholders of General Meetings are stipulated in the Articles of Association. Notice of meetings shall be made in the form of an announcement in Post- och Inrikes Tidningar and Dagens Nyheter. Notice of the Annual General Meeting shall be issued not earlier than six weeks and not later than four weeks prior to the Meeting. Notice of Extraordinary General Meetings convened to address amendments to the Articles of Association shall be issued not earlier than six weeks and not later than two weeks prior to the Meeting. General Meetings may be held in the municipalities of Stockholm, Solna or Sigtuna. At General Meetings, shareholders may be accompanied by not more than two advisors, on condition that the shareholder has given the Company prior notice of this.

The 2009 Annual General Meeting was held on April 7 and was attended by 283 shareholders representing 52 percent of the share capital and 86 percent of the total number of voting rights.

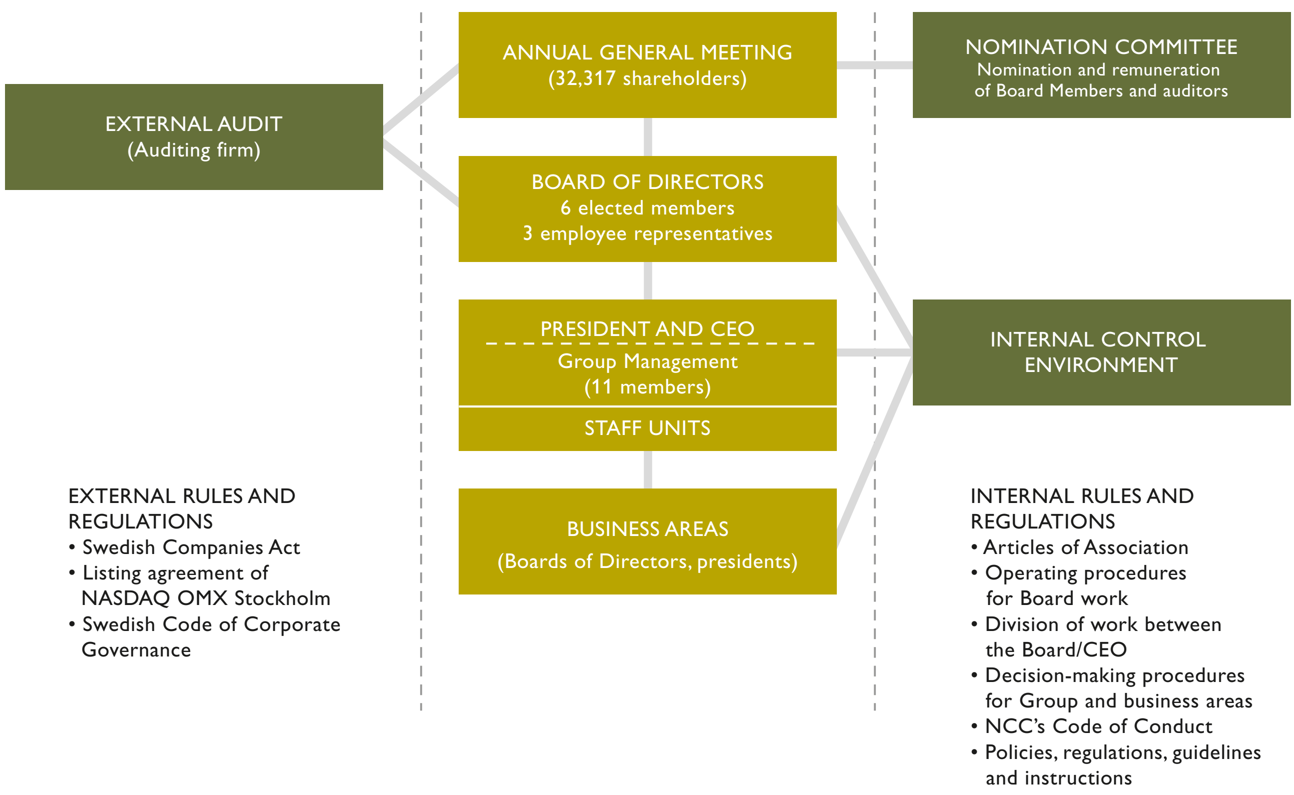
OWNERSHIP STRUCTURE AND VOTING RIGHTS

NCC shares are issued in two series, designated Series A and Series B shares. Each Series A share carries ten votes and each Series B share one vote. All of the shares carry identical rights to participation in the Company's assets and profits and identical entitlement to dividends. The distribution of shares and voting rights is shown on pp. 106–107, as is the ownership structure. On request, Series A shares may be converted into Series B shares. A written conversion request must be submitted to the Company's Board, which makes continuous decisions on such matters. Following a conversion decision, the matter is reported to Euroclear Sweden AB for registration. Conversions become effective when the shares are registered.

COMPOSITION OF THE BOARD

The Board shall consist of not fewer than five and not more than ten members elected by the Annual General Meeting. The employees are represented on the Board. The Board Members are elected for a period of one year. During 2009, there were six elected Board Members. The Board also included three representatives and two deputies for the employees. Three of the

NCC'S CONTROL STRUCTURE 2009



Board members (Antonia Ax:son Johnson, Tomas Billing and Marcus Storch) were dependent on the principal owner Nordstjernan and one member (Fredrik Lundberg) was dependent on the second largest shareholder L E Lundbergföretagen. Ulf Holmlund and Ulla Litzén are independent in relation to NCC's major shareholders. All Board Members are independent in relation to the company and company management. Information on individual Board Members is presented on pp. 102–103.

NOMINATION ACTIVITIES

The Annual General Meeting elects a Nomination Committee, which nominates candidates to the Annual General Meeting for election as Board members, proposes the fees to be paid to Board members and nominates auditors and the fees to be paid to them. The Annual General Meeting held on April 7, 2009 re-elected Viveca Ax:son Johnson (Chairman of Nordstjernan AB), Ulf Lundahl (Deputy CEO of L E Lundbergföretagen AB) and Mats Lagerqvist (former President of Swedbank Robur AB) to the Nomination Committee, with Viveca Ax:son Johnson as chairman. Tomas Billing, Chairman of the NCC Board, was a co-opted member of the Committee, but had no voting right. No remuneration was paid to members of the Nomination Committee.

The NCC Nomination Committee proposes that the 2010 Annual General Meeting reelect the current members of the Board Tomas Billing, who is also proposed for reelection as Chairman of the Board, Antonia Ax:son Johnson, Ulf Holmlund, Ulla Litzén and Marcus Storch. Fredrik Lundberg, Deputy Chairman, has declined reelection.

The Nomination Committee also proposes that the Annual General Meeting elect Christoph Vitzthum as new member of the Board. Christoph Vitzthum was born in 1969 and has a Masters of Economics degree. He is a member of the executive management team of the Finnish industrial group Wärtsilä Oyj Abp and is president of the business area Wärtsilä Services. Christoph Vitzthum has held various positions in the Wärtsilä group since 1995.

A report on the Nomination Committee's work and motions ahead of the 2010 Annual General Meeting is presented on NCC's website www.ncc.se under the "Corporate Governance" tab.

BOARD DUTIES

In 2009, NCC's Board held six scheduled meetings, one unscheduled meeting and the statutory meeting held directly after the Annual General Meeting, making a total of eight meetings. The Board's work focuses primarily on strategic issues, business plans, the financial accounts and major investments and divestments, plus other decisions that, in accordance with NCC's decision-making procedures, have to be addressed by the Board. Reporting on the progress of the Company's operations and financial position was a standing item on the agenda. The Board has established operating procedures for its work and instructions for the division of duties between the Board and the CEO, as well as for financial reporting to the Board. The Board made several worksite visits in connection with Board meetings. Other senior executives within NCC participated in Board meetings in order to present matters. NCC's senior legal counsel was secretary of the Board.

On several occasions, the Board has evaluated the matter of establishing committees to deal with remuneration and audit-related issues. The Board has decided not to establish such committees and instead to address remuneration and audit-related issues within the framework of ordinary Board work (also see the section entitled "Work involving audit, financial reporting and internal control" below.

CHAIRMAN OF THE BOARD

The Chairman of the Board directs the work conducted by the Board and maintains regular contact with the CEO, in order to continuously monitor the Group's operations and development. The Chairman represents the Company in ownership matters.

WORK INVOLVING AUDIT, FINANCIAL REPORTING AND INTERNAL CONTROL

According to the Swedish Code of Corporate Governance, the Board must document and disclose information about the manner in which the Board assures the quality of financial reporting and communicates with the Company's auditors. This information is contained in the section entitled "Board report on internal controls pertaining to financial reporting for the 2009 fiscal year" on pp. 100–101.

Composition and attendance of Board meetings 2009

	Feb. 11	April 7	April 7[3]	May 12	June 24[4]	Aug. 19	Nov. 3	Dec. 2
Board Members elected by the Annual General Meeting								
Tomas Billing	✓	✓	✓	✓	✓	✓	✓	✓
Antonia Ax:son Johnson	✓	✓	✓	✓	✓	✓	✓	✓
Ulla Litzén	✓	✓	✓	✓	✓	✓	✓	✓
Ulf Holmlund	✓	✓	✓	✓	✓	✓	✓	✓
Fredrik Lundberg	✓	✓	✓	✓	✓	✓	✓	✓
Marcus Storch	✓	✓	✓	✓	✓	✓	✓	✓
Regular employee representatives								
Lars Bergqvist	✓	✓	✓	✓	✓	✓	✓	✓
Sven Frisk	✓	✓	✓	✓	✓	✓	✓	✓
Karl G Sievertsson[1]				✓	✓	✓	✓	✓
Ruben Åkerman[2]	✓	✓	✓					

1) Elected as of the Annual General Meeting on April 7, 2009.
2) Elected up to the Annual General Meeting on April 7, 2009.
3) Statutory Board meeting.
4) Unscheduled Board meeting.

The CEO is responsible for ensuring that the Board receives continuous reports and information of such a quality that the Board is able to make well-founded assessments. Business and financial reports are presented at each scheduled Board Meeting. Quarterly and year-end reports constitute the Company's fundamental financial reporting, which is supplemented by business unit information from NCC's internal reporting system. Each scheduled Board Meeting also addresses matters of material significance in terms of principle or major financial importance.

According to the Swedish Companies Act, the Board must establish an audit committee. If, as in the case at NCC, the Board considers it more appropriate, the entire Board of Directors may fulfill the duties of an audit committee in cases when an independent member possesses auditing expertise. The fact that the Board is relatively small facilitates its work. The Board meets the auditors twice a year, including one occasion without the presence of executive management. In addition, the Chairman of the Board has direct contact with the auditors on a number of occasions during the year.

The Board of Directors is evaluated within the framework of the Nomination Committee's work. In addition, the Board performs an annual evaluation of its work and the format for performing Board work, which also constitutes part of the Nomination Committee's evaluation. For the purpose of examining the Company's Annual Report, consolidated financial statements, accounting records and the Company's management by the Board of Directors and President, the Annual General Meeting appoints a maximum of three Authorized Public Accountants, with a maximum of three deputies. A registered firm of accountants may also be appointed auditor of the Company. The Nomination Committee evaluates the audit work and nominates auditors. Auditors are appointed for a period of four years. Since April 8, 2008 and until the close of the Annual General Meeting in 2012, the registered firm of accountants PricewaterhouseCoopers AB will serve as NCC's auditors. Authorized Public Accountant Håkan Malmström has been elected PricewaterhouseCoopers AB's auditor-in-charge. For more information about auditors, see p. 103.

REMUNERATION OF THE BOARD OF DIRECTORS

The Nomination Committee proposes the fees to be paid to the Board of Directors. The Annual General Meeting on April 7, 2009 resolved that the director fees for Board work in 2009 would total SEK 2,535,000 to be distributed among the Board Members elected by the Annual General Meeting. The Chairman received SEK 575,000, the Deputy Chairman SEK 460,000 and the four other Board Members received SEK 375,000 each. The employee representatives do not receive director fees.

REMUNERATION OF EXECUTIVE MANAGEMENT

According to the Swedish Code of Corporate Governance, the Board must establish a remuneration committee to prepare matters relating to remuneration and other terms of employment for executive management. If, as in the case at NCC, the Board considers it more appropriate, the entire Board of Directors may fulfill the duties of a remuneration committee. Guidelines for salary and other remuneration for the Company's senior executives are resolved by the Annual General Meeting. Remuneration paid to the CEO is proposed by the Chairman and established by the Board. The CEO does not participate in this decision. Remuneration to other senior executives is proposed by the CEO and approved by the Chairman of the Board. Remuneration to the CEO and other senior executives consists of a fixed salary, variable remuneration, pension and other benefits. Framework conditions for variable remuneration are decided by the Board. The term "other senior executives" pertains to the executives who, in addition to the CEO, comprise Group Management. A specification of salaries and other remuneration paid to Board members, the CEO and senior executives is presented in Note 5, Personnel expenses.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The Board of Directors has established instructions for the division of duties between the Board and the CEO, and for financial reporting to the Board (also refer to p. 97, "Work involving audit, financial reporting and internal control").

DEPUTY CHIEF EXECUTIVE OFFICERS

NCC has not appointed any Deputy Chief Executive Officers.

GROUP MANAGEMENT

In 2009, NCC's Group Management consisted of the CEO, the Presidents of NCC Construction Sweden, NCC Construction Denmark, NCC Construction Finland, NCC Construction Norway, NCC Property Development, NCC Housing and NCC Roads, plus the Chief Financial Officer and the Senior Vice Presidents for Corporate Communications and Corporate Legal Affairs. Further information on members of Group Management is presented on pp. 104–105.

Group Management mainly focuses on strategic matters and generally meets once per month.

INTERNAL GOVERNANCE

NCC's operations require a considerable amount of delegated responsibility. Procedures have been formulated within the Group in order to clarify exactly who is to do what at each stage of the decision-making process. In addition to strategic and organizational matters, the areas regulated include investments and divestments, rental and leasing agreements, financing, sureties, guarantees, the assessment of tenders and business agreements.

The number of projects in production varies from year to year but totals several thousands. The organization of each project varies according to the specific project's size and complexity. Each project is led by a project manager who is responsible for product format, purchases, financial aspects, production, quality, completion and handover to the customer. Major projects are monitored on a monthly basis by the CEO and Chief Financial Officer. Tenders for projects exceeding SEK 300 M are subject to special assessment and must be approved by the CEO. Tenders for projects exceeding SEK 500 M must be confirmed by NCC AB's Board. Proprietary housing and property projects representing an investment exceeding SEK 20 M must be approved by the CEO and such projects exceeding SEK 100 M must be authorized by NCC AB's Board.

GOVERNANCE OF BUSINESS AREAS

The Group comprises business areas that constitute separate subsidiaries. These subsidiaries are managed by the respective business area presidents, who are similarly appointed president of the particular subsidiary. Each business area has a Board of Directors, of which, among others, NCC AB's CEO, Chief Financial Officer and Senior Legal Counsel are members. For certain decisions, the approval of the CEO or NCC AB's Board Chairman or Board of Directors is required. The decision-making procedure consists of proposals, endorsement, decisions and confirmation. A matter requiring a decision is normally processed by the entity that initiated the matter or which is responsible for it in terms of function. Many types of decisions are preceded by consultation. Country managers (the heads of NCC's Construction units in each country) are responsible for initiating coordination in matters involving several NCC units in the particular country. Such matters include the Group's brands and image, utilizing synergism, maintaining uniform systems for salaries, accounting and IT, and coordinating salary-setting and personnel policies.

CODE OF CONDUCT

A comprehensive program to formulate and implement the values that are to hallmark NCC's operations has been under way in recent years. These values have been translated into norms and rules governing how NCC employees are to behave in various situations. These regulations are summarized in a Code of Conduct. The Code of Conduct describes the requirements that NCC – the Board of Directors, management and all employees – have to meet in terms of behavior and conduct and that NCC in turn expects its business partners to respect.

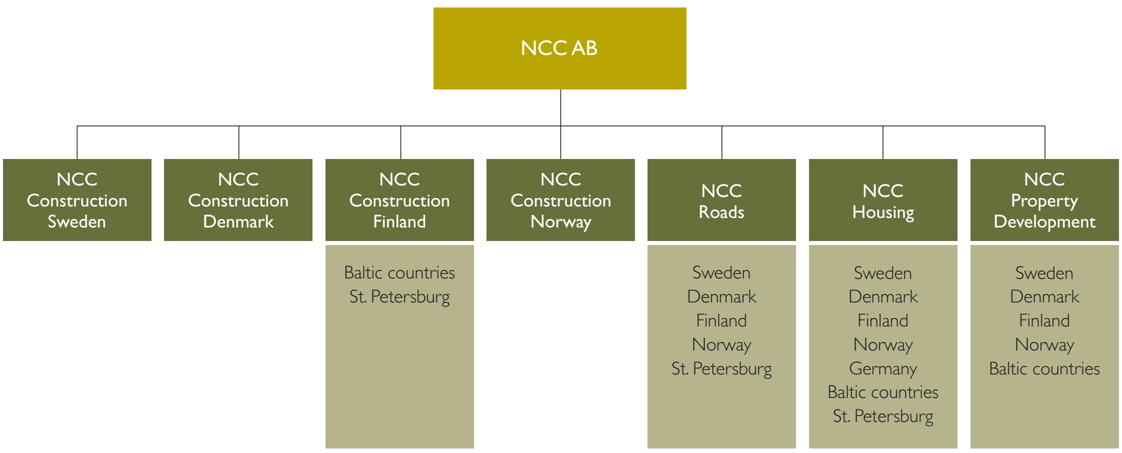
Every manager has an obligation, within his or her area of responsibility, to ensure that employees and business partners are informed about the contents of the Code of Conduct and the requirement that they be observed. NCC managers must always set a good example. Adherence to the Code of Conduct is followed up continuously as a natural part of ongoing operations. NCC has a whistleblower procedure in the form of distinct reporting routes pertaining to any violations of the Code of Conduct.

Repeated and serious violation of the Code of Conduct results in corrective action. If any of NCC's business partners repeatedly and seriously violates NCC's Code of Conduct, cooperation is discontinued.

The Compliance Program, consisting of a comprehensive training program in business ethics and competition law, was introduced in 2002. The program is now an integral part of NCC's ordinary training of newly appointed managers and has been received by approximately 3,000 managers within the Group since 2002. The program is a part of the employment relationship.

Further information on control and corporate governance within NCC is presented on the Group's website – www.ncc.se – where the Articles of Association and the Code of Conduct are also available.

NCC'S organization 2009



INTERNAL CONTROL REPORT

THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL PERTAINING TO FINANCIAL REPORTING FOR THE 2009 FISCAL YEAR

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control. This report has been prepared pursuant to Rule 10.5 of the Swedish Code of Corporate Governance and is thus limited to the internal control of financial reporting.

This report does not represent part of the formal annual report documentation.

The NCC Group is a decentralized international organization with business areas structured in a corporate format based on rules concerning the companies' governance in accordance with company law. Each year, the Board of Directors establishes rules of procedure for the work of the Board of Directors and an instruction concerning the division of work between the Board and the Chief Executive Officer. Operational management of the Group is based on decision-making regulations within the NCC Group that are adopted annually by the Board. The decision-making regulations stipulate the matters that require the Board's approval or confirmation. In turn, this is reflected in the decision-making regulations and attestation regulations applying for the subsidiaries. At Board meetings, the CEO and, where applicable, subsidiary presidents present the matters that require treatment by the Board.

The CEO must ensure that the Board receives factual, exhaustive and relevant information to enable the Board to make well-founded decisions, and to keep it continuously informed of the development of the Company's operations and its financial position.

In addition, NCC's auditor, PricewaterhouseCoopers AB, must report the results of its examination and proposed measures to the NCC Board on two occasions per year, including one occasion without the attendance of Company management. Prior to these meetings, views from the audit of the business areas and subsidiaries have been presented to the Board meetings held in the particular business area/subsidiary or to the respective business area management. Actions must be taken concerning the views that arise and these actions must be followed up systematically within the particular unit.

The control environment, organization, decision-making paths, authorities and responsibilities that are documented and communicated in control documents, as well as internal policies, guidelines and manuals, form the basis for the internal control pertaining to financial reporting.

Information and communication regarding the internal policies, guidelines, manuals and codes to which the financial reporting is subject is available on NCC Starnet Ekonomi (NCC's Intranet). Starnet Ekonomi is a living regulatory system that is updated regularly through the addition of, for example, new regulations concerning IFRS and Nasdaq OMX Stockholm. NCC's Chief Financial Officer has principal responsibility for Starnet Ekonomi which includes the following:

- Policies and regulations for the valuation and classification of assets, liabilities, revenues and costs.
- Definitions of the terms used within NCC.
- Accounting and reporting instructions.
- Framework for self-evaluation of internal controls.
- The organization of the financial control function.
- Time schedules for audit and reporting occasions, among others.
- Decision-making regulations.
- Attestation instructions.

All financial reporting must comply with the rules and regulations found on Starnet Ekonomi.

Financial reporting occurs in part in the form of figures in the Group-wide reporting system and in part in the form of written comments in accordance with a specially formulated template. Instructions and regulations concerning both written and figure-based reporting are available on Starnet Ekonomi. The rules and regulations are updated under the auspices of the Chief Financial Officer. In addition, regular training programs and conferences are arranged for management and financial control personnel pertaining to joint principles concerning the requirements to which the internal control is subject. This is within the Chief Financial Officer's sphere of responsibility.

NCC applies a **risk-assessment and risk-management method** to ensure that the risks to which the Company is exposed are managed within the established framework. The material risks that have to be taken into account are operating risks, development risks, seasonal risks, the risk of errors in profit recognition, financial risks and insurance risks.

Within NCC, this is done in several different ways:

- **Monthly meetings** with the president and financial manager of each particular business area. These meetings are always attended by the CEO and the Chief Financial Officer. The monthly meetings address such matters as orders received, earnings, major ongoing and problematical projects, cash flow and outstanding accounts receivable. The meetings also address tenders and major investments, in accordance with the decision-making regulations.
- **Board meetings** in the various business areas, which are held at least five times per year. Minutes are taken of these meetings. The members of each particular board include NCC AB's CEO and the Chief Financial Officer, as well as the Senior Legal Counsel. These meetings address the complete income statement, balance sheet and cash flow statement in terms of both outcome and forecast, alternatively budget. The meetings also address tenders and investments, in accordance with the decision-making regulations. Investments and divestments of real estate exceeding SEK 100 M must be approved by NCC AB's Board. All investments exceeding SEK 20 M must be approved by NCC AB's CEO.
- **Major tenders** to be submitted by the business area (exceeding SEK 300 M) must be approved by NCC AB's CEO. Tenders exceeding SEK 500 M must be endorsed by NCC AB's Board.
- NCC AB's Board receives monthly **financial reports** and the current financial status is presented at each Board meeting.

Financial risk positions, such as interest rate, credit, liquidity, exchange rate and refinancing risks, are managed by the specialist function, NCC Corporate Finance. NCC's **finance policy** stipulates that NCC Corporate Finance must always be consulted and, in cases where Corporate Finance sees fit, must manage financial matters.

At NCC, financial reporting and the management of risks are based on a number of **control activities** that are conducted at various levels of the companies and business areas. This occurs in part via the IT systems that support the various operational processes and in part through appropriately designed manual controls intended to prevent, discover and correct faults and nonconformities. Great importance is attached to ensuring that the transactions included in the financial reporting are correct. NCC also attaches considerable weight to the follow-up of projects.

Follow-ups to safeguard the quality of the internal controls are conducted in various ways within NCC. Since the introduction of the Swedish Code of Corporate Governance, NCC has developed a system (framework) for documented self-evaluation of internal controls. Such self-evaluation is performed regularly for NCC's business areas and Group office, and constitutes part of the basis for the Board's assessment of the internal controls.

Controls to ensure that projects are running smoothly are evaluated through operational audits, which lead to continuous evaluations and follow-ups to check that any shortcomings are being rectified. The internal controls are also followed up via Board work within the various business areas and, in cases where it is considered that targeted action is required, the financial control and controller organization is utilized.

NCC's auditor, PricewaterhouseCoopers AB, also examines a selection of NCC's controls as part of its audit process. In view of the follow-ups conducted via the operational audits and through the financial control and controller organization, the Board is of the opinion that there is no need for a special internal examination function. In the light of the above, the Board of Directors considers that NCC has a well-balanced control structure. This report has not been examined by the company's auditors.

BOARD OF DIRECTORS AND AUDITORS

APPOINTED BY ANNUAL GENERAL MEETING

TOMAS BILLING
Chairman. Born 1963.
Board member since 1999 and Chairman since 2001. President of Nordstjernan AB. Chairman of Nordstjernan Industriutveckling AB and Välinge Flooring Technology AB. Board member of Konecranes Oy. Previous experience: President of Hufvudstaden AB and Monark Bodyguard AB, among other positions.
Shareholding in NCC AB: 20,600 Series A shares and 55,400 Series B shares.

FREDRIK LUNDBERG
Deputy Chairman. Born 1951.
Board member and Deputy Chairman since 1997. President and Chief Executive Officer of L E Lundbergföretagen AB. Chairman of Cardo AB, Holmen AB and Hufvudstaden AB. Deputy Chairman of Svenska Handelsbanken AB. Board member of L E Lundbergföretagen AB, Sandvik AB and Industrivärden AB.
Shareholding in NCC AB: 0.

ANTONIA AX:SON JOHNSON
Born 1943.
Board member since 1999. Chairman of Axel Johnson AB, Axel Johnson Inc. and Axel and the Margaret Ax:son Johnson Foundation. Deputy Chairman of Nordstjernan AB. Board member of Axfast AB, Axfood AB, Mekonomen AB and the Axel and Margaret Ax:son Johnson Foundation for Public Benefit, as well as the World Childhood Foundation.
Shareholding in NCC AB: 167,400 Series A shares and 72,400 Series B shares via private companies.

ULF HOLMLUND
Born 1947.
Board member since 2004. Board member of Atrium Ljungberg AB, Anticimex Holding AB and Nordstjernans Industriutveckling AB. Previous experience: President of LjungbergGruppen AB (1983–2003) and President of Fastighets AB Celtica (1993–2003), among other positions.
Shareholding in NCC AB: 10,000 Series B shares.

ULLA LITZÉN
Born 1956.
Board member since April 8, 2008. Board member of Alfa Laval AB, Atlas Copco AB, Boliden AB, Rezidor Hotel Group AB and AB SKF. Previous experience includes: President of W Capital Management AB (2001–2005) and Vice President of Investor AB (1996–2001).
Shareholding in NCC AB: 3,400 Series B shares.

MARCUS STORCH
Born 1942.
Board member since 1998. Chairman of the Nobel Foundation. Deputy Chairman Axel Johnson AB, Axfood AB and Mekonomen AB. Board member of AB Hannells Industrier and Nordstjernan AB. Member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences.
Previous experience: President of AGA AB (1981–1997), among other positions.
Shareholding in NCC AB: 20,000 Series B shares via private companies.

The details regarding shareholdings in NCC pertain to shares that were directly owned or owned via companies at December 31, 2009. For updated information about shareholdings, see the Group's www.ncc.se website, under investor relations/The NCC share, which includes information from the Swedish Financial Supervisory Authority's insider register.

AUDITORS

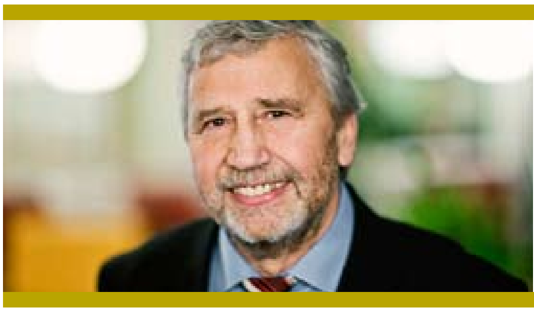
PRICEWATERHOUSECOOPERS AB

HÅKAN MALMSTRÖM
Auditor-in-charge. Born 1965. Other significant assignments: Auditor of Gambro AB, Karo Bio AB, Nordstjernan AB and TeliaSonera AB.

ULF WESTERBERG
Born 1959. Other significant assignments: Auditor of Brio AB, Home Properties AB, Malmbergs Elektriska AB and SBAB.

EMPLOYEE REPRESENTATIVES

LARS BERGQVIST
Born 1951. Construction engineer.
Board member since 1991. Employed since 1975. Shop steward at NCC. Employee representative of Ledarna (Swedish Association of Supervisors). Other assignments: Chairman of Byggcheferna (union of construction managers).
Shareholding in NCC AB: 200 Series B shares.



SVEN FRISK
Born 1946. Carpenter.
Board member since 1999. Employed since 1978. Construction carpenter and shop steward at NCC. Employee representative of Svenska Byggnadsarbetareförbundet (Swedish Building Workers' Union). Other assignments: Chairman of Svenska Byggnadsarbetareförbundet's local union branch in Gothenburg.
Shareholding in NCC AB: 0.

KARL G SIVERTSSON
Born 1961. Carpenter.
Board member since 2009. Employed since 1986. Shop steward at NCC. Employee representative of Svenska Byggnadsarbetareförbundet. Other assignments: Section Chairman of the Swedish Building Workers' Union in Jämtland-Härjedalen.
Shareholding in NCC AB: 0.

KARL-JOHAN ANDERSSON
Born 1964. Paver.
Substitute Board member since 2007. Employed since 1984. Paver and shop steward at NCC. Employee representative of SEKO (Union for Employees in the Service and Communication Sectors). Other assignments: Substitute member of SEKO's Executive Committee. Member of SEKO's Road and Rail Department in Skåne. Chairman of the paving section in Skåne.
Shareholding in NCC AB: 0.

LIS KARLEHEM
Born 1963. Systems manager.
Deputy Board member since 2009. Employed since 1999. Employee representative of Unionen (formerly SF, Swedish Industrial Salaried Employees' Association). Systems manager at IT Sverige.
Shareholding in NCC AB: 0.

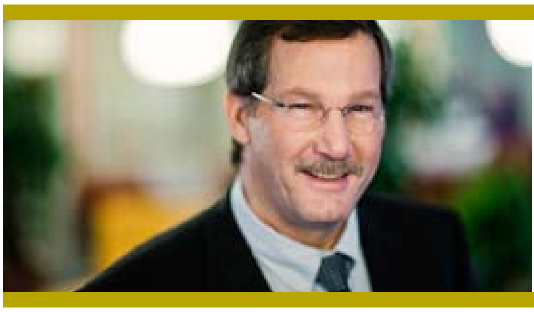
SECRETARY

HÅKAN BROMAN
Born 1962. General Counsel at NCC AB. NCC AB's Board Secretary since 2009.
Shareholding in NCC AB: 500 Series B shares.

GROUP MANAGEMENT

OLLE EHRLÉN
Born 1949. President and CEO of NCC since 2007. Formerly Deputy Chief Executive Officer and President of NCC Construction Sweden since 2001. Employed by NCC since 1973. Previous experience: Regional Manager at NCC Building Stockholm, construction Staff Manager in civil engineering operations, Business & Technological Development Manager in construction operations and Department Manager in rebuilding operations, among other positions.
Shareholding in NCC AB: 10,900 Series B shares.

TOMAS CARLSSON
Born 1965. President of NCC Construction Sweden since 2007. Employed by NCC since 1991. Previous experience: Regional Manager at NCC Construction Sweden Western Region (2005–2006), Head of NCC Roads' New Markets (Poland, Baltic countries and St. Petersburg) 2000–2005, Production Manager at Skanska 1999–2000 (Southern Link), Supervisor at NCC Industry (Ballast) 1997–1999, various positions in NCC's civil engineering operations (1991–1996), among other positions.
Shareholding in NCC AB: 4,000 Series B shares.



TORBEN BIILMANN
Born 1956. President of NCC Construction Denmark since 2006. Employed by NCC since 1984 (what was then Rasmussen & Schiötz, which was acquired by NCC in 1996). Previous experience: Deputy President of NCC Construction Denmark, with responsibility for such items as strategy, operational development and housing investments (2005–2006), various management positions in NCC Construction Denmark since 1990, among other positions.
Shareholding in NCC AB: 0.

TIMO U. KORHONEN
Born 1952. President of NCC Construction Finland since 2001. Employed by NCC during 1988–1993 and since 1998. Previous experience: Regional Manager at Puolimatka, Business Area President at Lemminkäinen Construction and President of NCC International, among other positions. Other assignments: Chairman of Finnish Federation of Building Industries and Mutual Pension Insurance Company Etera.
Shareholding in NCC AB: 0.

PETER GJÖRUP
Born 1959. President of NCC Construction Norway since 2007. Employed by NCC since 1984. Previous experience: Manager of Norrland Region in NCC Construction Sweden among other positions in both civil engineering and building.
Shareholding in NCC AB: 53 Series A shares.

JOACHIM HALLENGREN
Born 1964. President of NCC Property Development since 2009. Employed by NCC since 1995. Previous experience: Head of NCC Property Development's Swedish operations (2007–2009), Regional Manager NCC Property Development Western Sweden (2004–2007), Regional Manager NCC Property Development Southern Sweden (2003–2004), various positions within NCC's Property Development operations (1995–2003), among other positions.
Shareholding in NCC AB: 2,000 Series B shares.

PETER WÅGSTRÖM
Born 1964. President of NCC Housing as of January 1, 2009 and President of NCC Property Development up to March 31, 2009. Employed by NCC since 2004. Previous experience: Head of NCC Property Development's Swedish operations (2004–2006), various management positions in Drott (currently Fabege) (1998–2004) and member of Drott's Group Management (2000–2004) and various positions in Skanska's real estate operations (1991–1998), among other positions. Other assignments: Chairman of ASPECT.
Shareholding in NCC AB: 2,000 Series B shares.

GÖRAN LANDGREN
Born 1956. President of NCC Roads since 2006. Employed by NCC since 1981. Previous experience: Deputy President of NCC Construction Sweden with responsibility for marketing, business development and subsidiaries (2004–2006) and various positions in building and civil engineering operations at NCC (1981–2001). Employed by Peab as Head of the Civil Engineering Division (2001–2003).
Shareholding in NCC AB: 0.

HÅKAN BROMAN
Born 1962. General Counsel in NCC AB since 2009. Employed by NCC since 2000. Previous experience: corporate lawyer at NCC International Projects and NCC Property Development (2000–2008), corporate lawyer at ABB/Daimler Chrysler Transportation (1996–2000), lawyer at Ekelunds advokatbyrå (1993–1996) and positions in Swedish court system (1991–1993), among other positions; active in the European International Contractors (EIC) since 2001.
Shareholding in NCC AB: 500 Series B shares.

ANN-SOFIE DANIELSSON
Born 1959. Chief Financial Officer since 2007 and Financial Director since 2003. Employed by NCC since 1996. Previous experience: Finance Director and Group controller at NCC AB (1999–2003), Group Accounts Manager at NCC AB (1996–1999) and Group Accounts Manager at Nynäs AB (1993–1995), among other positions. Authorized Public Accountant at Tönnerviksgruppen and KPMG (1984–1992). Other assignments: Board member of Svenska Kraftnät.
Shareholding in NCC AB: 1,000 B shares.

ANNICA GERENTZ
Born 1960. Senior Vice President Corporate Communications at NCC since 2004. Employed by NCC since 2000. Previous experience: Investor Relations Manager at NCC AB since 2000, president and journalist of Börsveckan (1998–2000), editor of Risk & Försäkring newsletter (1996–1998), journalist at Nyhetsbyrån Direkt (1989–1996), among others editorial manager, and journalist at Dagens Industri (1987–1989) and journalist at Expressen (1983–1987), among other positions. Other assignments: Board member of the Swedish Public Relations Association.
Shareholding in NCC AB: 0.

OTHER SENIOR EXECUTIVES*

MATS PETTERSSON
Born 1961. Vice President Human Resources since 2007, Personnel Manager in NCC Construction Sweden since 2005. Employed by NCC since 2005. Previous experience: personnel manager at Manpower (1999–2005), personnel manager at SSP Restaurants and at Eurest (1993–1999), head of cabin department and training, salesman and steward at Scanair (1985–1993), and travel guide, site manager and seller Fritidsresor (1981–1985), among other positions.
Shareholding in NCC AB: 0.

* Reports directly to the Chief Executive Officer.

THE NCC SHARE

The weak trend on stock markets in 2008 was followed by an equally strong 2009. The Nasdaq OMX Stockholm Exchange recovered all of the downturn from the preceding year, with the NCC share rising 139 percent. The total return (share performance plus the dividend) was approximately 147 percent for Series B shares. The year-end price of the NCC share corresponded to market capitalization of SEK 12.8 billion.

NCC's shares were initially listed on the Stockholm Stock Exchange in 1988, under the Nordstjernan name. The shares are traded on Nasdaq OMX Stockholm/Large Cap.

SHARE PERFORMANCE AND TRADING

Following the global financial crisis, stock markets worldwide moved sharply upwards during 2009. However, this should be viewed in the light of the considerable downturn that occurred in 2008. The Stockholm exchange rose 47 percent. The price of Series B NCC shares rose 139 percent, which may be compared with the OMX sector index, which increased 73 percent.

A total of 141 million NCC shares were traded in 2009, of which Nasdaq OMX Stockholm accounted for 87 percent and other marketplaces[1)] for 13 percent. The turnover rate for Series A NCC shares was 2 percent (4) and the rate for Series B shares was 185 percent (204). The turnover rate for the Large Cap list was 126 percent and that for Nasdaq OMX Stockholm as a whole 119 percent.

OWNERSHIP STRUCTURE

Nordstjernan AB is the largest NCC shareholder. Swedbank Robur funds and SEB funds increased their holdings of NCC shares, while AMF Pension and Alecta reduced their holdings. The proportion of foreign shareholders rose to 21 percent of the share capital, with the US and UK accounting for the largest holdings. The Norwegian Government is a new member of the ten largest shareholders. L E Lundbergföretagen AB, which was the second largest owner at year-end, sold its entire holding at the beginning of 2010. The current list of shareholders is available on www.ncc.se.

1) As a result of the introduction of the EU's MiFID directive, the structure for equity trading in Europe has changed. It is now possible to trade in shares in marketplaces other than the exchange on which a share is listed, which has resulted in trade becoming more fragmented.

SHARE REPURCHASES AND CONVERSIONS

The number of treasury shares at year-end was 21,138, which derived from a rolling options program that was concluded in 2007.

In 1996, holders of Series A shares were provided with the opportunity to convert their Series A shares to B shares. During 2009, four million shares (518,400) were converted and a total of 21.4 million shares have been converted since 1996. An additional 10.8 million shares were converted in February 2010. Written requests regarding conversion must be submitted to the Board of Directors.

DIVIDEND AND DIVIDEND POLICY

NCC's dividend policy is to distribute at least half of profit after taxes as dividends. The Board of Directors proposes a dividend of SEK 6.00 (4.00) per share for 2009. The proposed ordinary dividend amounts to SEK 650 M (434), corresponding to 52 percent of profit after taxes for the year.

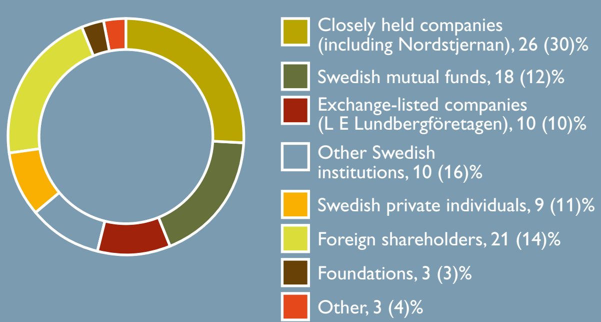
The total return (based on the share performance and dividend paid in relation to the price of NCC's share at the beginning of the year) in 2009 was approximately 147 percent (minus 49) for Series B shares. The Nasdaq OMX Stockholm average, according to Six Return Index, was 53 percent (minus 39).

The NCC share on Nasdaq OMX Stockholm 2009

	Series A shares	Series B shares
Total number of shares[1)]	42,396,448	66,018,236
Voting rights	10 votes	1 vote
Total share turnover, including late entries	1,025,388	122,074,668
Number of shares traded per day	4,085	486,353
Turnover rate, %	2	185
Share price at start of year, SEK	46.10	49.50
Share price at year-end, SEK	118.00	118.25
Highest price paid, SEK	121.50	121.25
Lowest price paid, SEK	43.90	43.50
Beta value[2)]	1.23	1.54
Paid-out dividend, SEK	4.00	4.00
Total return, %	165	147

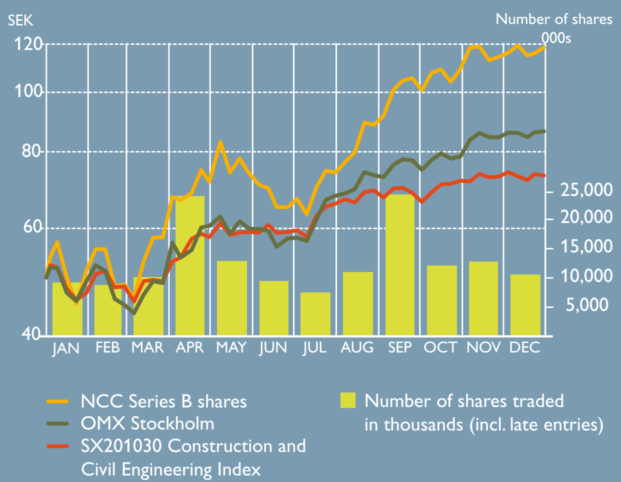
1) Excluding treasury shares.
2) Measured based on 250 days as per December 31.

Shareholder categories, percentage of share capital



The share of foreign ownership increased from 14 to 21 percent during 2009. Swedish mutual funds also increased their holdings, while other Swedish institutions reduced their share.

Share-price trend 2009



NCC share trend in past five years

	2005	2006	2007	2008	2009
Market price at year-end, NCC B share, SEK	142.50	187.50	139.00	49.50	118.25
Market capitalization, SEK M	15,282	20,242	14,999	5,209	12,809
Earnings per share, SEK[1]	10.86	15.74	20.73	16.69	11.63
Ordinary dividend, SEK	5.50	8.00	11.00	4.00	6.00[2]
Extraordinary dividend, SEK	10.00	10.00	10.00	–	–
Dividend yield, %	10.9	9.6	15.1	8.1	5.1
Total return, %[3]	78	42	–16	–49	147
Number of shares at year-end (millions)	107.2	108.1	108.4	108.4	108.4

Key figures per share are presented in the Ten-year review on p. 94.
1) After tax and full dilution.
2) Proposed dividend.
3) Share performance and dividend paid in relation to the price of NCC's share at the beginning of the year.

Distribution of shares by holding, December 31 2009[1]

Holding	No. of shares held	Percentage of total no. of shareholders	No. of shares	Percentage of share capital
1–500	23,817	73.7	4,297,422	3.9
501–1,000	4,649	14.4	3,937,840	3.6
1,001–10,000	3,405	10.5	9,602,835	8.8
10,001–100,000	327	1.0	9,860,802	9.1
100,001–1,000,000	108	0.3	33,498,837	31.0
1,000,001–	10	0.1	47,216,948	43.6
Total	**32,317**	**100.0**	**108,414,684**	**100.0**

1) Calculated after a deduction for repurchased shares.
(Source: Euroclear Sweden AB)

Series A and B shares

	Series A shares	Series B shares	Total A and B shares
No. of shares on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares during 2000-2008	–16,715,234	16,715,234	
Shares repurchased during 2000-2003		–6,035,392	–6,035,392
Sale of repurchased shares during 2005-2007		6,014,254	6,014,254
No. of shares on Dec. 31, 2008	**46,396,448**	**62,018,236**	**108,414,684**
Conversion of Series A to Series B shares during 2009	–4,000,000	4,000,000	
Number of shares at December 31, 2009[1]	**42,396,448**	**66,018,236**	**108,414,684**
Number of voting rights	423,964,480	66,018,236	489,982,716
Percentage of voting rights	87	13	100
Percentage of share capital	39	61	100
Closing price Dec. 31, 2009, SEK	118,00	118,25	
Market capitalization, SEK M	5,003	7,807	12,809

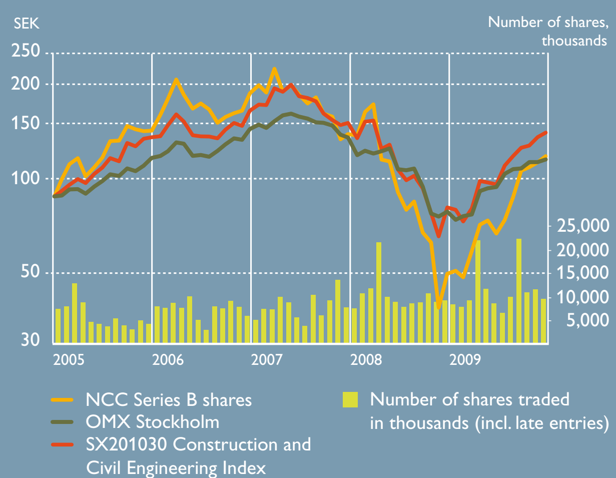
1) During the period January 1 to February 28, 2010, 10,850,000 Series A shares were converted to Series B shares.

Ownership structure at December 31, 2009

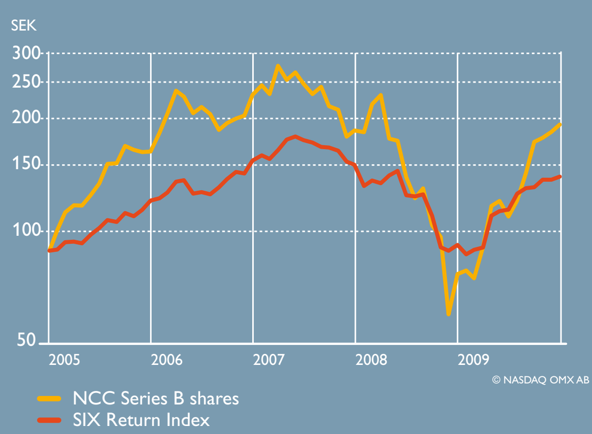
Shareholder	No. of Series A shares	No. of Series B shares	Percentage of[1] Share capital	Voting rights
Nordstjernan AB	25,000,000		23.1	51.0
L E Lundbergföretagen AB[2]	10,850,000		10.0	22.1
Swedbank Robur funds	2,219,417	6,378,471	7.9	5.8
SEB funds		3,096,611	2.9	0.6
Nordea funds		2,620,062	2.4	0.5
Skandia Liv	988,175	743,072	1.6	2.2
Unionen		1,472,028	1.4	0.3
DFA funds (USA)	27,992	1,395,949	1.3	0.3
Catella funds		1,217,654	1.1	0.2
Norwegian Government		1,190,918	1.1	0.2
Total ten largest shareholders	**39,085,584**	**18,114,765**	**52.8**	**83.2**
Other shareholders in Sweden	3,146,266	28,463,857	29.1	12.4
Shareholders outside Sweden	164,598	19,439,614	18.1	4.4
Total	**42,396,448**	**66,018,236**	**100.0**	**100.0**
Repurchased		21,138		
Total number of shares	**42,396,448**	**66,039,374**		

1) After repurchased shares have been deducted.
2) L E Lundbergföretagen AB sold its entire holding in February 2010. In connection with the divestment, the Series A shares were converted into Series B shares.
(Source: SIS Ägarservice and Euroclear Sweden AB)

Share-price trend and turnover, 2005–2009



Total return 2005–2009



FINANCIAL INFORMATION

NCC will publish financial information regarding the 2010 fiscal year on the following dates:

April 14	Annual General Meeting
May 10	Interim report, January–March
August 19	Interim report, January–June
November 9	Interim report, January–September
February 2011	Year-end report 2010

NCC's interim reports are downloadable from the NCC Group's website, www.ncc.se, where all information regarding the NCC Group is organized in English and Swedish versions. There are also links to brief descriptions in other languages, such as French, Chinese and Russian. The website also includes an archive of interim reports dating back to 1997 and an archive of annual reports dating back to 1996. Since 2003, NCC has not printed or distributed its interim reports.

The price performance of NCC's Series A and B shares, updated every 15th minute of each day of trading, is presented under the "Investor Relations" tab, as are relevant financial figures. Press releases issued by the Group, NCC AB, and local press releases from the various countries are available on the website. These releases are sorted by year, and a search function is also available.

NCC's financial information can be ordered either by using the order form available on the www.ncc.se website or by e-mailing ir@ncc.se, writing to NCC AB, SE-170 80 Solna, Sweden, calling NCC AB at +46 8 585 510 00 or faxing NCC AB at +46 8 85 77 75.

The person within the NCC Group responsible for shareholder-related issues and financial information is Johan Bergman, IR Manager (Tel: +46 8 585 523 53; e-mail: ir@ncc.se).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 4:30 p.m. on April 14, 2010.

Venue: Grand Hôtel, Vinterträdgården, Royals entré, Stallgatan 6, Stockholm, Sweden.

Notification can be made by post to the following address: NCC AB, Lisbeth Karlsson, SE-170 80, Solna, Sweden; or by the NCC Group's Internet website www.ncc.se; or by telephone to +46 8 585 522 61; fax to +46 8 585 517 56; or e-mail to lisbeth.m.karlsson@ncc.se. Notifications should include name, personal identification number (corporate registration number), address, telephone number and registered shareholding.

Registration at the Meeting will begin at 3:30 p.m. The official notification of the Annual General Meeting is available on the NCC Group's website, www.ncc.se, and was published in Swedish daily newspapers in mid-March.

NCC AB (publ) Corp. Reg. No: 556034-5174. Registered Head Office: Solna. Addresses of the companies included in the NCC Group are available on the Internet at www.ncc.se.

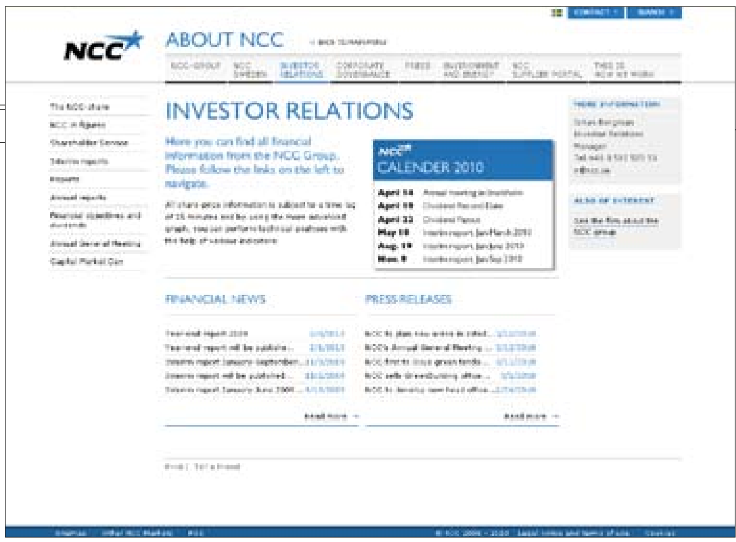
SHAREHOLDER INFORMATION ON NCC.SE

All financial information concerning the NCC Group and everything that concerns you as a NCC shareholder is available on NCC's website under the Investor Relations tab.

SHARE-PRICE INFORMATION. Share-price information with a 15-minute delay is available and it will also be possible to see the total return (including reinvested dividends) and compare the performance of the NCC share with that of Nordic competitors.

LIST OF ANALYSTS. Here, you will find a list of the analysts who monitor NCC regularly.

SHAREHOLDER SERVICE. From our Shareholder Service, you can subscribe for the information you would like to receive – and also decide the format in which you will receive it, on paper or by e-mail.



MORE INFORMATION/ CONTACT PERSON. Johan Bergman
IR Manager
Tel: +46 8 585 523 53
e-mail: ir@ncc.se

DEFINITIONS/GLOSSARY

FINANCIAL DEFINITIONS

Average interest rate: Nominal interest weighted by interest-bearing liabilities outstanding on the balance-sheet date.

Average period of fixed interest: The remaining period of fixed interest weighted by interest-bearing liabilities outstanding.

Average shareholders' equity: Average of the balances at January 1, March 31, June 30, September 30 and December 31.

Capital employed: Total assets less interest-free liabilities including deferred tax liabilities. Average capital employed is calculated as the average of the balances at January 1, March 31, June 30, September 30 and December 31.

Capital turnover rate: Net sales divided by average capital employed.

Debt/equity ratio: Net indebtedness divided by shareholders' equity.

Dividend yield: The dividend as a percentage of the market price at year-end.

Earnings per share, after taxes: Net profit for the year attributable to NCC shareholders divided by the weighted number of shares during the year in question.

Equity/assets ratio: Shareholders' equity as a percentage of total assets.

Exchange-rate difference: Exchange-rate changes attributable to movements in various exchange rates when receivables and liabilities in foreign currencies are translated into SEK.

Exchange-rate effect: The impact of changes in various exchange rates on current reporting in NCC's consolidated accounts on translation into SEK.

Interest-coverage ratio: Profit after financial items plus financial expense divided by financial expense.

Net indebtedness: Interest-bearing liabilities and provisions less financial assets including cash and cash equivalents.

Net investments: Closing balance less opening balance plus depreciation and impairment losses less write-ups pertaining to fixed assets and properties classed as current assets.

Net margin: Profit after net financial items as a percentage of net sales.

Net sales: The net sales of construction operations are reported in accordance with the percentage-of-completion principle. These revenues are reported in pace with the gradual completion of construction projects within the Group. In the Parent Company, net sales correspond to income-recognized sales from completed projects. Within other operations, net sales correspond to invoicing for the year.

Operating margin: Operating profit as a percentage of net sales.

Operating net: Result from property management before depreciation.

Order backlog: Value at the end of the year of the remaining non-worked-up project revenues for projects received, including proprietary projects for sale that have not been completed.

Orders received: Value of received projects and changes in existing projects during the period concerned. Proprietary projects for sale, if a decision to initiate the assignment has been taken, are also included among assignments received, as are finished properties included in inventory.

P/E ratio: Market price of the shares at year-end, divided by earnings per share after taxes.

Profit margin: Profit after financial items as a percentage of net sales.

Repurchase of Company shares (treasury shares) in share data: Treasury shares have been excluded from calculations of key figures based on the number of shares outstanding.

Return on capital employed: Profit after financial items including results from participations in associated companies following the reversal of interest expense in relation to average capital employed.

Return on equity: Net profit for the year according to the income statement excluding minority share as a percentage of average shareholders' equity.

Return on total capital: Profit after financial items including result from participations in associated companies plus financial expense as a percentage of average total assets.

Share of risk-bearing capital: The total of shareholders' equity and deferred tax liabilities as a percentage of total assets.

Total return: Share-price performance during the year plus dividend paid divided by share price at the beginning of the year.

SECTOR-RELATED DEFINITIONS

Aggregates: Rock materials resulting from the disintegration of rock through crushing; also called macadam.

Ballast: Normal term for gravel, disintegrated materials, mainly rock materials, used for construction and civil engineering purposes.

Buildings/other buildings: In descriptions of operations, this term pertains to commercial buildings, mainly offices, retail outlets, shopping malls and garages.

Construction costs: The cost of constructing a building, including building accessories, utility-connection fees, other contractor-related costs and VAT. Construction costs do not include the cost of land.

Development right: Estimated possibility to develop a site. With respect to housing, a development right corresponds to an apartment or semi-detached or detached house. Either ownership of a site or an option on ownership of the site concerned is a prerequisite for being granted access to a development right. For commercial properties, development rights are measured in square meters.

Contract forms:
General contract/implementation contract: When NCC conducts construction work on behalf of a client who has conducted the building design. NCC appoints and is responsible for the subcontractors.
Negotiated contract/mutual-trust contract: When NCC cooperates on an exclusive basis with the customer throughout the construction process – from planning to final inspection.
Turnkey contract/design and build contract: When NCC has turnkey responsibility for a project, from the concept and building design stage right through to completion.

Function contract: Usually a multi-year contract in which the customer imposes functional requirements rather than detailed requirements concerning materials and design.

Leasing rate: The percentage of anticipated rental revenues that corresponds to signed leases (also called leasing rate based on revenues).

Macadam: Rock materials resulting from the disintegration of rock through crushing; also called aggregates.

NCC Partnering: A cooperation format applied in the construction and civil engineering industry, whereby the client, consultants and contractor establish open and trusting cooperation at an early stage of the process based on shared goals, joint activities and joint financial targets in order to optimize the project.

Platforms: Group-wide standardized technical solutions. Have been developed for everything from sports arenas, offices, logistics facilities and bridges to single-family and multi-family housing.

Properties: In descriptions of operations, "properties" refers to buildings, housing or land.

Proprietary project: When NCC, for its own development purposes, acquires land, designs a project, conducts construction work and then sells the project. Pertains to both housing projects and commercial property projects.

Required yield: The property yield required by NCC Property Development's and NCC Housing's investors for their investment, which is to be achieved through rental guarantees. Operating revenues less operating expenses divided by the investment value.

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NCC is one of the leading construction and property development companies in the Nordic region, with sales of SEK 52 billion and 18,000 employees. With the Nordic region as its home market, NCC is active throughout the value chain – developing and building residential and commercial properties, and constructing industrial facilities and public buildings, roads, civil engineering structures and other types of infrastructure. NCC also offers input materials used in construction and accounts for paving and road services. NCC creates future environments for working, living and communication based on responsible construction operations that result in sustainable interaction between people and the environment.

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