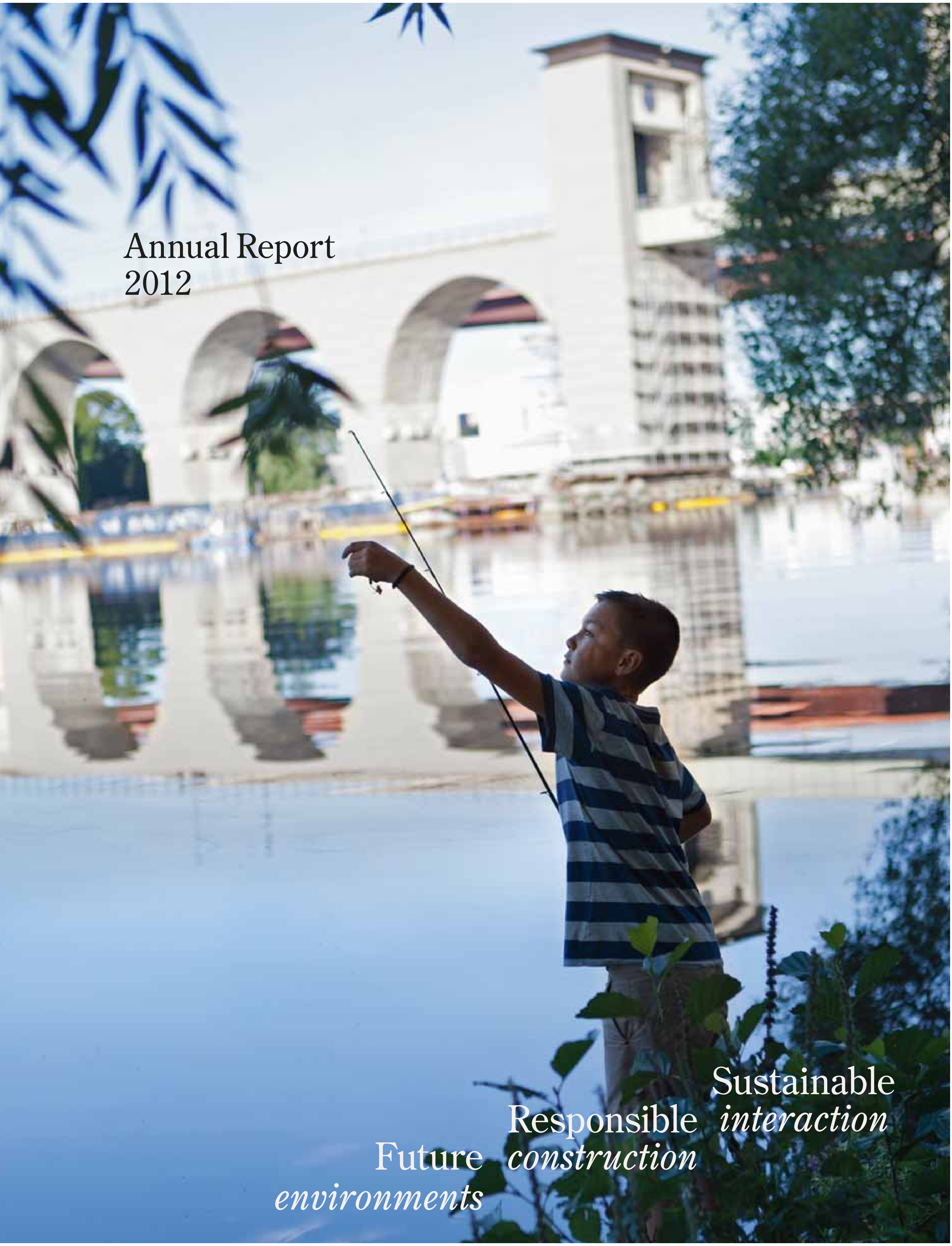


Annual Report 2012

Sustainable *interaction*

Responsible *construction*

Future *environments*

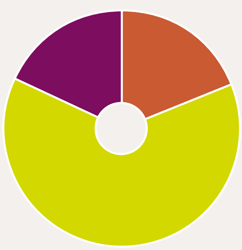
Future *environments* with responsible *construction* – sustainable *interaction*

NCC is one of the leading construction and property development companies in Northern Europe, with sales of SEK 57 billion and 18,000 employees. With the Nordic region as its home market, NCC is active throughout the entire 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.

Profitable growth *in three businesses*

NET SALES

The construction and civil engineering business represented more than half of the NCC Group's net sales in 2012, while the industrial and development businesses each accounted for slightly less than one-fifth of sales.

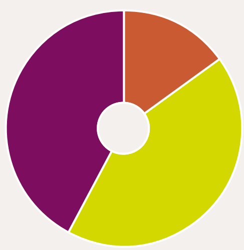


- Industrial, 19 (20)%
- Construction and civil engineering, 63 (65)%
- Development, 18 (15)%

TOTAL NET SALES:
SEK 57.2 billion (52.5)

OPERATING PROFIT

The development business's share of the NCC Group's operating results increased in 2012. Construction and civil engineering continued to account for the greatest share of operating profit.

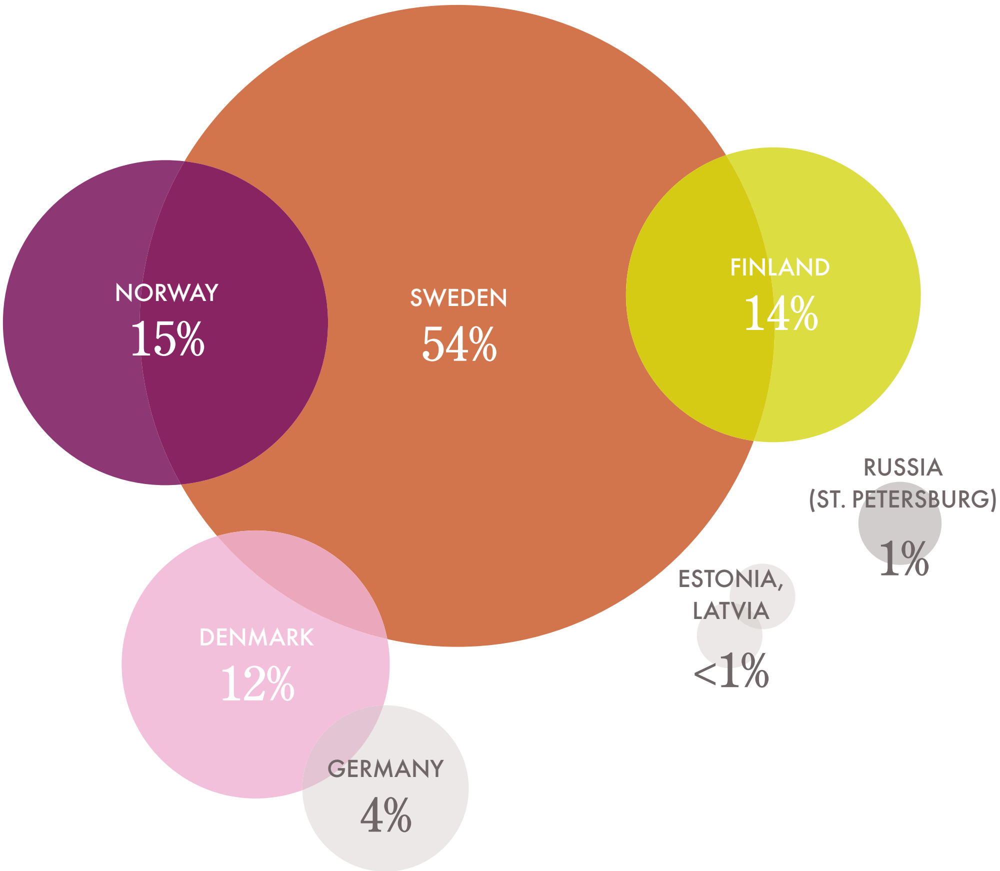


- Industrial, 15 (21)%
- Construction and civil engineering, 43 (48)%
- Development, 42 (31)%

TOTAL OPERATING PROFIT:
SEK 2,537 M (2,017)

NCC's markets

SHARE OF TOTAL NET SALES, %



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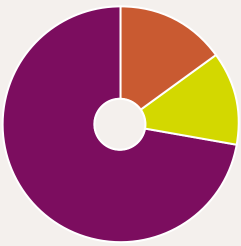
CAPITAL EMPLOYED

In the development business, capital is tied up in housing and property development projects. The construction and civil engineering operations require the least amount of tied-up capital in the Group.

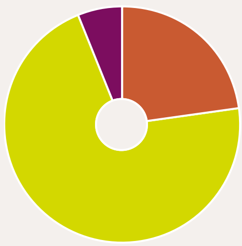


- Industrial, 15 (19)%
- Construction and civil engineering, 13 (11)%
- Development, 72 (70)%

TOTAL CAPITAL EMPLOYED:
SEK 18.2 billion (13.7)

AVERAGE NUMBER OF EMPLOYEES

Most of the NCC Group's employees work in the construction and civil engineering operations. The development operations require fewer employees than the other operations.



- Industrial, 23 (23)%
- Construction and civil engineering, 71 (71)%
- Development, 6 (6)%

AVERAGE NUMBER OF EMPLOYEES, TOTAL:
18,175 (17,459)

Review by the President *Profitable growth – in line with strategy*

We should be proud of our performance in 2012. Despite a continuing European debt crisis, combined with weaker growth in most markets, we surpassed our financial objectives. Net sales were up from the preceding year, earnings improved, profitability strengthened and NCC has a stable financial position.

The trend in NCC's various submarkets differed during 2012. The Norwegian market remained robust, leading us to further strengthen our position in Norway. In Finland, the market was weaker than in other countries. Our Finnish operations are moving in the right direction but are being adversely affected by the country's sluggish economy. Despite market conditions in Denmark that were challenging, NCC reported positive earnings that clearly outperformed competitors. Swedish operations were generally stable and we reported favorable earnings, although we witnessed an increasingly cautious trend in the housing market during the year.

Orders received in 2012 were favorable. Although somewhat lower than in 2011, we closed the year with an order backlog that remained historically high.

"Process and concept development enhance efficiency and offer customers the right solution."

Construction and civil engineering operations are becoming increasingly efficient and profitability improved in 2012. We are continuing our efforts to develop industrial construction processes and are gaining success with our various concepts. One good example is that, at year-end 2012, SABO (Swedish Association of Public Housing Companies) signed a framework agreement for NCC Folkboende – a rental housing concept offering low energy consumption, serial production and thus reasonable rent. We are one of three companies offering the potential to meet SABO's need to build less costly rental apartments. Public utility housing companies have indicated an interest in building a total of 5,000 apartments.

The development of construction processes also continues in certain other parts of NCC, such as standardized indoor ball-game centers, schools and minor roads and rail bridges. Process development along with other measures, such as Virtual Design and Construction (VDC), combined with further development of purchasing programs, are key factors in attaining the cost-effectiveness required for continued growth and profitability.

"We must further refine our insight into the customer's business to be their natural first choice."

Parallel with our standardizing of production, we are also developing our sales processes. NCC and the industry must develop the ability to not only meet the client's finished requirements. To attain the objective of being our customers' first choice, we must also gain better insight into the customer's business. We aim to proactively offer alternative and more efficient solutions to attain the results customers require.

Q1

BETTER START THAN IN 2011
NCC started up more housing and property-development projects, and profit from the Development business was higher. Orders received were favorable in construction operations, but earnings in Norway and Finland were weak.

Q2

WEAKER MARKET
A cautious housing market resulted in fewer starts of housing development projects. Orders received declined in construction operations despite strong growth in Norway. NCC acquired OKK Entreprenør AS in a bid to strengthen its market position around Oslo.

Q3

EARNINGS IMPROVEMENTS
The completion of action programs in the construction operations began to have an effect, with profitability rising during the quarter. Housing sales were favorable, but a cautious market situation resulted in fewer housing starts.

Q4

STRONG FINISH TO THE YEAR
All business areas reported earnings in line with or higher than 2011. Cash flow was very high during the final quarter, in part because of the large number of housing units and properties that were handed over to customers. Orders received were favorable, resulting in a high order backlog at year-end.

“Sustainability issues must be part of everyday business; companies that fail to recognize this will not survive in the long term.”

“There is still substantial potential in the housing market.”

Although the housing market during 2012 adopted a restrained approach, it continues to offer many opportunities. NCC is one of the largest housing developers in Northern Europe, with operations in eight countries. We sell proprietary housing to individuals, in addition to construction on behalf of housing companies and investors.

There is an underlying requirement for new housing in all our markets, but in Sweden and Finland potential buyers have adopted a cautious stance due to general economic uncertainty. Demand is most robust in Norway, St. Petersburg and Germany. In Germany, development is supported by regulations governing the streamlining of detailed planning processes, and we believe that the introduction of similar regulations also in our other markets would permit the elimination of part of the housing shortage.

NCC’s sales organization in housing development functions well and, despite a sluggish market, it performed favorably. With a continuing efficient production process, combined with optimal utilization of the land sites at our disposal, our housing business offers substantial potential.

“Close cooperation generates conditions for better business.”

In the development of commercial properties, we are primarily active in three segments: office, retail and logistics. We have a well-balanced portfolio, with high occupancy rates in our properties and healthy sales. At year-end, we conducted the successful sale of the Triangeln property in Malmö, a partnership project involving the NCC Construction Sweden, NCC Housing and NCC Property Development business areas.

“Companies that fail to recognize sustainability as a business component will not survive.”

Our aim is to be a leading force in the sustainability area. Much of what we develop and build is meant to exist for a century or more. Consequently, one could say that it is almost self-evident that our solutions are sustainable. Also, in a growing number of cases, what is involved is the management of business risk and opportunities. It is becoming increasingly easier to sell or lease out a “green” building compared with those that are not so. Sustainable buildings reduce the business risk for investors planning to dispose of their assets further ahead.

NCC continuously seeks to offer an alternative “greener tender” to its customers. At NCC Roads, we are also focusing on the development of sustainable products and services, as well as concepts for recycling, which will support efforts to improve profitability in the business area.

KEY DATA

SEK M	2012	2011
Orders received	55,759	57,867
Order backlog	45,833	46,314
Net sales	57,227	52,535
Operating profit	2,537	2,017
Profit after financial items	2,263	1,808
Profit for the year	1,899	1,312
Earnings per share after dilution, SEK	17.51	12.08
Dividend per share, SEK	10.00[1)]	10.00
Cash flow before financing	–932	–2,404
Cash flow before financing per share after dilution, SEK	–8.61	–22.17
Return on shareholders’ equity, %	23	17
Equity/assets ratio, %	23	25
Net indebtedness	6,061	3,960
Average number of employees during the year	18,175	17,459

1) Proposed dividend.

Sustainability issues must be part of everyday business; companies that fail to recognize this will not survive in the long term.

"It involves a lot more than the green issues."

Sustainability aspects extend beyond "green issues". These aspects also involve how we work with social responsibility, values, work environment and financial sustainability. For many years, NCC has applied a Code of Conduct in its operations. During 2013, we will continue to pursue these efforts and we will implement a refined version of the Code of Conduct. Compliance with our ethical game rules and regulations is of vital importance. Honesty, respect and trust are the values that have to guide our actions in all situations.

Work environment questions are key issues in our industry. NCC pursues a zero vision policy with regard to workplace accidents and all workplaces arrange Awareness Days, during which all Group employees discuss the work environment and how it can be improved.

Our employees are ambitious and professional and it is crucial that our programs support them in their endeavors to do the right thing rather than subsequently having to explain how we should react when things go wrong. These issues are important in retaining our skilled employees and in attracting new employees required for future operations.

"The business model builds a strong value chain."

NCC's business model is an asset for value creation in the company. Cooperation among the Group's various operations – Construction and Civil Engineering, Development and Industrial – enables us to build value chains. With developed processes and joint purchasing, we can enhance efficiency, improve quality and apply our operational scale to favor customers while also raising our profitability. The ability to generate a healthy cash flow

Process development along with other measures, such as Virtual Design and Construction (VDC), combined with further development of purchasing programs, are key factors in attaining the cost-effectiveness required for continued growth and profitability.

in construction operations permits the development of new projects.

NCC is active in a number of geographical markets in the Nordic region and Northern Europe. We are familiar with the markets and have or can attain a sufficiently strong market position to pursue operations efficiently and profitability.

The business model is based on a strong chain of interlocking operations in a number of markets and in several segments, thus raising the potential to offset economic fluctuations and bolster our competitiveness.

"We shall be among the very best – in terms of both growth and profitability."

The overall objective for the profitable growth strategy we set in 2011 is to create value for our customers and shareholders. We aim to be among the three foremost companies in terms of profitability and volume in our markets. Growth is to primarily be organic, although this can be supplemented with acquisitions.

The three areas that continue to be prioritized are:

- Growth in Norway in all business areas
- Establishing a presence in the civil engineering market in Finland
- Expansion of the housing development business

"A strong level of orders received and underlying demand provide a stable base."

The Norwegian market is large but fragmented. Although operations in Norway have grown, we believe that a number of NCC's business areas offer high potential to continue their expansion. The conditions are favorable, as reflected by the very strong orders received in the country over the course of 2012.

In Finland, NCC has a solid position in housing and office construction, and in the asphalt sector, while we lack civil engineering construction and infrastructure projects. However, the weak market also entails that organic growth in the country's civil engineering market is advancing slowly but the goal is to attain a similar position in Finland as in the other Nordic countries.

The underlying need for new housing noted in a number of our markets offers potential. The cautious housing market in 2012 made us wary, leading to the start-up of fewer projects than planned. Long-term, NCC will continue to develop and construct more housing by capitalizing on more efficient processes, increasing internal cooperation and through a certain broadening of the product mix.

"The path has been staked out and the journey continues."

During 2012, we took a number of steps towards fulfilling the profitable growth strategy. NCC's employees have done a fantastic job and we feel strong support from customers and shareholders. The path has been staked out and the picture of what is required to further develop NCC and our customer relations is clear – the journey now continues.

Solna, February 2013

Peter Wågström
President and CEO

Business concept, objectives and strategy Profitable growth – *strategy for a stronger market position*

VISION

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

BUSINESS CONCEPT – RESPONSIBLE ENTERPRISE

NCC develops and builds future environments for working, living and communication. Supported by its values, 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.

OBJECTIVES

NCC's overriding objective is to create value for its customers and shareholders. NCC aims to be a leading player in the markets in which it is active, offer sustainable solutions and be the customer's first choice.

FINANCIAL OBJECTIVES AND DIVIDEND POLICY

NCC aims to generate a healthy return to shareholders under financial stability. The return on shareholders' equity after tax is to amount to 20 percent.

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

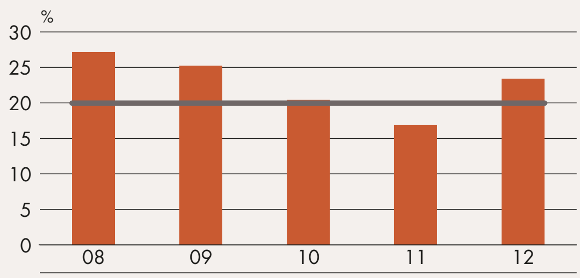
To ensure that the return target is not reached by taking financial risks, net indebtedness – defined as interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables – must never exceed 1.5 times shareholders' equity during any quarter.

NCC's dividend policy is to distribute at least half of after-tax profit for the year to the shareholders. The aim of the policy is to generate a healthy return for NCC's shareholders and to provide NCC with the potential to invest in its operations and thus ensure that future growth can be created while maintaining financial stability.

RETURN ON SHAREHOLDERS' EQUITY

Objective
The return on shareholders' equity shall amount to 20 percent.

Target fulfillment
The Group has achieved its objective of 20 percent in four of the past five years. In 2012, NCC exceeded the objective with a return of 23 percent. The business areas improved or maintained the preceding year's earnings level as a result of higher production at an improved margin and increased sales of housing and property projects.

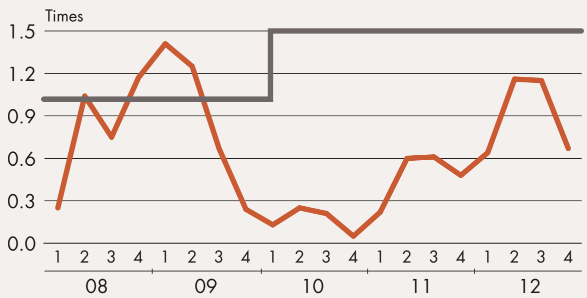


Return on shareholders' equity
Target: 20 percent

DEBT/EQUITY RATIO

Objective
Net indebtedness, defined as interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables, shall not exceed 1.5 times shareholders' equity. The objective applies to the end of every quarter.

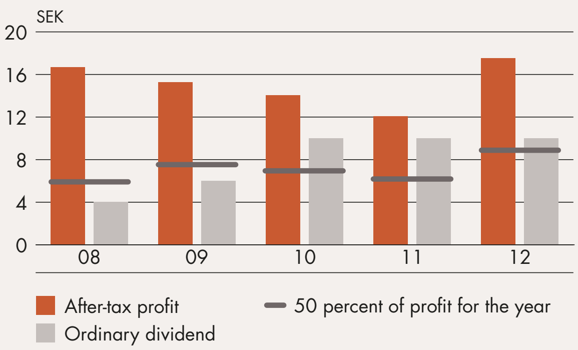
Target fulfillment
The debt/equity ratio did not exceed the limit reflected in NCC's financial objective at the end of any of the quarterly periods in 2012 and the ratio was 0.7 (0.5) at year-end. In 2012, NCC continued with its strategic focus of securing more long-term financing in order to meet future borrowing requirements. The debt/equity ratio is affected by seasonal variations. More capital was tied up in the second and third quarters due to a high pace of activity in the asphalt and civil engineering operations.



Debt/equity ratio
Target: < 1.5, target before 2010 was 1.0

DIVIDENDS

Dividend policy
NCC's dividend policy is to distribute at least half of after-tax profit for the year to the shareholders. This level has been established to generate a healthy return for NCC's shareholders and to provide NCC with the potential to invest in its core operations and thus ensure that future growth can be created while maintaining financial stability. The proposed dividend for 2012 is SEK 10.00 (10.00) per share, corresponding to 57 percent of profit after tax.



FINANCIAL OBJECTIVES AND DIVIDEND

		Result					
SEK M	Objective	2008	2009	2010	2011	2012	Average 5 years[3]
Return on shareholders' equity, %	20%	27	25	20	17	23	23
Debt/equity ratio, times[1]	<1.5	0.5	0.2	0.1	0.5	0.7	0.4
Ordinary dividend, %	>50%	24	39	71	83	57[2]	55
Ordinary dividend, SEK		4.00	6.00	10.00	10.00	10.00[2]	8.00

1) New objective as of 2010: <1.5. Previous objective: <1.0.
2) Proposed dividend.
3) The average five-year figure was adjusted in accordance with IFRIC 15 in 2009.

STRATEGY 2012–2015

NCC has a strong financial position and solid potential to expand its operations, provided that the market outlook does not deteriorate significantly. The aim is to primarily grow organically and in existing markets but this may be supplemented with acquisitions. NCC aims to achieve profitable growth and be a leading player in the markets in which it is active. Being a leading player entails being among the top three companies in the industry in terms of profitability and volume.

Three businesses

NCC operates three businesses with different business concepts.

- An industrial business with a process-oriented focus operated under NCC Roads' aggregate and asphalt production. This business ties up capital in pits and quarries, as well as in aggregates and asphalt works, which have high fixed costs.
- A construction and civil engineering business operated under NCC's Construction units. This business requires little tied-up capital, has a strong cash flow and is project oriented.
- A development business operated under NCC Housing and NCC Property Development. This business ties up capital in properties held for future development and ongoing projects. The development business is transaction oriented and is exposed to a greater market risk than NCC's other businesses since it takes many years to deliver a project from the time the land is initially acquired.

Key strategic issues

Achieving profitable growth is contingent on a number of critical conditions and key issues. NCC aims to always be the customer's first choice. To achieve this objective, NCC focuses on four key areas when engaging in customer relations: one company – one voice, understanding the customer's business, openness and clarity, and delivering the right product with the right quality at the right time.

NCC operates in mature markets characterized by price-based competition, which means that cost reductions are a prerequisite for achieving organic growth. NCC will continue its work to reduce construction costs.

NCC must capitalize on Group synergies – both operational and financial – across various support functions and operationally.

The housing development business is a Group-wide concern for which growth will require more efficient processes and a broadening of the product mix. One step toward more efficient processes is furthering cooperation between development and production operations. Other steps include developing construction systems that reduce costs, improving quality and

Profitable growth The aim is to grow – but not at the expense of profitability

KEY STRATEGIC ISSUES

Customer focus
NCC aims to be the customer's first choice

Leader in NCC's markets
Leading player in the Nordic region

Reduced costs
Organic growth based on reduced costs

THREE BUSINESSES

CAPITALIZE ON GROUP SYNERGIES

ACTIVITIES

Industrial:
- > Strengthen position in Denmark and Finland – aggregates
- > Expand in Norway
- > Improve position in the value chain – recycling – road services

Construction and civil engineering:
- > Establish civil engineering operations in Finland
- > Expand in Norway

GROWTH TARGET FOR THE STRATEGY PERIOD

SALES GROWTH ≥ 2 TIMES GDP GROWTH RATE

STATUS IN 2012

Sales growth of 3.8 percent (double GDP=1.1 percent)[1)]

[1)] Average GDP growth in Sweden, Denmark, Norway and Finland was 0.54 percent (0.536x2=1.07). Source: Euroconstruct increasing the level of specialization in development and production operations. NCC's product mix will be expanded to include lower price segments and additional rental units.

NCC aims to be the leading society builder of sustainable environments and will capitalize on this sustainability perspective to proactively develop new businesses.

Growth priorities

Three markets and areas will be prioritized:

- Growth in Norway in all business areas
- Establishing a presence in the civil engineering market in Finland
- Expansion of the housing development business in all markets.

Growth targets and activities

The target for the industrial business is to increase sales at the close of the strategic period, in 2015, by at least twice as much as GDP growth. Although NCC currently has a strong position in all markets, the company aims to further advance its position in the aggregates market in Norway, Denmark and Finland and the asphalt market in Norway. The focus on road services will continue and the recycling of construction waste will be expanded.

The target for the construction and civil engineering business is to increase sales at the close of the strategic period, in 2015, by at least twice as much as GDP growth. While this growth will primarily be achieved organically, it may be supplemented with acquisitions. The main focus in the construction and civil engineering business will initially be placed on establishing joint strategies for virtual design and construction (VDC), operational systems, risk management and further enhancement of the company's purchasing activities.

The housing development business is to grow during the strategy period. The target is that the number of housing units under production will amount to at least 7,000. Achieving this expansion will require more efficient processes and certain changes to the product mix.

NCC's portfolio of commercial properties is currently at a favorable level and the aim for the strategy period is to maintain this level.

DEVELOPMENTS IN 2012

In 2012, NCC took several steps toward implementing the strategy. In Norway, sales rose 22 percent and conditions for continued growth are favorable since the order backlog grew 47 percent during the year. NCC's housing development business grew and, in Finland, the establishment of a civil engineering operation is proceeding according to plan. The growth targets for NCC's three businesses during the strategy period and developments in 2012 are presented in the illustration below.

One NCC
Capitalize on synergies between operations

Housing development business
Shared activity with a greater degree of integration between construction and development operations

Sustainability perspective
Proactive development of new businesses

CAPITALIZE ON GROUP SYNERGIES

> Focus on joint strategies for VDC, operational systems and risk management and further enhance purchasing activities

> Expand the housing development business
– more efficient processes
– broader product mix

SALES GROWTH ≥ 2 TIMES GDP GROWTH RATE

≥ 7,000 HOUSING UNITS UNDER CONSTRUCTION MAINTAIN CURRENT LEVEL IN THE PROPERTY DEVELOPMENT PORTFOLIO

Sales growth of 8.0 percent (double GDP=1.1 percent)[1)]

5,768 (5,363) housing units in ongoing production: 23 (23) property projects at a total project cost of SEK 5.9 billion (5.6)

With the customer *in focus*

NCC has customers in all sections of society – in the car or train, at work, at the office, in shopping centers or watching TV. They are on their way somewhere or have arrived, and they generally have a desire to reach their destination a little faster, live a little better, work a little more smoothly or to take care of the environment and the world around them. To become the customer's first choice what is primarily required in a clear plan, a strategy – but its successful implementation will be based on commitment, innovation, receptivity, proactivity, expertise and a feel for quality. At all levels.

During 2012, NCC continued its efforts to gather the company so that it can leverage the strength it obtains from being one of the leading construction and property development companies in Northern Europe. During the year, work conducted by NCC included reviewing and developing new sales processes and follow-up procedures, and reorganizing in order to improve interaction with the market. Today, NCC enters the process increasingly earlier and can then identify thoughts and ideas that the customer possibly cannot put into words. This close cooperation results in successful projects and new business.

VALUE OF LONG-TERM RELATIONS

Value is created for customers and contractors though long-term relations. This provides the contractor with good insight into the customer's needs, wishes and requirements. At the same time, customers gain access to the contractor's know-how – solutions that initially seemed obvious are frequently adjusted when customers, in cooperation with the contractor, open their eyes to new opportunities. For the customer, the result is the right product at the right price delivered at the right time.

In practice

Office and warehouse building, Oslo, Norway.

Housing, Oslo, Norway.

Car showroom, Oslo, Norway.

Logistic facility, Lillieström, Norway.

COOPERATION WITH FABRITIUS

"We contact NCC at an early stage of the projects because this generally pays off in the long run," says Asgeir Solheim, president of Fabritius Gruppen AS.

Asgeir Solheim points out that many factors have to interact perfectly before the long-term relationship starts to work and for it to develop. By far the most important is the existence of trust, the right corporate culture and a shared view of fundamental values.

"It's all about human relations. We have had knowledgeable people from NCC involved in the early stages of the project and at the construction site. At the same time, we have also maintained a positive dialog with other key people in the company. Our cooperation is also well anchored in senior management at NCC. It is this complete picture that makes us feel secure," asserts Asgeir Solheim.

Since 1991, NCC has developed about 20 properties together with Fabritius, including a number of office buildings, housing units, a logistics facility for TNT and a car showroom. The latest joint project was an office property in Oslo, which was completed for occupancy in 2012.

Market and competitors NCC *holds a strong position*

The Nordic construction market generated sales of SEK 839 billion (820) in 2012. NCC is one of the largest players, with a market share of 7 percent.

THREE BUSINESSES

NCC operates three businesses with different business concepts, market conditions and driving forces.

Construction and civil engineering

As a rule, the construction market tracks the general economic trend but with a time lag of at least one year. The housing market generally reacts the fastest to economic cycles. 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. In general, larger projects also extend over a longer period of time. The risk is local, despite the construction contract market's general sensitivity to economic conditions.

Industrial

The industrial business is slightly less sensitive to economic conditions than the construction and civil engineering business, since large volumes pertain to maintenance or are linked to major infrastructure projects with long lead times. The market and market risk are local, since transport costs are relatively high.

Development

The development business is transaction oriented and is exposed to a relatively large market risk, since it tracks the economic cycle. The housing market is particularly sensitive to changes in interest and employment rates. Demand for investments in property projects is largely controlled by the leasing rate, market transparency and access to funds in the financial system.

Synergies between the businesses

The industrial business supports the construction and civil engineering business by supplying aggregates, asphalt, paving and road services. Similarly, NCC's construction units are major customers for the industrial business. In connection with road works, in particular, the synergies are considerable.

The industrial business, which is largely based on maintenance contracts with the central government and municipalities, and the civil engineering business usually remain relatively stable when the economy recedes, while the construction and development businesses are more sensitive to economic trends.

COMPETITORS

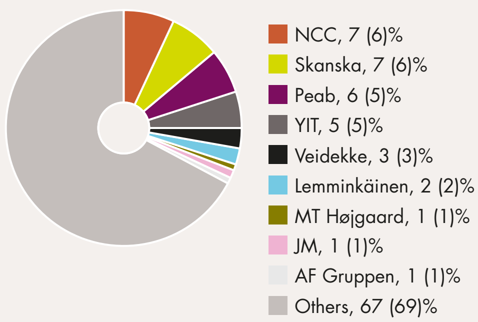
The Nordic construction market is national, highly fragmented and characterized by intense local competition. In local markets, NCC competes with thousands of small building contractors. Large-scale civil engineering projects in the Nordic region are often procured in the face of international competition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

At the Nordic level, NCC's main competitors are Skanska and Peab of Sweden, MT Højgaard of Denmark, Veidekke and AF Gruppen 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, are also significant competitors. In Denmark and Finland, Colas and CRH are also competitors in asphalt and aggregates.

From a Nordic perspective, the property development market comprises a few major players with NCC as one of the leading companies. Skanska of Sweden is another. In local markets, other players may also be significant competitors, such as YIT and SRV of Finland.

MARKET SHARES IN 2012

The Nordic construction market is highly fragmented. NCC is one of the largest construction companies in the Nordic region with a market share of 7 percent. In 2012, the Nordic construction market generated sales of approximately SEK 839 billion (excluding residential renovation).
(Source: Euroconstruct and NCC.)



The development business provides contracts to the construction units when housing units and commercial properties are under development.

Since the construction and civil engineering businesses normally have negative working capital and healthy cash flows, there is also a financial synergy. These cash flows are invested in the development businesses, thus generating a good return over time.

TRENDS IN THE BUSINESS ENVIRONMENT

NCC has identified four major trends in the business environment that will affect operations in the years ahead and that the company must address.

Environment and sustainability

The high demand for energy-efficient solutions is impacting all of NCC's business areas. This is an area with opportunities for new business, where NCC has the potential to play a leading role.

IT and digital media

IT is an effective support tool for the company's operations. NCC works to promote a greater use of IT in its production activities. VDC is the most significant technological advancement in the construction industry in the past 30 years.

Generation shift

The ongoing generation shift is a key issue facing the industry. The level of job mobility among production personnel is high and, with the retirements expected in the future, NCC will need to hire a large number of engineers in the next five years.

Internationalization

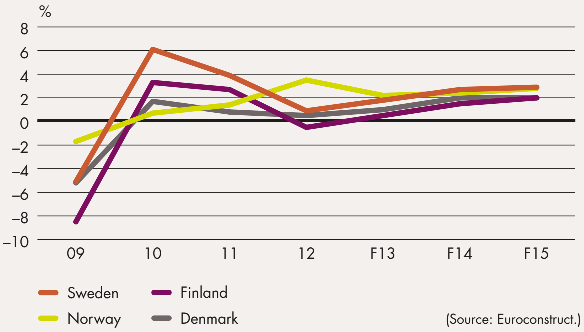
The level of international competition in the Nordic construction market is on the rise.

Greater job mobility represents both a challenge and an opportunity. The main challenge is that well-educated employees, particularly engineers, will have access to an even larger international labor market. At the same time, NCC will have the opportunity to attract employees from other countries.

Internationalization is also creating excellent opportunities in the area of purchasing.

ECONOMIC/GDP TREND

Following healthy GDP growth in 2010, the growth rate in Sweden, Finland and Denmark declined in 2011 and 2012. Norway recorded GDP growth in 2012.



MAJOR COMPETITORS IN THE NORDIC REGION 2012

Key figures and products	NCC	Skanska[1]	Peab	MT Højgaard[2]	Veidekke	YIT[3]	Lemminkäinen	AF Gruppen	JM	Colas[2]	CRH[4]
Sales (SEK billion)	57	129	47	12	23	41	20	11	12	112	161
Number of employees (thousands)	18	57	14	5	6	26	8	3	2	66	76
Housing	●	●	●	●	●	●	●	●	●		
Buildings	●	●	●	●	●	●	●	●	●		
Civil engineering	●	●	●	●	●	●	●	●	●		
Asphalt, aggregates, concrete	●	●	●		●		●			●	●
Property development	●	●	●	●	●	●	●	●	●		
Machinery operations		●	●	●							
Market share, Nordic region, total (%)	**7**	**7**	**6**	**1**	**3**	**5**	**2**	**1**	**1**	–[5]	–[5]

1) It is estimated that approximately SEK 56 billion of Skanska's sales derives from Nordic construction operations.
2) Pertains to the period October 2011–September 2012.
3) Installation service accounts for slightly more than SEK 24 billion of YIT's total sales.
4) Pertains to the period July 2011–June 2012.
5) No information available.

NCC's geographical markets

OPERATIONS / LEGEND

- Industrial (aggregates, asphalt, paving and road services)
- Construction and civil engineering
- Housing development
- Property development

All amounts are stated in SEK millions (SEK M).

NCC has a strong market position in all segments in Sweden. In the other Nordic countries, as well as the Baltic region, Germany and St. Petersburg, NCC occupies various positions with a potential for strengthening, both geographically and within different segments.

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 major companies in areas including the mining industry, as well as private customers who buy housing.

Orders received: 28,659 (31,362)
Order backlog: 23,236 (25,855)
Net sales: 31,338 (28,961)
Operating profit: 1,526 (1,314)
Capital employed: 8,287 (6,904)
Number of employees: 10,060 (9,939)

NCC IN DENMARK

In Denmark, NCC is a major player in offices, housing and other buildings, as well as in aggregates, asphalt, paving and road services. NCC has also developed a number of property projects. Major customers include the central government, municipalities, various investors and private customers.

Orders received: 5,571 (6,246)
Order backlog: 3,586 (3,989)
Net sales: 6,721 (5,853)
Operating profit: 297 (86)
Capital employed: 3,478 (3,304)
Number of employees: 2,239 (2,204)

NCC IN GERMANY

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

Orders received: 2,664 (2,391)
Order backlog: 2,402 (1,950)
Net sales: 2,140 (2,189)
Operating profit: 159 (118)
Capital employed: 985 (717)
Number of employees: 650 (633)

NCC IN FINLAND

NCC in Finland focuses on residential and building construction. Establishment of a civil engineering business is under way. 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.

Orders received: 7,461 (9,335)
Order backlog: 6,883 (7,776)
Net sales: 8,261 (8,040)
Operating profit: 343 (229)
Capital employed: 2,708 (2,187)
Number of employees: 2,810 (2,639)

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 offices, housing and other buildings, and has a substantial aggregates, asphalt, paving and road service operation. Major customer categories include the Norwegian central government, municipalities, property companies and other major companies.

Orders received: 10,425 (7,276)
Order backlog: 8,397 (5,677)
Net sales: 8,590 (7,046)
Operating profit: 147 (84)
Capital employed: 3,590 (2,663)
Number of employees: 2,090 (1,777)

NCC IN ST. PETERSBURG

NCC develops and constructs housing in St. Petersburg. NCC also has asphalt and paving operations.

Orders received: 912 (875)
Order backlog: 1,253 (839)
Net sales: 500 (455)
Operating profit: 80 (60)
Capital employed: 903 (608)
Number of employees: 314 (256)

NCC IN THE BALTIC COUNTRIES[1]

In the Baltic countries, NCC constructs housing and buildings, and has also established a property development operation. Construction has been concentrated to the capital cities of Tallinn (Estonia) and Riga (Latvia). NCC has no civil engineering operation in the Baltic countries.

Orders received: 68 (100)
Order backlog: 77 (102)
Net sales: 73 (69)
Operating profit: –20 (–38)
Capital employed: 533 (588)
Number of employees: 12 (11)

[1] The Baltic Construction units are included under NCC Construction Finland.

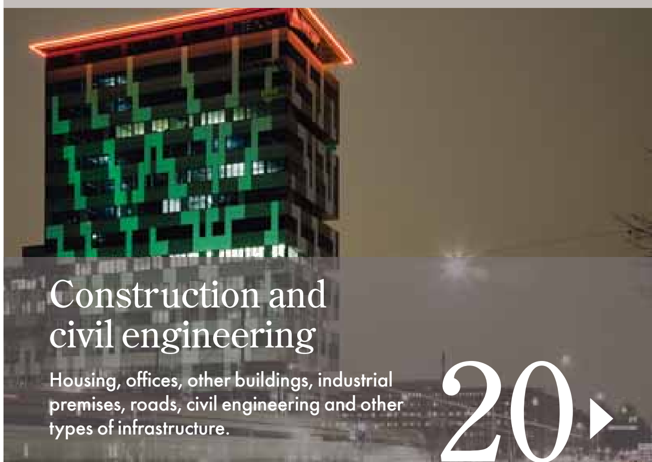
Operations

The operations in NCC's three businesses are described on the following pages.

Industrial

Aggregates, asphalt, paving and road services.

16 ▸



Construction and civil engineering

Housing, offices, other buildings, industrial premises, roads, civil engineering and other types of infrastructure.

20 ▸

Development

Development of housing and commercial premises.

26 ▸

Industrial

Industrial operations are conducted in the NCC Roads business area.

SHARE OF NCC TOTAL

19% Net sales

15% Operating profit

15% Capital employed

23% Average number of employees

FAST FACTS

SEK M	2012	2011	Change, %
Net sales	12,211	11,766	4%
Operating profit	413	414	0%
Capital employed	3,089	3,223	–4%
Average number of employees	4,209	4,024	5%
Aggregates, 1,000 tons[1)]	29,657	30,583	–3%
Asphalt, 1,000 tons[1)]	6,462	6,854	–6%

[1)] Sold volume.

STRATEGIC ACTIVITIES 2012–2015

Strengthened position
in Denmark and Finland
– aggregates

Develop
position in the value chain
– recycling
– road services

Expand
in Norway

GROWTH TARGET

The target for the industrial business is to increase sales at the close of the strategic period, in 2015, by at least twice as much as GDP growth.

STATUS IN 2012

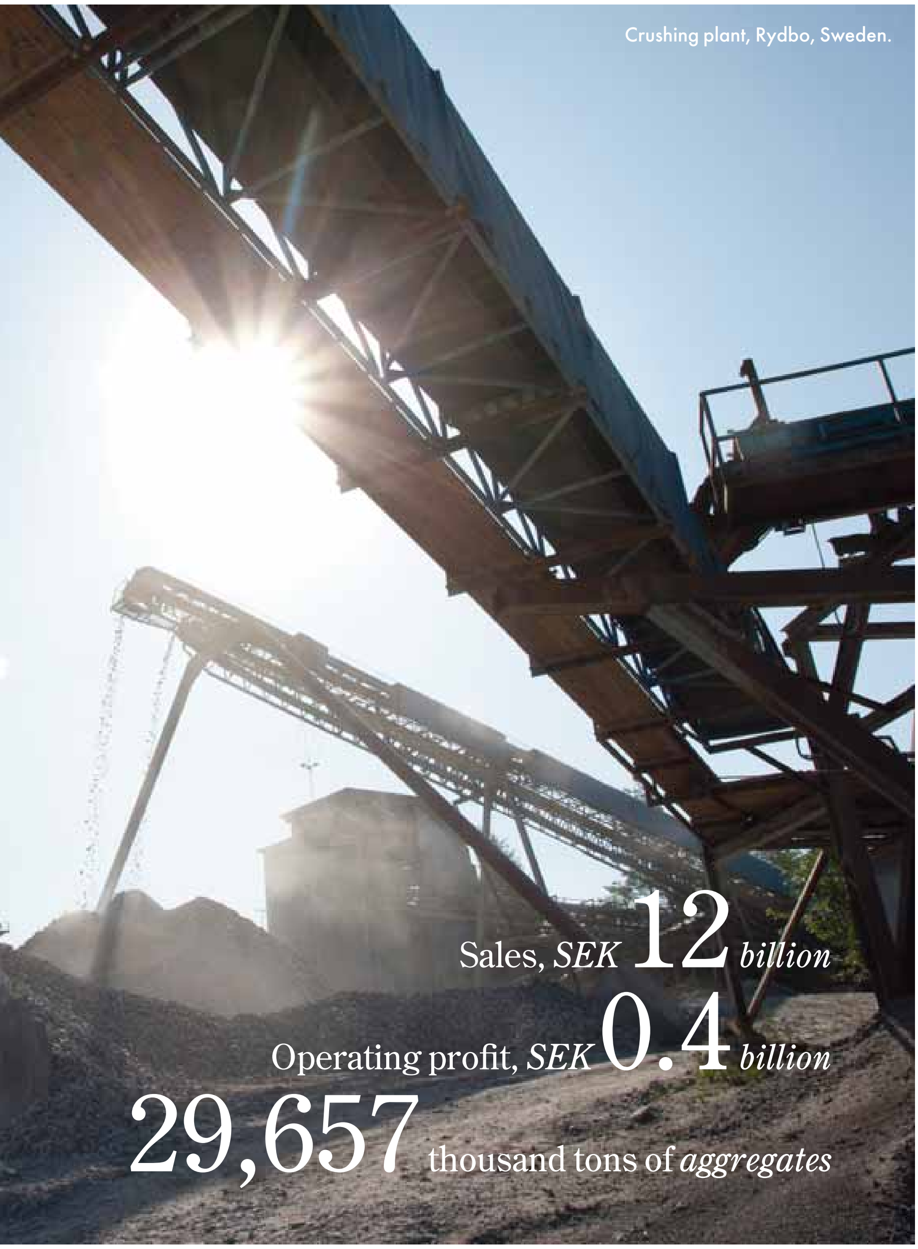
Sales growth of 3.8 percent (double GDP growth=1.1 percent)

Weed killing with NCC Spuma.

NCC's industrial business is based on a distinct value chain with four steps – aggregate production, asphalt production, paving and road services. The four components are linked in a highly integrated processing chain.

In a high-tech industrial manufacturing process, aggregates are extracted in proprietary quarries and used in asphalt production and as input material in construction and civil engineering projects. Asphalt is produced in proprietary asphalt works and used in various types of paving. The road network must be maintained, and multi-year road-service contracts are often signed.

NCC delivers aggregates and asphalt for numerous applications, from major infrastructure projects to small roads. Asphalt deliveries are also made to other construction and civil engineering operations, when laying foundations for housing units, offices and industrial sites, as well as to the concrete industry.



Crushing plant, Rydbo, Sweden.

KEY STRATEGIC ISSUES

Activities in 2012

Roads United – new joint working method and IT system to enhance synergies in the business area and in integration with customers.

NCC Recycling – establishment of a network of recycling terminals for construction and civil engineering debris in the Nordic market.

Capital rationalization in the asphalt operations – higher production efficiency and more efficient utilization of machinery to meet increased competitive pressures.

Pricing of aggregates – analysis of the operations to optimize conditions for value-based pricing.

Review of road services – Nordic coordination to increase internal efficiency and integration with key customers, where web portals and other IT solutions provide conditions for greater collaboration.

THE VALUE CHAIN

Aggregates → Asphalt → Paving → Road services

The main markets are concentrated to the Nordic countries, where NCC is the leading player in the industry. Distribution between the various markets is relatively constant and tracks trends in the construction market. Sweden is the largest single market, accounting for nearly 50 percent of sales. In addition to the Nordic region, asphalt and paving operations are conducted in the St. Petersburg area.

The customer base for aggregates, asphalt production, paving and road services is in the private sector, as well as municipal and central government administrations. However, the private market for paving and deliveries of aggregates accounts for the largest part of the customer base. To an increasing degree, NCC is offering total-package solutions, or function contracts, to public-sector customers, which include long-term resource planning for production, operation and maintenance of road networks.

In 2012, NCC continued its long-term strategic efforts to be the local market leader, to secure access to aggregates from proprietary quarries near urban areas, to increase coordination within the business area and to strengthen its customer focus.

One condition for the development of new products and methods is that the organizations for technological and business development work together at an early phase. For this reason, the conditions for greater coordination have been developed.

The 2011 acquisition of Finnish company Destia's asphalt and paving operations contributed to NCC strengthening its position and increasing its profitability in the Finnish market.

PRODUCTS AND METHODS FOR REDUCED ENVIRONMENTAL IMPACT

Environmental awareness among customers is on the rise and NCC is working proactively to reduce its environmental impact – primarily carbon-dioxide emissions – through energy-efficiency and recycling. Energy-efficient paving techniques, asphalt recycling and alternative fuels are some of the initiatives that have been introduced.

A higher portion of total-package undertakings facilitates more long-term and efficient resource planning. Long contract periods enable optimization of asphalt paving from a lifecycle perspective, thus both benefiting customers and promoting NCC's product development toward more sustainable solutions.

A range of green products and methods, of which NCC Green Asphalt is the best known, have been developed to reduce the adverse environmental impact and these are gathered under the NCC Green Concept. This production method significantly reduces carbon-dioxide emissions compared with conventional production of hot asphalt.

Since recycling asphalt is more resource-efficient than new production, NCC is improving its recycling capacity in a growing number of asphalt plants, thus enabling a more ecologically adapted operation. In 2012, recycled asphalt granulate accounted for 15 percent (15) of hot asphalt production.

In 2012, NCC reduced its carbon emissions from asphalt production in the Nordic region by 12,600 tons, through recycled asphalt and increased production of NCC Green Asphalt. This corresponds to emissions from about 4,700 diesel-driven vehicles over one year. NCC currently has 80 plants (70) that recycle asphalt. Of these, 28 (18) have been rebuilt to produce NCC Green Asphalt.

Since the energy requirement of production operations is considerable, a number of measures are implemented to increase the efficiency of energy consumption and gain increased control over energy costs. For example, NCC has developed a method for fueling asphalt plants using wood pellets, thus minimizing emissions and consumption of fossil fuels. The method is patent pending and the asphalt plants will switch fuel to the use of wood pellets during 2013.

New fuel reduces emissions

NCC has developed a way of manufacturing asphalt with minimal carbon-dioxide emissions. If all asphalt plants in the Nordic region started to use wood pellets as fuel instead of oil, the industry's carbon-dioxide emissions could be reduced by an amount corresponding to the emissions from 217,000 cars annually. A total of 21 million tons of hot asphalt is produced each year in the Nordic region, of which NCC accounts for about one third. For NCC, the change would result in emissions from the manufacturing process being reduced by 154,000 tons of CO_2 per year, which corresponds to emissions from 73,000 cars.

The wood pellets initiative heralds a change in the industry. The method results in a more sustainable and energy-efficient manufacturing process. The technology is specially developed by NCC and is patent pending.

A significant benefit of wood pellets is that they are usable on a large scale, without impacting food production. Competition for agricultural land for food production is otherwise a common problem in the production of biofuel. The raw material is also available locally, whereby NCC and the industry in general will ultimately be able to avoid transportation from oil-producing countries.

The first asphalt plant to switch to the manufacturing process is located in Eskilstuna. During spring 2013, additional asphalt plants that use the manufacturing process will be deployed in Sweden.

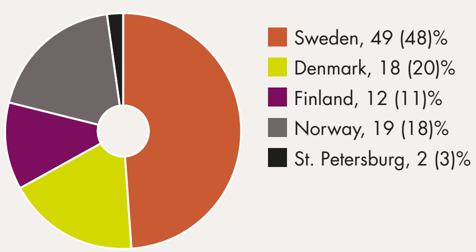
Other initiatives for reducing the environmental impact include NCC's strategic focus on NCC Recycling, which is a Nordic recycling concept. This takes the form of recycling terminals where used material such as aggregates, gravel, sand and soil products are processed and sold as new products. In 2012, NCC acquired two recycling operations in Denmark to establish the NCC Recycling concept.

NCC Spuma is another example within the framework of the NCC Green Concept. This is a method for biological weed control, whereby hot water is used combined with organic foam from plant sugar. The method has proved successful in Denmark for many years and is now rapidly becoming established in other markets.

In Denmark, products made from bentonite, a naturally occurring clay substance, are being further developed and marketed by the NCC company Dantonit. The material is used in a range of applications, including

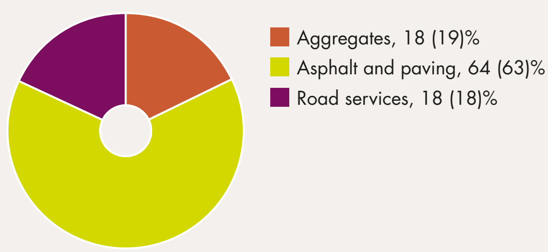
GEOGRAPHIC MARKETS, SHARE OF NET SALES

Distribution among markets is relatively constant and tracks the trend in the construction market. No major changes occurred in the distribution of net sales in relation to 2011.



PRODUCT MIX, SHARE OF NET SALES

Asphalt and paving, which represent the dominant products in the business area, continued to increase in 2012, mainly due to a higher average price for bitumen.



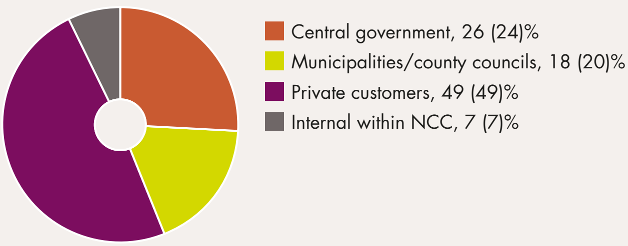
sealing, in road construction, hydraulic engineering and landfill sites. A new area of application is cable and pipe insulation to limit energy loss when transporting geothermal heat or solar energy.

In 2012, a project was initiated with Elways, a company that is developing a new road solution for electric vehicles. NCC constructed a 200-meter test track with electric rails that feed power to electric vehicles during car journeys. In the future, electric vehicles will be able to travel thousands of kilometers without needing to recharge their batteries.

In Finland, NCC signed an agreement with the City of Helsinki concerning a commitment to mitigate climate change (the Climate Partners Network). Under the agreement, NCC has defined how it plans to mitigate climate change in the City of Helsinki by replacing conventional asphalt production with the NCC Green Asphalt method and using "green electricity."

CUSTOMER MIX,
SHARE OF NET SALES

The central-government share of sales increased due to a higher portion of central-government contracts in Denmark and the acquisition in 2011 of asphalt operation in Finland.



Market *and business environment*

AGGREGATES

The aggregates market is generally highly fragmented. Securing access to aggregates from proprietary quarries requires a long-term strategy and is critical to a sustainable aggregates operation. Regulatory and external demands determine the waiting period for a quarry permit. The general trend is that permits are becoming more difficult to receive and processing periods are getting longer. Opening a new operation normally requires five to ten years.

ASPHALT AND PAVING

Competition in the asphalt production market primarily consists of other nationwide companies. However, a large number of small local players are active in paving operations.

The maintenance market for road networks is growing in pace with increased road traffic, offering potential for future asphalt operations. The energy requirements for production are significant and energy prices are highly volatile. Accordingly, several measures have been introduced to reduce energy dependence and gain control over energy costs, as well as satisfying customer demands for lower CO_2 emissions.

ROAD SERVICES

The market trend in road services is stable. Although the market was previously dominated by government-owned companies, public-sector operators are exposed to greater competition and are losing their market shares to private players. The remaining government-operated companies have begun to move across national borders, intensifying competition in certain geographic areas. The extreme weather conditions of recent years, which are becoming increasingly common, are increasing demands for well-functioning infrastructure, including effective road maintenance.

Construction and *civil engineering*

Construction and civil engineering operations comprise four business areas: NCC Construction Sweden, NCC Construction Denmark, NCC Construction Finland and NCC Construction Norway.

SHARE OF NCC TOTAL

63% Net sales

43% Operating profit

13% Capital employed

71% Average number of employees

FAST FACTS

SEK M	2012	2011	Change, %
Orders received	39,432	41,731	–6%
Net sales	41,219	38,150	8%
Operating profit	1,171	965	21%
Average number of employees	12,675	12,225	4%
Cash flow before financing	1,392	789	76%

STRATEGIC ACTIVITIES, 2012–2015

Focus on
joint strategies for VDC, operational systems and risk management, and further enhancement of purchasing activities

Establish
civil engineering operations in Finland

Expand
in Norway

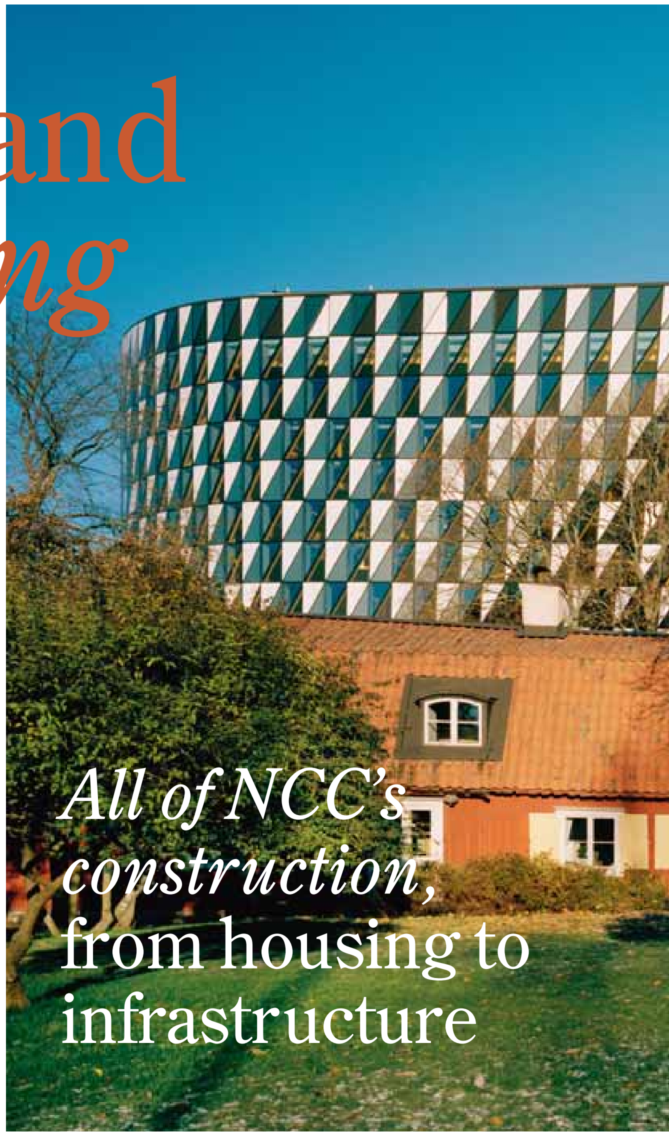
GROWTH TARGET

The target for construction and civil engineering operations is to increase sales at the close of the strategic period, in 2015, by at least twice as much as GDP growth.

STATUS IN 2012

Sales growth of 8.0 percent (double GDP growth=1.1 percent)

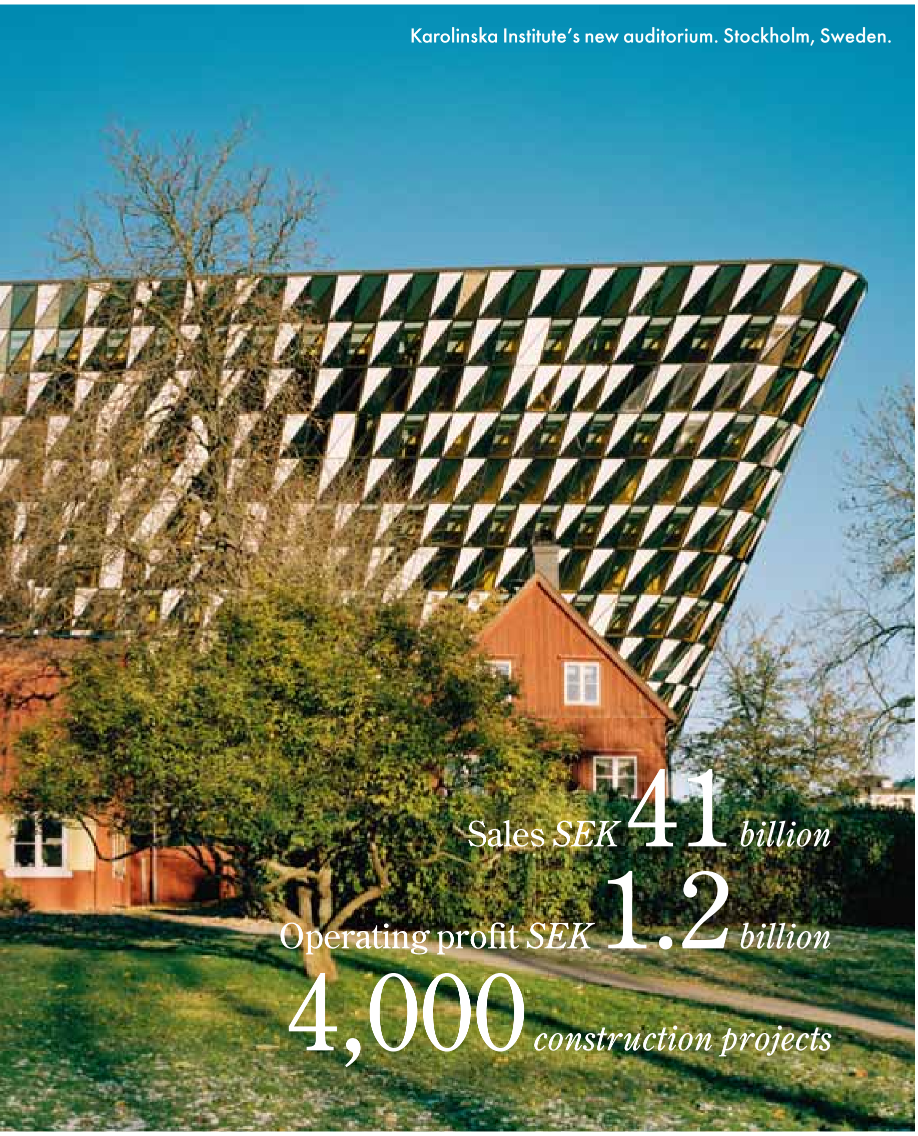

Citybanan rail link. Stockholm, Sweden.



With several thousand ongoing construction and civil engineering projects, NCC contributes every day to future environments for living, working and communication. NCC is one of the leading construction companies in Northern Europe, in terms of both size and sustainable development.

Every day, NCC meets private and public-sector customers. The results of these meetings form the foundation for our shared future society. Many ideas are realized through interaction with municipalities, county councils, government agencies and public-utility housing companies in the public sector, and with retail, industrial and service companies in the private sector.

Each day, projects are also implemented with NCC Property Development, which develops commercial properties, and NCC Housing, which develops housing units. The NCC Roads business area, which produces aggregates, asphalt and lays asphalt paving, is another key partner in, for example, earthworks and infrastructure projects.



Karolinska Institute's new auditorium. Stockholm, Sweden.

KEY STRATEGIC ISSUES

Activities in 2012

Closer cooperation – between the country-based business areas in order to achieve more efficient production, better innovativeness and competitiveness.

Cutting-edge development – NCC is at the cutting edge of VDC and is developing an increasing number of platforms, meaning standardized solutions, ranging from bridges to housing.

1,600 partnering projects – NCC is working on a broad front to change the construction industry's way of conducting projects. Under NCC's partnering structure, projects are delivered on time, at the right quality and right price to more satisfied customers.

Focus on Norway and Finland – During the year, NCC advanced its positions in all markets. The greatest progress was made in the Norwegian market, in part through acquisitions. In Finland, the build-up of civil engineering operations is under way.

NORTHERN EUROPE AS A BASE

NCC has Northern Europe as its base and conducts construction and civil engineering operations in Sweden, Denmark, Finland, Norway, St. Petersburg, Estonia and Latvia.

In Sweden, NCC is one of the absolute largest market players, with a wide geographic spread and strong local presence. NCC is a leader in several strategic areas, including partnering and VDC. Orders received are relatively evenly distributed between housing, building and civil engineering.

In Denmark, NCC is one of the largest construction and civil engineering companies in a fragmented market. The company has operations in building and civil engineering construction, housing construction and services.

Housing production is the dominant area of operations in Finland, followed by the construction of office buildings. In line with the Group's strategy for profitable growth, NCC is now also establishing a civil engineering operation in Finland and will thus become a more comprehensive contractor in the Finnish market.

NCC in Norway has a long tradition of civil engineering works, with roads, tunnels and other infrastructure forming a stable base. NCC is also engaged in construction operations in such areas as housing, commercial premises and public buildings; for example, schools and hospitals. Norway is a pronounced growth area and, in 2012, NCC grew both organically and through acquisitions in the Norwegian market.

NCC also has operations in Estonia, Latvia and St. Petersburg. In St. Petersburg, the underlying need for new housing is strong and, as a result, NCC has increased its housing production in the area in recent years.

BROAD-BASED EXPERTISE REQUIRED

NCC's construction and civil engineering operations conduct approximately 4,000 projects annually in the Nordic region. Each project's size varies from sales of a few hundred thousand Swedish kronor and implementation in a matter of days, to projects that extend over several years and generate sales totaling billions of kronor.

The common theme, regardless of their size or market, is the uniqueness of many projects. For this reason, NCC's expertise in planning, logistics, resource allocation, technical know-how, flexibility and risk management is a critical success factor in an increasingly globalized Nordic construction market.

The core expertise for NCC's construction units is being able to manage the complex organization of a wide range of projects, from replacing the plumbing in a multi-family dwelling to large-scale national infrastructure projects.

The common denominator for all construction is that it ties up relatively little capital and normally generates a continuous cash flow, thus supporting NCC's capacity to also engage in office and housing development as well as asphalt and aggregate production, which are more capital-intensive.

STRATEGY FOR PROFITABLE GROWTH

The construction and civil engineering business is the backbone of NCC's operations and, through efficient production, innovative capacity and market leadership, contributes to the Group's overriding objective of profitable growth and being the customer's first choice. The market presence of the business is strengthened by sustainable processes, products and services.

Certain key strategic areas for strengthening competitiveness have been identified. Partnering, virtual construction, platforms and coordinated purchasing contribute to more efficient operations and create customer value.

For the past few years, NCC has focused on skills development in such areas as project development, platforms and VDC. NCC has also developed extensive knowledge in a cooperative format known as partnering and is now a leader in this field.

The sharing of best practices in NCC's construction units has been strengthened, enabling NCC to continuously advance its positions in the key strategic areas of purchasing, VDC, partnering and performance management.

CUSTOMERS WANT PARTNERING

NCC leads and promotes new forms of cooperation in the construction industry. The focus on Partnering, a cooperative format whereby the customer, NCC and other project participants jointly formulate project targets and perform the work under shared responsibility, has been successful. NCC's experience and evaluations demonstrate that the entire delivery has improved, both for NCC and for customers.

Many customers, both private and public, are now demanding this form of cooperation and the number of partnering projects, following an upward trend over several years, now represents a strong market position at 36 (32) percent of external sales.

The trend is currently moving toward strategic partnering, which creates long-term customer relationships, and longer framework agreements that are procured with partnering. Once the partners get to know and develop confidence in each other, opportunities arise to progress from project partnering to strategic partnering. In a long-term cooperation that extends over several projects, the partners are able to work in a more structured format and share best practices, while the repetition enhances quality and reduces costs.

RISK MANAGEMENT AND PROFITABILITY

Risk management is fundamental to NCC's construction operations. A one-percentage-point increase in the margin has a significantly larger impact on earnings than a 5–10 percent increase in volume. Risk management is based on methodical and well-functioning joint business systems and developed procedures for tendering and project implementation.

PLATFORMS GAINING GROUND

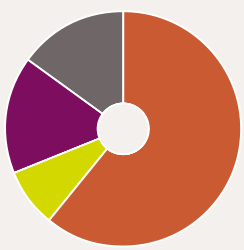
One of the advantages of being a large construction company is the solid foundation this creates for developing project engineering and planning tools, and platforms. Economies of scale can also be achieved by negotiating volume discounts when purchasing goods and services. The platforms are developed with a strong focus on customer requirements.

The platforms have defined technical solutions and governing project engineering requirements, as well as instructions for choosing effective production methods. As a result, production becomes more repetitive and provides opportunities for continuous improvement. The platform concept simplifies project engineering, purchasing and construction, which ultimately enables greater control of both costs and quality.

NCC has developed platforms in all business areas and can offer solutions ranging from sports centers, nursing homes, offices and logistics facilities to roads, bridges and housing.

GEOGRAPHIC MARKETS, SHARE OF NET SALES

Sweden is the largest market for NCC's construction and civil engineering operations, accounting for 61 percent (62) of sales. NCC Construction Norway's share of net sales rose, due to such factors as company acquisitions in 2011 and 2012.



- Sweden, 61 (62)%
- Denmark, 8 (8)%
- Finland[1], 16 (17)%
- Norway, 15 (13)%

[1] Including St. Petersburg, Estonia and Latvia.

PRODUCT MIX, SHARE OF NET SALES

Housing accounts for a growing share of the product mix. In 2012, growth primarily pertained to Norway and Denmark. Sales of offices also increased, as did sales of industrial and processing plants, primarily in Norway and Sweden, respectively.

- Infrastructure, 18 (18)%
- Landscaping, 10 (11)%
- Housing, 24 (23)%
- Industrial and processing plants, 13 (12)%
- Offices, 13 (12)%
- Shopping centers, etc., 6 (6)%
- Other, 16 (18)%

NCC has developed a successful platform for standardized activity centers. The centers are designed for ball sports, including handball, mini-handball, floorball and mini-basketball. Despite a high level of standardization, there are several options available for both the exterior and interior design. The center can be expanded with stands, for example, or social areas including club rooms and a café. Municipalities and sports associations have shown great interest and NCC has already constructed 25 centers based on this platform. A packaged product called NCC Bollhall is also offered.

Another example is the P303 construction system, where NCC can construct sought-after housing for a low fixed price with a short construction period. Due to preliminary planning, combined with a controlled and standardized construction process, customers receive a quality-assured product with low energy consumption and a predetermined construction period. P303 demonstrates the possibilities that can be achieved when the platform concept is fully utilized. Every stage has been carefully developed and is repeated exactly each time.

First in Finland and second in the Nordic region

Plaza Business Park Pilke in Vantaa Aviapolis is Finland's first office building to satisfy the country's requirement for meeting energy classification A. It is also the first property in Finland and the second in the Nordic region to comply with the Very Good level according to the BREEAM environmental certification system. In the planning and building phase of Plaza Pilke, special attention was devoted to energy efficiency. The property's energy consumption is 40 percent lower than the traditional solution. Plaza Pilke is one of the 13 properties in the Business Park that NCC has developed and built in Vantaa Aviapolis.

VDC IS CHANGING THE CONSTRUCTION PROCESS

NCC has long experience of virtual construction and design (VDC) from using the process in more than 500 projects, and the technology and methods are applied throughout the entire company. As a result, NCC is an industry leader in VDC, both globally and in the Nordic region.

NCC uses VDC to enhance quality and reduce costs in both project engineering and construction projects. It is now a natural component in many projects and, used correctly, has the potential to change the entire construction process.

In simplified terms, a project is built in a three-dimensional Building Information Model (BIM) before being physically constructed. VDC is fundamentally a matter of giving all parties involved a common language, where all communication and blueprints are based on the project's 3D models. These are matched with each other in a shared virtual model. The model provides further insight into the project's processes by integrating the time plan with a mass of information. The result is efficient, quality-assured and controlled implementation. VDC also provides greater financial security – from tendering to management. The digital information flow offers completely new opportunities for efficiency enhancement of construction projects.

The implementation primarily represents a new working method and approach to information. It is more a matter of changing people's behavior and how information is managed than a technology.

VDC can be used in all types of construction projects, from housing and building production to civil engineering and infrastructure projects.

PURCHASING INCREASINGLY IMPORTANT

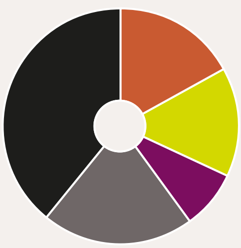
The purchasing of material and services accounts for about two thirds of the NCC Group's expenses and is therefore highly significant. NCC works proactively to reduce costs by using a systemized purchasing process.

Historically, competition in building materials and subcontracting has been weak, since construction companies have usually purchased materials and services in the local market. This is also one of the reasons why construction costs have exceeded CPI increases for so many years.

NCC's purchasing process is guided by two main principles. The first is to coordinate purchasing in the Nordic region with the aim of achieving bulk purchasing benefits. Another positive effect of coordinated purchasing is that the number of suppliers and range of items declines, which also has a cost-saving effect.

CUSTOMER MIX,
SHARE OF NET SALES

Private customers remain the dominant customer category for construction and civil engineering operations. Expansion of NCC's development business, in terms of both housing and commercial properties, has generated a higher share of internal customers.



Most accessible office in the world?

In November 2012, NCC handed over "the world's most accessible office building" to the Danish organizations for the disabled (DH). The building is the head office for a number of DH's member organizations, and meticulous demands were placed on accessibility for people with functional disabilities. The building is pioneering in that it was not designed and built solely for people with functional disabilities. It is built for everyone. Prior to construction start, the project group was given an opportunity to experience the challenges represented by a functional impairment. This experience led to the development of many new solutions that can be used in similar projects in the future.

A proprietary purchasing system has improved the coordination of NCC's Nordic purchasing activities. The efficiency of purchasing processes is enhanced by an IT-based support system that provides opportunities for coordination and monitoring.

The second main principle is to purchase goods and services internationally. NCC has established purchasing offices in the Baltic countries, Poland, the Czech Republic, Germany, Turkey and China. In 2012, 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. Local pricing is positively impacted when NCC subjects local building material suppliers to competition.

Purchasing by international subcontractors is an area that continues to grow. The most common international purchases are frameworks, glass and aluminum facades, and steel and concrete products.

ZERO VISION AND AWARENESS DAY FOR INCREASED SAFETY

Efficient and well-functioning construction projects are characterized by low sickness absence and few work-related injuries. The planning and control of operations include effective management and monitoring of environmental issues and health and safety at the worksite.

NCC devotes considerable resources to training, support and monitoring of health and safety measures in all countries in which the company operates.

NCC's systematic approach to health and safety encompasses all processes, from the early stages of planning and project engineering to the entire construction phase, aimed at minimizing risks and adopting a well-structured approach to the remaining risks.

NCC has adopted a zero-accident vision concerning occupational accidents and works continuously to improve its safety culture. Attitudes to health and safety are based on NCC's core values and permeate the entire organization's stance and behavior in regard to these issues.

For two consecutive years, NCC has arranged an Awareness Day for all employees to discuss health and safety issues. Feedback from the discussions contributes to a safer environment at the company's worksites.

SUSTAINABLE ENVIRONMENTAL EFFORTS

NCC represents an industry with a high environmental impact. By constructing energy-efficient and environmentally compatible buildings, housing and civil engineering structures, while accepting responsibility for the environment throughout the entire construction process, NCC has adopted a long-term approach to sustainability.

The aim is to make it easier for customers to contribute to a better environment, in both the construction process and in utilization.

NCC is a leader in environmental classification and its activities include development of the BREEAM environmental classification system. NCC is also a forerunner in the land and civil engineering areas, where the CEEQUAL assessment system is applied.

NCC was a frontrunner in the decision to phase out hazardous substances in the construction process, and an initiator of the joint industry initiative BASTA. The aim of BASTA is to eliminate hazardous substances from construction materials.

NCC has well-developed methods for constructing low-energy and passive buildings, aimed at satisfying customer requirements for more energy-efficient buildings. NCC is one of the construction companies in the Nordic region with the most extensive experience in passive building projects, and low-energy building development accounts for all of NCC's proprietary housing construction.

NCC has also constructed several buildings classified in accordance with the EU's GreenBuilding initiative, as well as hospitals, office buildings, retail and warehousing facilities that meet the GreenBuilding criteria for energy efficiency. This requires that the buildings consume at least 25 percent less energy than the applicable norm in each respective country.

For customers in Sweden, NCC has introduced a special offering called Green Tenders. For all tenders in excess of SEK 50 M, NCC also submits an alternative green tender. The customer can then choose to utilize NCC's expertise in Green Construction and receive a specifically environmentally adapted offer.

Clarion Hotel. Arlanda, Sweden.

Market *and business environment*

The economic situation in Europe, marked by the debt crisis and weak growth, also impacted the Nordic construction market. Following initial stability in the first half of 2012, demand for housing and buildings declined, while the civil engineering market fared better. The Norwegian market excelled and was characterized by strong demand in all areas.

DAMPENED DEMAND IN SWEDEN

The Swedish economy showed surprisingly favorable growth initially, but was gradually impacted by the economic concerns in the world at large. Lower household spending and cautious private investors dampened demand in the construction and civil engineering sector.

The uncertainty in the business environment, combined with tougher demands for cash payment, had an adverse effect on investments in new housing. The construction of new multi-family dwellings continued to decline from an already low level.

The order situation was unstable in several industries which inhibited business activity, thus holding back new starts of building projects.

However, due to continued investments in infrastructure, the civil engineering market was impacted less than other areas in 2012.

INFRASTRUCTURE INITIATIVES IN DENMARK

Activity in the construction and civil engineering market was high, but the market was characterized by protracted decision-making processes. Activity was particularly high in the Copenhagen region and Aarhus, due to the large number of large-scale development projects waiting to start. The Port of Aarhus and development of the Carlsberg brewery area were two such examples.

Several major infrastructure projects in Denmark commenced and are planned for the coming year. These include the City Circle Line (Metro Cityring) in Copenhagen, the Fehmarn Belt Fixed Link tunnel to Germany and a rail link between Copenhagen and Ringsted.

STRONG DEMAND IN NORWAY

Conditions in the civil engineering market were favorable, due to sharp growth in public-sector infrastructure initiatives throughout the country. Foreign competitors entered the market for projects exceeding NOK 1.5 billion.

In early 2012, an accumulated need to invest in commercial properties led to growth in the construction market throughout the year. The initial strong demand leveled out toward year-end.

The need for new housing is considerable, particularly in the densely populated areas of the country, as reflected in rising prices in a market.

WEAKER ECONOMY IN FINLAND

In 2012, economic conditions weakened in Finland. Uncertainty in the international economy and the financial sector impacted the property market, where demand was confined to risk-free objects in the most attractive areas. Housing sales were boosted by a housing shortage, particularly in the capital city region. Changes in the taxation system for 2013 had a positive effect on housing sales in late 2012. The Finnish construction portfolio is badly in need of renovation and demand for renovation services increased in 2012.

Development

Development operations, which encompass housing and commercial property, are conducted in the NCC Housing and NCC Property Development business areas.

SHARE OF NCC TOTAL

18% Net sales

42% Operating profit

72% Capital employed

6% Average number of employees

FAST FACTS

SEK M	2012	2011	Change, %
Net sales	11,459	8,907	29%
Orders received[1]	9,380	9,485	–1%
Operating profit	1,129	633	78%
Capital employed	14,966	12,035	24%
Average number of employees	1,119	1,046	7%

1) Refers solely to NCC Housing.

STRATEGIC ACTIVITIES 2012–2015

Expand
the housing development business
– more efficient processes
– broader product mix

GROWTH TARGET

The housing development business aims to grow during the strategy period of 2012–2015. The target is that the number of housing units under production will amount to at least 7,000.

NCC's commercial property development projects currently have a favorable spread and the objective for the strategy period is that the project portfolio maintains this positive level.

STATUS IN 2012

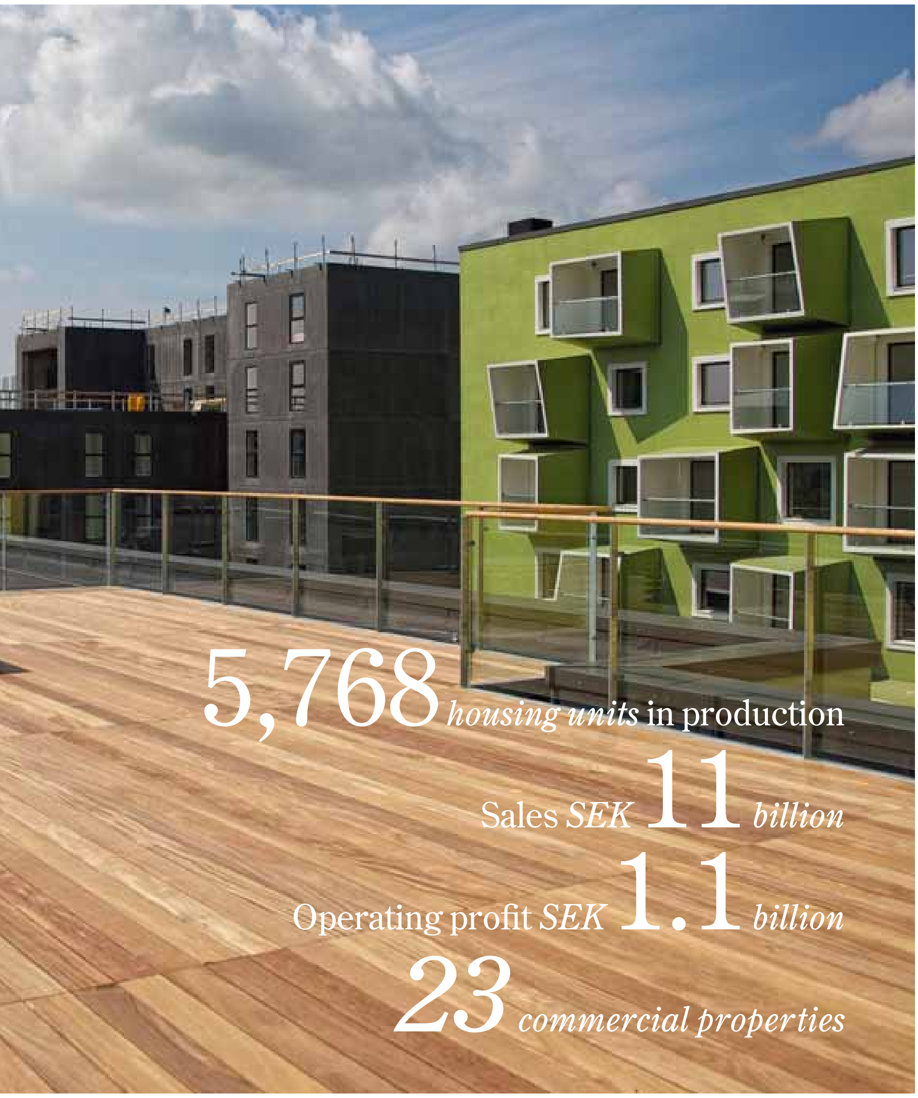
5,768 (5,363) housing units in ongoing production.
23 (23) property projects at a total project cost of SEK 5.9 billion (5.6).

Copenhagen Port Company House, Copenhagen, Denmark.

All professional residential development is based on the ability to understand customer needs and create favorable housing or work environments based on this.

As a result, sustainability is high on NCC's agenda and, by being a forerunner, NCC is able to offer today's aware customers an attractive solution.

NCC's housing and property development business controls the entire value chain, from project concept and analysis to land acquisition, concept development, production and finally sales, when capital is released for new development projects. In housing development, the completion phase with aftermarket services is also assigned high priority. Both of the development operations are capital-intensive, which means that NCC's knowledge of the areas in the various markets that can generate the highest return is vital. The entire development process is undertaken in close cooperation with customers, municipalities, landowners, architects and other stakeholders.



KEY STRATEGIC ISSUES

Activities in 2012

A stronger customer focus is the key issue.

For the housing development business, a high priority is to broaden the product mix with more new concepts, including rental apartments, to enable package sales to the investor market to account for a higher share of transactions.

The property development business is currently focusing on improving its sales process across all areas, with the aim of strengthening customer relations and increasing efficiency and earnings.

Sustainable development is central in NCC's endeavor to systematically optimize conditions for future owners and tenants in the housing and properties that it develops. By working with leading environmental assessment systems such as BREEAM and GreenBuilding for non-residential properties, and Svanen and Miljöbyggnad for residential properties, the buildings are guaranteed to maintain high quality, be energy efficient, have a good indoor environment and contain materials that are not harmful to people's health or the environment.

HOUSING DEVELOPMENT

NCC's housing development business is conducted in eight geographic markets in the Nordic region, Germany, the Baltic countries and St. Petersburg, making NCC the leading housing developer in Northern Europe.

The total population is rising steadily in the geographic area in which NCC is active, while relocation to metropolitan regions is becoming increasingly apparent. Due to the strong urbanization trend worldwide, growth will occur in the metropolitan regions to which increasing numbers of people are moving. As a result, NCC's strategy of operating solely in metropolitan regions that show definite growth, and where a stable local labor market creates demand for new housing, stands firm.

A CUSTOMER-GUIDED PROCESS

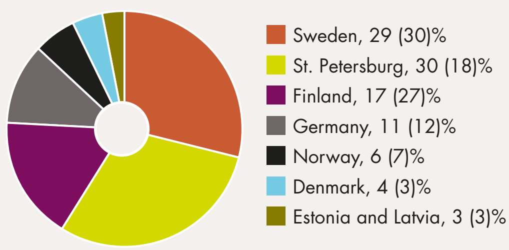
All professional housing development is based on the ability to understand customer requirements and create favorable residential environments based on these. The business concept entails converting developable land into new, sustainable housing environments, where construction is adapted to customer needs and requirements, and the unique conditions prevailing in the area.

During the year, a new working method was introduced whereby nearby residents and other interested parties are involved in the process at an early stage. In brief, this concept known as "vision-led urban planning" entails that citizens are consulted before blueprints and proposals are produced for how an area can and should be developed.

Basic analyses of customer requests and market requirements are also conducted on an ongoing basis. A key insight revealed by several surveys is that customers primarily appreciate a short period of time between purchasing and taking occupancy. Accordingly, it is vital

GEOGRAPHIC MARKETS,
HOUSING UNDER PRODUCTION

In 2012, NCC had housing starts in all markets, primarily in Sweden, Finland, Germany and St. Petersburg. Sweden and St. Petersburg accounted for a large share of ongoing housing production at year-end.



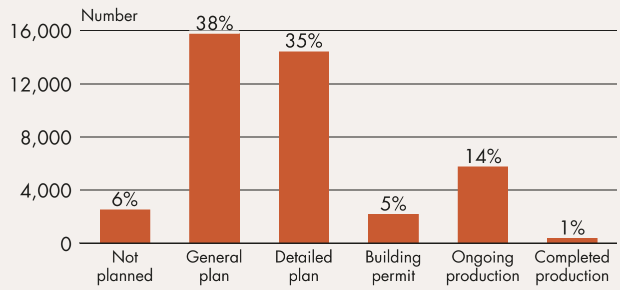
New Triangel shopping mall in the heart of Malmö

In the very center of Malmö, close to the cultural blocks and the largest hub for commuters, NCC is developing new blocks comprising a mix of offices, retail premises and housing units with an intense focus on sustainability. The New Triangeln will be a shopping destination on two stories comprising 36,000 square meters of retail space. Accordingly, it will be the largest shopping mall in downtown Malmö. Approximately 4,600 square meters of office space and about 190 apartments are being built on top of the mall. Underground, there will be 400 parking spaces on two stories. All commercial space will be environmentally certified in accordance with BREEAM Very Good and the housing units will be environmentally certified according to the Nordic Swan.

This is an excellent example of NCC's capacity to develop complex projects.

PORTFOLIO OF DEVELOPMENT RIGHTS, ONGOING AND COMPLETED HOUSING

Of the total portfolio of 35,000 (34,200) development rights, approximately 16,700 (16,700) have made considerable progress in the development process, with building permits or detailed development plans in place, thus continuing to provide favorable potential for project starts in the years ahead. For the remaining portion of the development rights portfolio, most have a general plan for residential development in place. Successful establishment of the detailed development plan, and the creation of attractive living environments in partnership with municipalities, accounts for a major share of the value generation in housing development. The percentage figure denotes NCC's total development rights.



that NCC continues its efforts to speed up and optimize its housing development processes, and reduce the time until construction starts. The actual production process must also become more efficient.

CONSTRUCTION SYSTEMS – HIGHER QUALITY AT A LOWER COST

NCC endeavors to create joint construction systems for housing production, thus generating economies of scale resulting from lower costs, bulk purchasing and higher quality. Joint construction systems will enable NCC to develop high-quality, attractive housing at low cost, while retaining flexibility.

Flexible processes are vital. When developing group-built single-family dwellings or large areas of multi-family dwellings, dividing the project into several smaller stages will generate time and cost savings.

SEVERAL TARGET GROUPS

While NCC's customers are predominantly private customers who are investing in their own homes, the investor market is also an important target group. The interest shown by investors in "package deals" is increasing steadily. NCC acquires the land, designs the project, constructs and leases the object before selling it to financial investors who understand the value of investing in attractive housing projects. Municipal housing companies, or private property managers, may also be interested in new acquisitions for their portfolio.

In 2012, several major package deals were implemented in both Finland and Germany. During the year, the number of investor transactions represented about 30 percent of total housing sales.

A SIMPLE AND SECURE TRANSACTION

NCC offers various types of security packages for customers who purchase a new home. The packages include insurance policies, warranties and services that protect and help customers both before and after purchasing their NCC home. The various features include cover for double housing costs, unemployment or illness.

NCC's ambition is to offer new home-buying assistance to customers as early as possible. More and more customers are finding their new homes on NCC's websites, or through linked portals. Innovative visualization tools enable virtual tours around homes for potential customers, and they can also select optional extras for their chosen apartment. The use of web-based sales tools increases the customers' willingness to buy a new home at an early stage – long before model apartments are available.

REDUCED ENERGY CONSUMPTION

NCC has established targets for reducing energy consumption in buildings throughout their lifecycle. In all markets in which the company is active, NCC's goal is that energy consumption in its stock will be below the norm for each country. In addition to generally low energy consumption, NCC is also developing low-energy passive buildings, which are well-insulated units that are primarily heated by the people who live in them. The heat generated by people, electrical equipment and the sun that shines through windows is sufficient to maintain a comfortable indoor temperature. The development of low-energy housing is a step in the right direction toward meeting the EU's climate targets for reduced CO_2 emissions and energy consumption.

NCC also offers various tools to assist customers in calculating their own energy consumption, thus helping them save money and reducing the environmental impact. Through its climate declarations of homes, NCC makes it easier for customers to make environmentally sound housing decisions. NCC classifies its housing according to the Sweden Green Building Council's certification system (Miljöbyggnad) and the Nordic Swan Ecolabel (Svanen).

INCREASED SALES TO INVESTORS

In 2012, six package sales (2) were implemented in the German market. The projects in Berlin, Hamburg and Düsseldorf were bought by investors and German housing funds.

In Sweden, a new unit was launched to develop rental apartments in the Swedish market. In Riga, Latvia, NCC received an award for the most energy-efficient building in a major national competition.

COMMERCIAL PROPERTIES

NCC Property Development develops and sells commercial properties in defined growth markets in the Nordic region, Estonia and Latvia. The operations focus on sustainable office, retail and logistics properties in attractive locations and characterized by a deep understanding of the customers' specific requirements. NCC works in close cooperation with customers and with a shared objective of creating a well-functioning and flexible workplace that not only creates conditions for efficient operation, but also improves the work situation for the customers' employees in terms of health, the work environment and comfort.

For each project, NCC contributes solid knowledge of how good workplaces function, based on long experience of working closely with the customer, and on available and relevant research findings in the field.

Since property development is a long process, gathering knowledge of trends is vital for being able to predict the demands and requirements of tomorrow's customers. The analyses must point in the right direction in terms of the geographic locations and types of property that customers will want to choose for their workplaces in five to ten years' time. NCC thus applies a systematic method for gathering knowledge by means of future studies, customer interviews and other types of tracking polls and surveys.

CUSTOMER'S CHOICE

In the case of office buildings, some of the customer's selection criteria are based on hard factors such as space efficiency, a communicative location for customers and employees, or the fact that the customer requires premises in a sustainable property with a focus on energy optimization and an environmentally aware choice of materials. Other criteria could be that the office and its location are to reflect the customer's brand. But customers also base their choice on other values, such as a business partner in whom they can trust, who guarantees a secure relocation process and who offers efficient and pleasant premises.

When NCC develops a commercial property, the starting point is always an excellent commercial location that can offer substantial flows of people and traffic, and premises that are optimized for selling the tenant's products or services. A detailed analysis is conducted of traffic flows, public transport facilities and how the customer's incoming goods flow can be managed, other commercial players that could feasibly attract similar customer segments and many other factors that are significant to the customer's business.

For a customer working with warehouse and logistics solutions, the location and a highly efficient goods flow are two principal criteria. NCC specializes in optimizing ware-

HOUSING DEVELOPMENT

	Group		Housing development, private customers		Housing development, investor market	
	2012	2011	2012	2011	2012	2011
Development rights	35,000	34,200				
of which options	6,800	10,700				
Housing starts			3,196	3,564	1,328	852
Housing units sold			2,937	2,504	1,395	724
Housing under construction			4,391	4,233	1,377	1,130
Sales rate, units under construction, %			43	42	96	89
Completion rate, units under construction, %			47	43	40	49
Profit-recognized housing units			2,845	2,764	998	735
Unsold completed housing units			393	198	0	0
Housing units for sale (ongoing and completed)			2,915	2,653		

During 2012, NCC sold 4,332 (3,228) housing units, including 1,395 (724) in projects sold to investors. A total of 2,845 (2,764) housing units for private customers were completed and recognized in revenues in 2012. Market conditions in 2012 did not permit an increase in the number of housing starts for private customers, but provided scope for starting up additional housing units for investors. In 2012, the total number of new housing starts rose weakly to 4,524 (4,416) housing units, of which 1,328 (852) were in projects sold to investors.

A complete and more detailed table is available in the year-end report at www.ncc.se.

house solutions from both a functional and cost perspective which, in combination with standardized solutions for warehouse buildings, provides highly favorable conditions for offering the optimal solution for every customer.

GREEN PROPERTY DEVELOPMENT

Sustainability is high on NCC's agenda and, by being a forerunner, NCC can offer attractive solutions to today's aware customers. By localizing the operations to a property with market-leading environmental performance, NCC's customers take responsibility for sustainability and strengthen their brand from a sustainability perspective, while also acquiring an office with low operating expenses and modern premises that optimize the potential for their employees to work efficiently. NCC also supports the environmental initiatives of its tenants by signing green leases, which guarantee that the sustainability performance of properties is retained over time.

All commercial properties developed by NCC satisfy rigorous environmental requirements and, since 2009, the ambition has been to classify all projects according to the BREEAM environmental system, which is the world's most widely adopted environmental assessment method. Read more at: www.ncc.se/breeam.

At the end of 2012, 29 buildings had been or were about to be classified in line with the BREEAM standard, of which ten buildings were in Sweden, 12 in Finland, five in Denmark and two in Norway. In 2012, two office properties – Plaza Pilke and Alberga Business Park – were the very first in Finland to achieve the BREEAM "Very Good" classification.

A central environmental aspect in property development is a building's energy consumption. NCC has focused on low energy consumption for many years and was the first property developer in Europe to become a business partner in the EU GreenBuilding program, the aim of which is to reduce energy consumption in non-residential buildings. NCC has a total of 22 proprietary properties that are GreenBuilding classified. The Kaggen building in Malmö was the first office property in Sweden to be classified, while Coop Forum in Kungsbacka, near Gothenburg, was the first commercial property in the Nordic region to gain such status.

PROPERTY PROJECTS IN 2012

During the year, nine development projects were started at a total project cost of SEK 1.9 billion. Notable projects include the Östensjöveien 27 in Oslo and Portlandsilos office projects in Copenhagen, and the retail project Lielahti Center in Tampere. Of these office projects, Östensjöveien 27 represents approximately 14,700 square meters and Portlandsilos about 12,800 square meters. Lielahti Center comprises some 13,300 square meters of retail and service space.

At year-end 2012, NCC had 23 ongoing projects with total project costs amounting to SEK 5.9 billion. At the same date, the portfolio of development rights contained about 0.9 million square meters of development rights and an additional 0.6 million square meters of land options and preliminary land allocations. The continuous work on about 50 development projects all round the Nordic region and the Baltic countries is proceeding as planned.

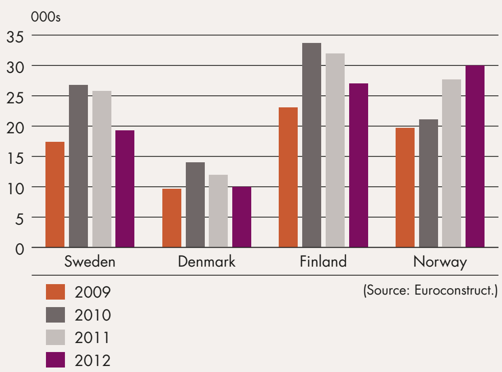
Market *and business environment*

THE HOUSING MARKET

The weaker growth in Europe and the continued uncertain state of the international economy had a distinct impact on the housing market in 2012, as did the general turbulence in the finance market.

HOUSING CONSTRUCTION IN THE NORDIC REGION, NUMBER OF CONSTRUCTION STARTS FOR APARTMENTS AND SINGLE-FAMILY

In 2012, the Nordic housing market was cautious. The number of housing starts rose in Norway. In other markets, the number of housing starts declined, primarily in Sweden and Finland.



(Source: Euroconstruct.)

Demand for housing in Sweden and Finland was relatively stable. Despite positive interest rates, sales processes were more sluggish and projects starts slightly fewer. A contributory cause was the more stringent requirements of banks for residential mortgages and the customers' desire to buy homes closer to the date of occupancy.

In Denmark, following several years of stagnating or deteriorating conditions in the housing market, some signs of recovery became discernible in the Copenhagen region and in Aarhus.

Demand for newly produced housing remains high in Norway. The Norwegian housing market is benefitting from the conditions currently prevailing in the country in the form of low unemployment, a favorable salary trend and low interest rates. Among other consequences, this has led to an increase in housing prices, and also in the price of developable land.

In Germany, housing prices rose slightly during the year, despite a slight dip in the German economy. Sales to the investor market have become an increasingly important feature of NCC Housing's business and during 2012 a number of major package transactions were implemented in primarily Germany but also in Finland.

Lysaker Polaris office block. Lysaker, Norway.

PROPERTY DEVELOPMENT PROJECTS[1)]

Country (number)	Completion rate, %	Leasable space, m²	Leasing rate, %
Sweden (5)	59	70,500	81
Denmark (9)	65	48,500	67
Finland (7)	44	68,800	55
Norway (2)	58	23,900	57
Total (23)[2)]	**55**	**211,700**	**68**

1) The table refers to ongoing or completed property projects that have not yet been recognized as revenue. In addition to these, NCC is working on leasing (rental guarantees/supplementary sales prices) for three previously sold property projects that have been recognized as revenue, of which the largest project is an office building in Frederiksberg, Denmark. A more detailed table is available in the year-end report on www.ncc.se.

2) At year-end, completed and construction-started projects included six projects for which sales contracts had been signed but which have not yet been recognized as revenue.

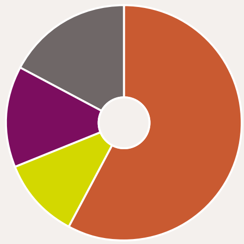
COMPLETED LEASING CONTRACTS PER SEGMENT

m²	Sweden	Denmark	Finland	Norway	Total
Offices	20,579	10,104	10,273	6,840	47,796
Retail	6,338	6,227	13,357	–	25,922
Logistics	–	–	–	–	0
Other	368	1,085	904	–	2,356
Total	**27,285**	**17,415**	**24,534**	**6,840**	**76,074**

(Source: NCC.)

PRODUCT MIX, SHARE OF NET SALES

Development of office properties is the largest segment for NCC Property Development.



Conditions remain sluggish in the Baltic countries, and NCC did not start any new projects during the year. In St. Petersburg, the market appears favorable. Demand remains healthy and is being supported by the relatively low supply of new housing units, which is also resulting in slightly higher housing prices.

THE PROPERTY MARKET

The property sector is part of the global financial industry. NCC's offering of properties as an investment competes on the same conditions as other investment alternatives. Players in this market are major national and international investors, such as pension managers, property funds or property and insurance companies. For these investors, the relationship between return and risk is the key criterion when seeking objects to acquire.

Continued instability in the European finance market and lower returns on alternative investments strengthened demand for attractively located, environmentally classified properties with efficient use of space – or prime properties – and this situation is also expected to continue in the years ahead. This trend is leading to a stable price level for this type of object, and is a favorable development for NCC. The strong financial structure of Nordic countries attracts international investors, but the volumes are mainly attributable to financially strong domestic players.

In early 2012, the Nordic transaction market was characterized by stable activity in line with volumes in 2011. In the third quarter of 2012, activity leveled off but rose again in the fourth quarter. The total transaction volume increased about one third compared with the preceding year, but it is worth noting that the sharp volume increases in Sweden and Norway comprised a few major transactions and that the market is characterized by risk aversion and selectivity. In 2012, total transaction volume in the Nordic property market totaled SEK 202 billion (151), for which Sweden accounted for SEK 106 billion (85).

OFFICE MARKETS IN THE NORDIC REGION, 2012[1)]

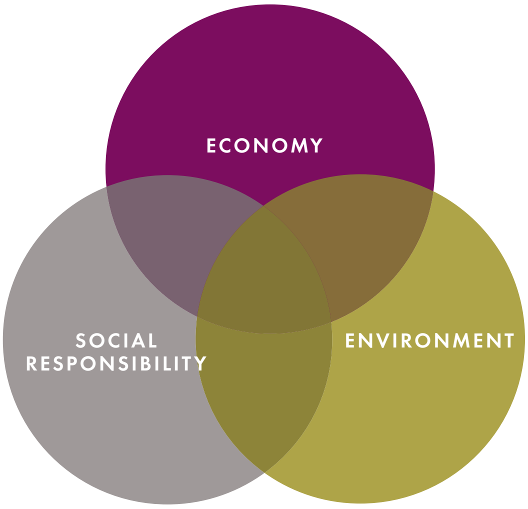
	Vacancy rate, %	Rent, m²/year	Yield, %
Stockholm	7.0	2,700 (SEK)	5.3
Oslo	5.3	2,650 (NOK)	6.0
Copenhagen	9.5	1,200 (DKK)	5.3
Helsinki	7.5	209 (EUR)	6.4

1) Refers to the inner city (Source: Newsec)

A sustainable *perspective*

NCC aims to become involved and create the sustainable environments of the future, where quality of life, function and environmental consideration are a natural feature. Sustainability is one of NCC's six over-riding key strategic issues.

Sustainability issues are an integrated part of the operations. NCC's objective is to engage in profitable transactions based on reliable processes throughout the value chain and the lifecycle of the product, in terms of the environment, work environment, quality, corporate ethics and other aspects or corporate social responsibility (CSR).



Highlights *2012*

- New Group-wide program for responsible transactions and business ethics.
- New Group-wide HR program.
- Further developed cooperation between the purchasing and environmental departments, for example with a joint material strategy.
- More than 1,100 development proposals for NCC's work-environment efforts were submitted during Awareness Day.

NEW POSITION – INCREASED FOCUS ON SUSTAINABILITY ISSUES

Effective March 1, 2013, NCC is establishing a new position as Senior Vice President Sustainability for the Group. The position will be filled by Christina Lindbäck, currently Vice President Environmental Affairs.

"With Christina as a member of Group Management, we will clearly underscore the fact that sustainability is an integral part of NCC's long-term strategy. Sustainability has long been a high-priority area for NCC and is of vital importance in our efforts to retain our position and to be able to grow. We have a burning ambition of becoming one of the best companies in the field of sustainability."

Peter Wågström,
President and CEO of NCC

The world is facing major challenges in efforts to achieve sustainable development of the economy, as well as the environment and social well-being. Population growth and continuously increasing demand for the use of natural resources are placing a strain on the environment.

The sustainability challenges facing society also entail major opportunities. The ongoing urbanization trend is generating prerequisites for higher resource efficiency and, through the solutions offered by NCC in all business areas, we are building a more sustainable society. For NCC, sustainability issues are an increasingly integrated part of efforts to deliver long-term value to all of the company's stakeholders.

This sustainability report describes NCC's activities to create more sustainable societies through the work for a sustainable environment, safer living environments and safer and more attractive workplaces, as well as structured work on business ethics and responsible purchasing.


Housing units. Gullvivan, Uppsala, Sweden.

NCC's *stakeholder relations*

NCC's operations are affected by the needs, demands and expectations of stakeholders. Development of NCC's values, Code of Conduct and the focus of this sustainability report are based on the various perspectives of stakeholders.

Dialog with NCC's stakeholders is a continuous, ongoing process in the daily meetings between NCC's employees, customers, shareholders and others who are affected by NCC's operations. Below is information about the stakeholder groups and focus areas that have been identified as the most relevant to NCC. These have been identified through an internal process, involving parts of Group Management as well as officers responsible for the environment, work environment, communication and Investor Relations. In 2012, NCC engaged in a continuous dialog on sustainability issues with all stakeholder groups but did not implement any specific stakeholder dialog prior to the work on this sustainability report.

CUSTOMERS

Key issues
- NCC is to be the customer's first choice and build long-term customer relations
- Offer attractive cooperation formats
- Offer energy-efficient products and services
- Contribute to sustainable social development

USERS/THE CUSTOMER'S CUSTOMER

Key issues
- Create efficient and appropriate housing and premises with low lifecycle costs
- Create healthy environments
- Reduce climate impact
- Provide energy-efficient products and services

EMPLOYEES

Key issues
- Zero vision for workplace accidents and continued work to reach the vision
- Continuous work related to NCC's values
- Clear Code of Conduct
- Competency development
- Leadership according to NCC's management profile
- Salaries, performance-based incentives and benefits
- Efficient HR processes

AUTHORITIES AND DECISION-MAKERS

Key issues
- Be a knowledge partner and source of information
- Participate in public debates on matters involving the construction issues and sustainable cities
- Be a long-term collaboration partner
- Conduct continuous dialog

SHAREHOLDERS

Key issues
- Increased value growth
- 20 percent return on shareholders' equity after tax
- Financial stability
- Distribute half of profit to shareholders
- Be the customer's first choice
- Business-driven sustainability work

SUPPLIERS

Key issues
- Group-wide purchasing
- Lowest purchasing costs in the industry
- Larger share of international purchasing
- Developed logistics
- Thorough supplier assessment of products and services

ABOUT THIS REPORT

For the third consecutive year, NCC presents a sustainability report according to Global Reporting Initiative (GRI). Although the sustainability report has not been reviewed by a third party, NCC deems that the collective information in the 2012 Annual Report and sustainability report, combined with the information on NCC's website, fulfill GRI's information requirements for compliance at level C. Unless otherwise stated, all information pertains to the entire NCC Group for the 2012 fiscal year. The GRI index is available on NCC's website: www.ncc.se/griindex.

Our *values*

NCC is a value-driven company, where the objective is for all employees and business partners to make decisions and act according to NCC's shared values.

Through its shared values, NCC intends to move towards more sustainable development for the company, as well as the people and societies affected by NCC's operations.

HONESTY
We are true to ourselves and our stakeholders. We conduct business in a prudent manner and the customer can always rely on the information provided by NCC.

RESPECT
We respect each other. Everyone's opinions are valuable. People can have different opinions and still respect each other and work toward an established objective.

TRUST
We trust each other and behave so as to gain the trust of others. Everyone supports NCC and the company's values as a basis for strong development.

THE GUIDE WORDS THAT ARE TO PROVIDE PRACTICAL GUIDANCE TO ALL EMPLOYEES AT NCC IN THEIR DAILY WORK ARE:

FOCUS
We focus on creating added value for all our stakeholders. Focusing on successful business practices includes the prioritization of profitability.

SIMPLICITY
Doing business and having a business relationship with NCC should be easy. Simplicity means minimizing anything that does not generate added value for customers but also expressing ourselves so that every member of our target groups understands our message and our offerings.

RESPONSIBILITY
We take responsibility. Building the environments of the future and thus contributing to sustainable social development is a major responsibility. Responsible enterprise creates value for customers, employees and our shareholders.

NCC's values provide the basis for the Code of Conduct, which has been approved by the Board of Directors and applies to NCC's Board of Directors, management and all employees. The Code of Conduct has been prepared taking into account the voluntary initiatives to which NCC is affiliated, including the World Economic Forum Partnering Against Corruption Initiative (PACI) and the UN's Global Compact. The Code of Conduct describes how NCC is to act in the following areas,

- Business principles
- Human rights and work principles
- Environmental responsibility
- Compliance and follow-up

NCC's Group Management is responsible for compliance with the Code of Conduct, which is continuously followed up as part of everyday operations. The strategic governance of NCC's sustainability work is based on the Group's overall strategy, where the sustainability perspective is one of six key strategic issues. Based on this perspective, NCC has developed Group-wide strategies within each part of the sustainability area. The practical work to increase sustainability occurs in each business area and in all of the projects that comprise NCC's operations. More information about how NCC works in each area is described in the appropriate section of this sustainability report.

Responsible business

NCC builds sustainable societies. This requires responsible action and great confidence in NCC among the company's stakeholders. The Group focuses on continuous training and discussions with all employees and business partners pertaining to NCC's values and Code of Conduct.

BUSINESS ETHICS
Construction and civil engineering is one of the industries with the highest sales value and the most employees in the markets in which NCC operates. This entails major responsibility. Over the years, not everyone active in the industry has assumed full responsibility, which has resulted in, for example, cartels and instances of corruption. There have also been individuals in NCC who failed to comply with applicable legislation. Consequently, NCC works continuously to prevent unethical actions among management and employees at all levels of the organization.

During 2012, NCC further developed its compliance program, entailing the launch in 2013 of a Group-wide and needs-based process within the Group. The process will focus on providing the organization with simple and tangible advice to prevent the risk of improprieties. NCC will also introduce systems support for the reporting of improprieties. Everything will fall within the framework of the value-driven and transparent corporate culture that NCC intends to preserve and further develop. NCC has conducted a comprehensive overview of its operations and has identified risk-exposed areas and processes. In 2013, NCC will launch new procedures and support to enable employees to have the courage to ask for advice in difficult situations, so that ignorance or thoughtlessness does not lead to improper behavior. The work methods include guidelines for handling the most common risk situations. The implementation of the new methods will commence with training courses and discussions with NCC's employees during 2013. All NCC employees will be encompassed by the training.

Employees who have suspicions of unethical or improper behavior must report this to their immediate manager, in the first instance. There is also a whistleblower procedure for anonymous tips. All tips containing sufficient information will lead to investigations and written reports prepared by a hired external official. Subsequently, disciplinary actions are taken in situations where this is required.

RESPONSIBLE PURCHASING

Every year, NCC makes purchases for several billions of Swedish kronor from tens of thousands of suppliers. This gives rise to a great opportunity to exert positive influence on how NCC's suppliers assume their social and environmental responsibility. During 2012, increased centralization and coordination of purchasing led to positive results in this area.

Historically, NCC has had a decentralized purchasing organization, where considerable opportunities have existed for each local purchasing manager to influence suppliers as well as the choice of products. Since coordination of NCC's purchasing has increased in recent years, NCC has successively become able to subject suppliers to demands before being included in NCC's purchasing portal. The potential represented by more coordinated purchasing directed at fewer suppliers and centrally selected products is reflected in lower costs, higher quality and increased control of the sustainability aspects of manufacturing and distribution. As more stringent regulations are introduced for building materials and since NCC is constructing ever-more environmentally certified buildings, the incentive for centrally coordinated purchasing is also increasing. To a greater extent, NCC must be able to guarantee the circumstances under which specific materials or products have been produced, as well as the substances included.

In many respects, coordinated purchasing also entails a higher portion of international purchasing. By purchasing more from international suppliers, NCC will be able to better meet increasing global competition with a lower-cost structure. NCC has deemed that the greatest risks for violations of human rights and international guidelines exist outside the Nordic region. Accordingly, the international players that want to deliver to NCC must undergo a rigorous process whereby NCC evaluates suppliers in terms of, or example, the environment, quality, work environment and human rights. Each product will also be tested based on technical specifications, health and safety requirements and general environmental requirements. Subsequently, NCC conducts annual follow-ups and checks at supplier sites to ensure compliance with NCC's demands and guidelines in practice. Should the suppliers fail to fulfill the requirements, NCC demands a scheduled action list with descriptions of how the supplier intends to fulfill the requirements. If the requirements are not met within the scheduled time frame, the supplier will no longer be allowed to deliver products or services to NCC.

NCC's objective is to only conduct business with suppliers who can demonstrate reliable processes throughout the entire value chain and the product's lifecycle in respect of the environment, work environment, quality, business ethics and other aspects of corporate social responsibility (CSR).

CREATED AND DISTRIBUTED ECONOMIC VALUE

NCC's operations in 2012 distributed among stakeholders based on the consolidated income statement. Total sales of SEK 57 billion. The table shows NCC's created economic value and the way in which this was beneficial to the various stakeholder groups.

SEK M	2012	2011
Created economic value		
Customers	57,241	52,550
Distributed economic value		
Suppliers	–43,426	–39,692
Employees	–8,754	–8,241
Borrowers	–274	–208
State (tax and social security fees)	–2,888	–3,096
Shareholders	–1,080[1)]	–1,084
Retained economic value	**819**	**229**

1) Proposed dividend.

Responsibility as *employer*

NCC's objective is to be the industry leader in terms of recruiting, retaining and developing employees. NCC intends to be a safe and accepting employer, where people are able to improve and develop in their professional roles.

ATTRACTIVE EMPLOYER

NCC aims to be the most attractive employer in the industry and the company that attracts the best talents. To succeed, NCC will offer all employees a safe work environment, secure working conditions and excellent development opportunities. Since the opportunities should be equal within all parts of NCC, an important effort in 2012 was to achieve a shared approach to these issues among the Group's various business areas and countries. The result is that the Group now has a joint offering for existing and potential employees, where the important aspects to highlight include NCC's breadth, opportunities for individual responsibility and major development potential.

NCC is a knowledge-intensive organization with training and competency development as central issues. The purpose of a structured and proactive approach to competency development is to boost NCC's competitiveness and attract and retain the best employees. The need for competency development differs between the various parts of the company and, in 2012, employees participated in courses in, for example, management training, project management and work environment. Continuous competency development efforts are also in progress in many of the specialist areas that exist within NCC.

SECURITY AND EMPLOYMENT TERMS AND CONDITIONS

NCC has collective agreements in the Nordic and German markets regulating minimum wages, working hours and employees' rights in relation to the company. In Russia, the central government authorities and controllers instead play an active role in the rights and interests of employees. In Estonia and Latvia, minimum wages and other conditions are regulated by national legislation. Salary levels and other conditions in the NCC Group always comply with applicable laws and collective agreements and generally match those applying to other players in the industry. NCC also subjects all contractors to demands to respect freedom of association and the rights of employees.

EMPLOYEES DRIVE DEVELOPMENT

Every year, all NCC employees are given the opportunity to participate in an employee survey – the human capital index (HCI). The purpose is to gain an insight into the employees' attitudes, job satisfaction and loyalty, which then provides input for NCC's continued improvement effort. In 2012, the survey showed the following on a scale of 100:

- The proportion of satisfied employees rose to an index of 73 (72).
- The proportion of employees who recommend NCC as employer increased to an index of 80 (79).
- The index for how satisfied employees were with management at NCC rose to 74 (73).

One development area identified in the 2012 HCI, and on which NCC is placing major emphasis, is to increase the proportion of implemented performance reviews among

TECHNICAL LEAP – A SPRINGBOARD INTO THE LABOR MARKET

Twice annually, NCC accepts 48 junior trainees from Sweden's upper secondary schools for a four-month paid trainee period. One of the initiators of the program, called the Technical Leap, was Tomas Billing, NCC's Chairman of the Board. Today, several of Sweden's largest technology-intensive companies are involved in the program.

During the trainee period, participants receive workplace experience and also get to see NCC's broad development opportunities in everything from planning to production. One person who participated in the trainee period at NCC in 2012 was Victoria Källberg.

Victoria feels that the four-month trainee period at NCC was varied and stimulating. She had the opportunity to test many different roles and work assignments and participated in exciting daily situations.

"One day I was involved in casting at a construction site, the next I was at an educational trade fair and then I was able to sit with drawings in the office. I really got a holistic view of the construction industry. Anyone who ever wondered what it would be like to work as an engineer or in a technology industry – apply for this program! You will get a fantastic opportunity to see how life can be after an engineering program at university and have a great time doing so."

blue-collar workers. NCC's decentralized organization, where a large portion of the operation is conducted in the form of projects, poses a challenge in gathering all blue-collar workers for structured employee-development discussions. NCC has identified that current procedures have improvement potential, such as in the distribution of responsibility and practical implementation for managers with considerable HR responsibility. Another focus area for 2013 is to increase dialogs about NCC's values and Code of Conduct with blue-collar workers. The 2012 HCI survey showed that only 48 percent of blue-collar workers were aware of the content of NCC's Code of Conduct, which can be compared with 86 percent of white-collar employees. NCC is now working actively to improve knowledge of the Code among all employees.

DIVERSITY – A CHALLENGE IN THE INDUSTRY

At NCC, competency, commitment and personal qualities are crucial elements in positions held in the company. Positive or negative special treatment must never occur, regardless of whether it is based on a person's gender, age, ethnicity or other aspects that are not directly related to how well the person is able to perform his/her work assignment. An accepting and permissive culture is created based on NCC's values of honesty, respect and trust. NCC monitors annually the occurrence of discrimination and has a formal structure in place for managing any form of discrimination. Incidents must firstly be reported and handled by the immediate superior, but discrimination can also be reported to the Group-wide whistleblower function, which handles all breaches of NCC's Code of Conduct.

The construction and civil engineering industry is highly male dominated, particularly among blue-collar workers. This is also reflected in the gender distribution at NCC, where 12 percent of employees are women. However, gender distribution differs between the various parts of the company: among blue-collar workers the proportion of women is 2 percent, while the proportion of women among NCC managers is 22 percent. NCC's ambition is for the proportion of female employees to match the percentage of female graduates from relevant engineering programs at technical colleges in Sweden, which is currently approximately 30 percent.

To achieve the objective of a higher proportion of women, NCC is focusing on implementing an equal opportunities plan and cultural issues and values within the operations, as well as a forum for networking and competency exchange. One of the Group's ventures in Sweden is the female network Stella, which has been driven by female academics and managers at NCC since 1998. Today, the network has approximately 400 members distributed across NCC's operations in Sweden.

A healthy *and safe workplace*

NCC has taken a stand in a traditionally accident-prone industry and introduced a zero-tolerance vision for workplace accidents. All employees must feel safe at their workplace and NCC's culture is to encourage open, frequent and proactive discussions of safety issues.

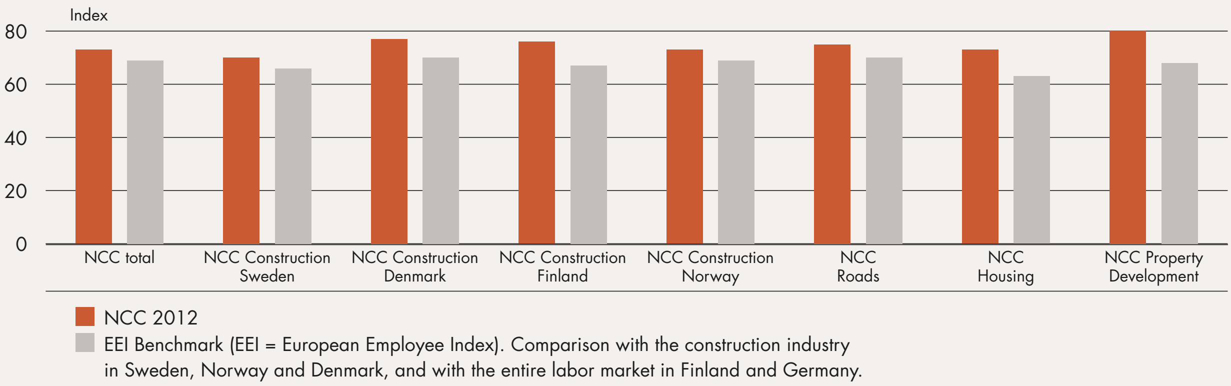
AWARENESS RESULTS IN SAFE WORKPLACES

In the construction and civil engineering industry, many people work at high altitudes, with heavy lifts by construction cranes and in heavily trafficked areas – typical examples of high-risk work assignments. The result is that each year the industry suffers from worksite accidents, sometimes ending in deaths. Health and safety is a prioritized area for NCC, since a safe workplace is part of efforts to be an attractive employer who cares about employees, and healthy employees generate greater job satisfaction, lower costs and improved productivity. The vision of eliminating workplace accidents requires a distinct focus on health and safety issues throughout the organization, from senior management to all the decisions and considerations made every day at each workplace.

During 2012, approximately 300 accidents resulting in sickness absence were reported. The accidents are a painful reminder that the vision of zero accidents is far away, that safety must always come first and that there is a need to continuously discuss safety.

EMPLOYEE SATISFACTION IN NCC

Central questions in the HCI survey are compared with the European Employee Index, thus enabling measurement of NCC's results in relation to the industry index. The survey provides a description of the employees' job satisfaction and loyalty and also encompasses questions concerning values, the immediate superior, motivation and commitment. The result from the survey in 2012 shows that NCC outperforms the industry index in every market.



CONTROL AND INCENTIVES FOR A BETTER WORK ENVIRONMENT

In each country and business area, checks of NCC's work-environment efforts are conducted based on the Group-wide policy and strategy for health and safety. The work-environment effort is also coordinated via the Group's work-environment group, with representatives from each business area and country, and which is controlled by the Group's work environment manager. Reports on the work environment effort are made to Group Management and the Group's Board of Directors every quarter. NCC's strategy for health and safety focuses on safety culture and the areas that have been identified as the most risk-prone were:

- Working from heights
- Heavy lifts by construction cranes
- Work in heavily trafficked environments

One way to ensure focus on work-environment issues at all levels is for all managers in the line organization to implement health and safety reviews each year. This means that all managers will become more involved in the issues, thus generating an understanding of practical work-environment efforts in order to be able to react and act in the event of shortcomings in health and safety and inappropriate behavior.

NCC's objective is a culture characterized by open discussions of the risks and where employees care about each other and assist each other in doing what is right. Should something happen that is perceived as a safety risk, those involved should stop, rectify the problem and then continue with the work assignments in a safer manner. A key part of NCC's work-environment effort is to discuss the incidents that have occurred and that may potentially occur with colleagues at the various workplaces.

During 2012, NCC further developed the cooperation within the Group and initiated Group-wide activities aimed at capitalizing on the best practices and experiences existing within the company.

SAFETY IS A BEHAVIORAL ISSUE

Surveys show that approximately 80 percent of all workplace accidents occur due to inappropriate and risky behavior. Consequently, all employees and contractors operating at NCC's workplaces must have basic knowledge of health and the work environment. The behavior and decisions of individuals have an impact on safety at NCC's workplaces and it is thus imperative that all employees know what constitutes correct and safe behavior – and act accordingly. Each site manager is responsible for ensuring that all employees, contractors and subcontractors at the workplace in question have been informed of and accepted NCC's procedures and requirements, and will comply with them.

AWARENESS DAY 2012

For the second consecutive year, all NCC's employees spent a full workday reflecting on the work environment and thinking about the improvement steps that can be taken as an individual and group. All operations in the Group stopped work at 9:00 a.m. on the morning of September 5 and the day was spent on discussions and reflection about the health and safety at NCC's workplaces. All employees, and also subcontractors, were encouraged to submit development proposals for better safety. The response was very high and more than 1,100 e-mails with proposals were submitted. The feedback from employees is a key contribution for NCC's continued efforts for a safer and healthier work environment.

Mats Bergquist, site manager at NCC's construction at Signal plant in Sundbyberg, feels that the joint discussions during Awareness Day were very important to improving the work environment.

"Awareness Day was even better this year, as both NCC employees and all contractors were present during the day. We discussed the most common risks and prepared a long list with improvement proposals."

Åke Gustavsson, senior safety officer for the construction site at the Signal plant, feels that Awareness Day 2012 was even better than the preceding year.

"The work environment at our project is improving continuously thanks to issues being discussed frequently. Health and safety is a current issue that must be addressed continuously."

During 2012, Åke Gustavsson participated in a course about safe lifting. He believes that feedback is important for Awareness Day to generate long-term results.

"Following Awareness Day, we received feedback through reports, which we reviewed and discussed together with our managers. This allows the progress made to be passed on. However, you can never say that the work-environment has been completed; there will always be room for improvement," says Åke Gustavsson.

SICKNESS ABSENCE

NCC, Group	2012	2011	2010
Sickness absence, %	3.5	3.5	3.3

ACCIDENT FREQUENCY AND DEATHS

NCC, Group	2012	2011	2010
Accident frequency[1)]	10.8	14.6	13.3
Deaths[2)]	1	2	2

1) The number of accidents leading to one day's sickness absence or more per one million worked hours.

2) Including employees of suppliers.

Sustainable environment

During 2012, NCC refined the strategy for the Group's environmental effort. The focus was on better integrating the environmental effort into NCC's business strategy, while clarifying the role of environmental work in NCC's success.

The construction and civil engineering sector accounts for approximately 40 percent of energy consumption and 40 percent of consumption of natural resources, while generating nearly 40 percent of society's carbon emissions. NCC understands that being the leader in the environmental area provides the potential to generate business opportunities, and to offer our customers increasingly sustainable products. As a feature of this, NCC has implemented a number of measures to create a more distinct organization, better measurability and increased coordination between the Group's business areas.

CONTROL AND OBJECTIVES

NCC's Group-wide environmental effort is controlled by the Senior Vice President Sustainability for the Group, supported by local environmental managers in each business area and country. Control of the environmental effort is based on the four prioritized areas that were identified in the Group, as well as a clear objective and target for each area to be achieved by 2020. The SVP Sustainability prepares, together with each business area, relevant activities for each fiscal year, which are then continuously monitored and evaluated. In many instances, the environmental management systems in each business area are certified according to ISO 14001.

Climate and energy

Ambition

NCC's climate impact is to be continuously reduced and renewable energy is to be consumed.

Target scenario for 2020

- NCC has commenced producing plus energy housing.
- NCC reports the lifecycle costs and climate impact for all projects.
- Green tenders are standard.

Chemicals and sustainable material choices

Ambition

NCC aims to create healthy built environments by minimizing the use of material that can be harmful to people or the environment.

Target scenario for 2020

- NCC has phased out known hazardous substances from the company's production.
- NCC provides clear reports on all relevant products and materials included in new buildings.

Waste and recycling

Ambition

NCC's product development is to be characterized by resource efficiency and operations are to be based on circular flows.

Target scenario for 2020

- NCC is to produce buildings with components designed for recycling.
- Resource efficiency is to represent the basis for NCC's product development process.
- Recycled products and components are to be key components of NCC's range.

Environmental certification of buildings and plants

Ambition

NCC aims to be a driving player in the Nordic market for environmentally certified buildings, city districts and plants.

Target scenario for 2020

- All proprietarily produced buildings are to be designed according to environmental certification criteria.
- NCC is to be a principal player in the environmental certification of city districts.

Climate *and energy*

NCC has the ambition, in cooperation with its customers, to build environments that consume less energy and have a lower climate impact.

Energy-prices remain high. At the same time, research in the climate area is developing and is showing that it will be necessary to significantly reduce greenhouse-gas emissions to cope with the ongoing climate changes. NCC and customers are placing efficient energy consumption and reduced climate impact higher up on the agenda, thus boosting demand for NCC's expertise and experience in this area.

CLIMATE IMPACT

NCC's objective is to continuously reduce the operation's greenhouse-gas emissions, while the company continues to expand. Meanwhile, NCC wants to continuously offer the market increasingly sound products from a climate perspective. This is a large-scale and exciting challenge, since construction and civil engineering operations have historically depended on fossil energy. To achieve the target, more resource-efficient technology, service development and increased awareness in project operations will be important components. One good example of how NCC is already focusing on a lower climate impact in many of its construction projects is "Green construction."

NCC measures the greenhouse-gas emissions at Group level according to the international Greenhouse Gas Protocol standard. At present, emissions are measured according to Scope 1 and Scope 2 categories, and in 2013, NCC will focus on including relevant emissions in Scope 3 measurements. During 2012, NCC's greenhouse-gas emissions increased by 16 percent, which was due mainly to increased sales and to a greater level of detail in data collection in 2012.

Every year, NCC submits a voluntary report to the international Carbon Disclosure Project (CDP) index, which openly reports greenhouse-gas emissions for a large number of global companies. In the most recent CDP index, NCC's rating increased from 55 to 78 on a scale of 100.

GREEN TENDERS

Green tenders are an initiative whose aims include reducing the climate impact of NCC's customer projects. In 2010, NCC was the first company in the construction and property sector to supplement all tenders in excess of SEK 50 M with a green alternative. The effect of the initiative is that NCC's customers are able to simply choose a more climate-aligned solution that is cost-efficient and has a high communicative value. Within the green tender initiative, customers are offered energy-saving and green establishment of workplaces, climate declared buildings

Naturum. Kristianstad, Sweden.

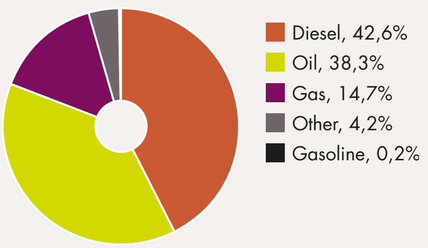
GREEN CONSTRUCTION

NCC works in a structured manner to climate-adapt all new construction sites, an initiative included in the Green Construction concept, within which such features as energy-efficient portable cabins, need-based lighting, efficient transports and environmentally compatible handling of waste products are used. During 2012, approximately 60 percent of the construction sites in Norway were based on this concept. In Norway, NCC's Norwegian Environmental Manager, Sigrid Strand Hansen explains what working at a green construction site entails.

"A green construction site is actually nothing more than a more resource-efficient and smart workplace. In practice, the concept entails that the project manager has a checklist with measures that must be implemented during the project. A green construction site therefore also means that NCC's environmental effort becomes more tangible and hands-on for employees in the project organization.

Effects in the form of cost savings and environmental savings have been immediate. Measurable cost savings also generate conditions to further develop the concept."

DIRECT ENERGY CONSUMPTION



The diagram shows NCC's energy consumption from various fuels.

INDIRECT ENERGY CONSUMPTION

MWh	2012	2011
Electricity	273,196	222,273
District heating	53,064	33,387
District cooling	136	157
Total, all types of energy	**326,396**	**255,817**

The table shows NCC's consumption of purchased energy.

EMISSIONS FROM NCC'S OPERATIONS

Tons, 000s	2012	2011
Nitrogen oxides (NOx)	783	609
Sulfuric oxides (SOx)	74	56
Particles (PM10)	76	58
Greenhouse emissions (CO_2e)	251	216
– of which, scope 1	219	191
– of which, scope 2	32	25

The rise in emissions was due mainly to increased sales and to a greater level of detail in data collection in 2012.

and climate compensation through approved UN projects. During 2011/12, NCC submitted about 300 green tenders, of which approximately one-third resulted in projects.

Chemicals and *sustainable choices of material*

NCC's objective is to phase out products and materials that can be hazardous to people, animals or the surrounding environment. A key feature of this effort is to place correct demands on suppliers and to focus on traceability throughout the entire production chain – an effort that was intensified by NCC in 2012.

NCC's chemical management is based fundamentally on REACH, the EU's rules and regulations. NCC regards legislation as the lowest level and also applies BASTA, a Swedish construction initiative aimed at discontinuing the use of all highly hazardous substances from the construction process. Suppliers of materials or products used in NCC's construction projects must be affiliated with BASTA and register the products that comply with BASTA requirements. The materials strategy prepared by NCC in 2012 complements these requirements, which means that NCC will focus on phasing out the hazardous substances from its production by 2020. The requirements are compatible with NCC's aim of continuously developing healthier and more attractive environments.

During 2012, NCC conducted active work to further integrate the environmental aspects of the purchasing process. Part of NCC's objective in this area is to be able to produce buildings and civil engineering structures that are fully product declared by 2020, meaning that buildings will have distinct information about the location in the building of certain construction materials and chemicals. This will ultimately lead to buildings being largely designed so that the materials included can be recycled at the end of the useful life of the building.

Waste and *recycling*

NCC endeavors to steadily increase the share of recyclable components in the buildings it produces. NCC also wants to reduce the amount of waste and the use of natural resources by focusing on resource efficiency throughout the product-development process, and by working towards more circular material flows.

In several parts of NCC's operations, recycling is central to the business, particularly at NCC Roads and in the NCC Recycling business concept. In recent years, NCC Roads has reduced its environmental impact by higher utilization of recycled asphalt, called granules, in asphalt manufacturing.

During 2012, NCC conducted several internal development projects to create structures that facilitate better measuring and monitoring of the waste generated by operations. NCC has defined relevant categories of waste, and the need for system support has been documented to create better management of waste data. Within the framework of this work, NCC has also introduced a more distinct focus on resource efficiency throughout the product-development process, a long-term effort to continuously generate more sustainable solutions.

Environmental certification of buildings and plants

NCC's objective is for all proprietarily produced buildings, plants and city districts to be designed according to environmental certification criteria by 2020.

In recent years, environmental certification of buildings has increased significantly in popularity in Northern Europe, and NCC is one of the players driving this development. NCC sees clear advantages in environmentally certified buildings, and the effects are fully in line with the Group's overall strategy. Third-party inspected and environmentally certified buildings lead primarily to superior environment performance, lower operating costs, reduced environmental load, reduced risk and higher attraction value for investors, tenants and residents. NCC has expertise and experience from managing all of the environmental certification systems existing in the Nordic markets, such as BREEAM, Sweden Green Building Council (SGBC), Nordic Swan Ecolabel, GreenBuilding, DGNB, LEED and CEEQUAL. If a customer does not have a specific environmental certification preference, NCC will primarily perform construction according to BREEAM for commercial properties, the system that currently has the most classified buildings in the world and is deemed to have the best performance compared with, for example, LEED.

NCC RECYCLING – A BUSINESS CONCEPT BASED ON RECYCLING

During 2012, NCC Recycling was launched. This is an ambitious venture whereby NCC's target is to establish 30 new recycling terminals in the Nordic region by 2016. The business concept for NCC Recycling is based on a circular approach and entails utilizing construction and plant materials. The terminals will primarily receive and process asphalt, concrete, stone material, excavated material and park waste. The processed material can be reused directly in NCC's proprietary production or by other players in the market.

"NCC Recycling is of vital importance to our efforts to reduce the impact on the environment and to ensure our access to raw materials in the future. The objective is to become the leader in the Nordic region in the recycling of construction and plant materials," says Hans Säll, Business Development Manager at NCC Roads Holding.

To date, NCC Recycling has been very successful and more customers are streaming in. There are many reasons why the concept is working so well and for the increase in the popularity of recycled material.

"NCC Recycling is unique because of our one-stop-shop offering. This means that we offer natural resources and recycled material at the same location, while also offering to receive recyclable material and send material that is not recyclable to landfill. This also helps to optimize logistics and reduce the environmental impact of transportation companies, since their vehicles will not have to leave the recycling center empty," concludes Hans Säll.

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 2012 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 Northern Europe. 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 mainly conducts its operations in the Nordic region. In Germany, it mainly builds housing properties. In St. Petersburg, NCC builds housing properties and also conducts asphalt and paving operations. In Estonia and Latvia, NCC constructs housing properties and buildings.

OPERATIONS DURING THE YEAR

The Nordic construction market was stable during 2012 but with variations from country to country. Demand in the civil engineering market was stable at the same time as demand for housing and other building contracts declined during the third quarter but recovered slightly during the fourth quarter.

In the industrial operations, volumes of aggregates declined towards the end of the year, primarily in Sweden and Denmark. Asphalt volumes declined also, primarily due to the early start to the winter.

Demand in housing markets in which NCC is active was stable during 2012. Norway and St. Petersburg showed the best demand and price trends. Concern about the European debt crisis during the year resulted in caution in the market, thus leading to longer decision-making processes. In Sweden and Finland, purchase decisions are being made closer to completion of housing units. Investors in commercial properties continued to demand modern and "green" properties with stable tenants in good locations, while demand for other properties weakened. In rental markets, conditions were stable in terms of both rents and vacancies.

The return on equity after tax was 23 percent (17). At year-end, net indebtedness amounted to SEK 6.1 billion (4.0) and the debt/equity ratio was 0.7 (0.5). During the year, NCC shareholders received a dividend of SEK 1.1 billion, following a resolution by the 2012 AGM.

Changes among senior executives

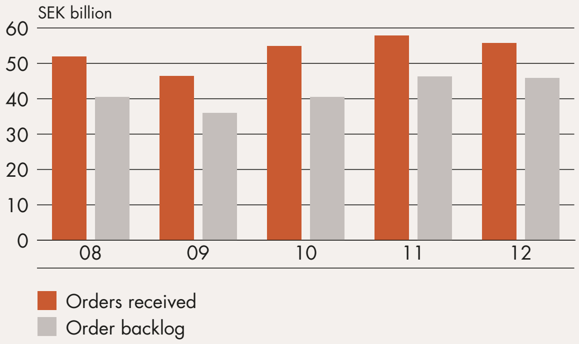
On February 1, 2012, Harri Savolainen became the new Business Area President for NCC Construction Finland, succeeding Timo U. Korhonen who retired during 2012. Klaus Kaae was appointed the new Business Area President of NCC Construction Denmark as of June 25, 2012, succeeding Torben Biilmann who left the company. Tomas Carlsson vacated his position as President of NCC Construction Sweden on November 1, 2012 and was replaced by Svante Hagman who had been President of the NCC Housing business area. Hagman was succeeded by Joachim Hallengren, President of the NCC Property Development business area. Joachim Hallengren is continuing as President of NCC Property Development until Carola Lavén takes office as President of the business area in April 2013. On November 1, 2012, Ann Lindell Saeby took office as the new Senior Vice President Corporate Communications, succeeding Ulf Thorné who had been Acting Senior Vice President Corporate Communications since 2011. Ulf Thorné returned to his normal duties as Communication Manager for the NCC Construction Sweden business area.

Orders received

Orders received amounted to SEK 55,759 M (57,867). Orders received remained favorable, with the change due to a reduction

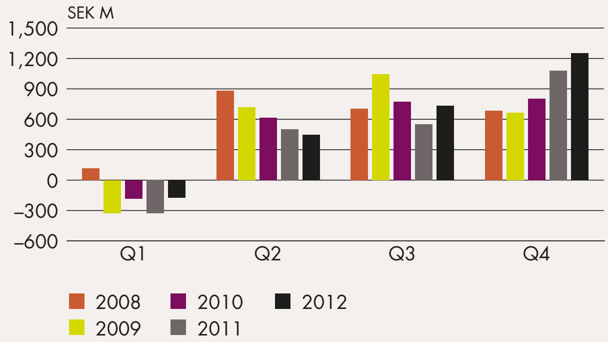
ORDERS RECEIVED AND ORDER BACKLOG

Following a decline in orders in 2008 and 2009, orders received have increased steadily. The increase in 2010 was due largely to robust demand for housing. In late 2011, demand for housing stagnated while demand for other building projects and civil engineering projects continued to rise throughout the year. During 2012, orders received were slightly lower than the historically high level noted in 2011. The lower level was due to a decrease in orders received by the Construction units in Sweden, Denmark and Finland.



PROFIT/LOSS AFTER FINANCIAL ITEMS

The start of the year was seasonally weak. During the second and third quarter of 2012, profit from the development business was relatively weak, primarily due to low sales. The third quarter of 2012 was favorably affected by improved margins in construction operations. The final quarter was seasonally strong and even surpassed the final quarter of 2011, which was also very strong. Profit for the quarter was historically high as a result of increased earnings from the development business, primarily from commercial properties but also from sales of housing units, as well as improved profit in the Construction units in Finland and Norway.



in orders received in the Construction units in Sweden, Denmark and Finland. As a result of cautious market conditions, housing projects in NCC Housing are being started in line with the current sales status in the ongoing project portfolio, which inhibited starts of new projects early in the year. Changes in exchange rates reduced orders received by SEK 543 M compared with the preceding year.

Orders received for proprietary housing projects totaled SEK 7,289 M (8,306). During the year, 3,196 (3,564) proprietary housing units were started for private customers and 1,328 (852) for the investor market. During the year, 2,937 (2,504) units were sold to private customers and 1,395 (724) units were sold to the investor market. Orders received for proprietary property projects amounted to SEK 1,644 M (2,803). The order backlog declined SEK 481 M compared with 2011 and amounted to SEK 45,833 M. Changes in exchange rates had an adverse impact of SEK 443 M on the order backlog.

Net sales

Net sales increased in all business areas and rose by a total of 9 percent for the Group to SEK 57,227 M (52,535). The Construction units' net sales were higher thanks to a high order backlog. Within NCC Roads, sales increased due to higher prices for oil-based input materials. The volume of aggregates and asphalt fell slightly while additional road service assignments resulted in higher net sales. NCC Housing's net sales rose as a result of an increased number of completed housing units that were handed over to private customers and the investor market. Net sales in NCC Property Development increased as a result of having more projects recognized in profit. Changes in exchange rates reduced sales by SEK 585 M compared with 2011.

Operating profit

Operating profit amounted to SEK 2,537 M (2,017), with the improvement resulting from higher profit in all business areas, apart from NCC Roads, whose profit was on a par with 2011. The greatest improvement in profit was shown by NCC Property Development and also by NCC Housing. Changes in exchange rates had an adverse impact of SEK 29 M on operating profit compared with the preceding year.

Profit increased in all Construction units as a result of higher sales and better margins in Denmark, Norway and Finland. In NCC Construction Sweden, operating profit improved as a result of higher sales.

NCC Roads' operating profit was on a par with 2011, when earnings were charged with goodwill impairment of SEK 32 M, while earnings in 2012 were affected by lower volumes in both aggregates and asphalt operations.

NCC Housing's improved operating profit was primarily due to higher revenues from profit recognized housing units sold to private customers.

NCC Property Development's operating profit was higher than in 2011. Nine (six) projects were recognized in profit at the same time as earnings from earlier sales and sales of land were recognized during the year.

"Other and eliminations" amounted to a loss of SEK 177 M (profit: 4). The deviation compared with 2011 was due primarily to an adjustment to IFRS in respect of Swedish pension costs and provisions. The elimination of inter-company gains amounted to a loss of SEK 16 M (loss: 39). Profit after financial items totaled SEK 2,263 M (1,808). Net financial items amounted to an expense of SEK 274 M (expense: 208), due to higher average net indebtedness.

Profit after tax for the year amounted to SEK 1,899 M (1,312). The effective tax rate for NCC was 16 (27) percent. The lower tax rate resulted from a reduction in Swedish corporate taxation from 26.3 percent to 22 percent as of 2013, which reduced deferred tax liabilities by SEK 120 M.

FINANCIAL POSITION

Profitability

The return on shareholders' equity after tax was 23 percent (17).

Total assets

Total assets amounted to SEK 38,958 M (32,294).

Net indebtedness

Net indebtedness amounted to SEK 6,061 M (3,960), of which net indebtedness in ongoing projects in Swedish housing associations and Finnish housing companies accounted for SEK 2,181 M (1,457). Net indebtedness rose due to an increase in housing and property development projects, which were largely financed with long-term loans.

Cash flow

Cash flow before financing was a negative SEK 932 M (neg: 2,404). Cash flow from changes in working capital amounted to a negative SEK 2,484 M (neg: 3,003). Cash flow from operating activities was higher than in the preceding year, mainly as a result of improved profit and a reduction in capital tied up in other working capital. Cash flow from accounts receivable improved while interest-free financing increased. Investments in machinery and equipment as well as company acquisitions mainly occurred in NCC Roads and NCC Construction Norway. Also refer to Cash flow statement on p. 58.

Equity/assets and debt/equity ratio

On December 31, 2012, the equity/assets ratio was 23 percent (25). The debt/equity ratio amounted to a multiple of 0.7 (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 second and the third quarters. In 2012, NCC Roads' season was shorter than normal due to cold weather conditions at the end of the year.

BUSINESS AREAS

NCC Construction Sweden

Orders received by NCC Construction Sweden were lower than in 2011, due to fewer projects primarily in the other buildings segment, and amounted to SEK 21,483 M (25,274). The decrease resulted from fewer internal development projects for NCC Housing and NCC Property Development and also to reduced demand from private customers in industry and the retail sector, among other segments. Demand from public customers for public buildings declined. Orders received within the civil engineering segment remained unchanged compared with 2011. Profit improved to SEK 801 M (777) as a result of higher sales.

NCC Construction Denmark

Orders received by NCC Construction Denmark declined to SEK 3,288 M (3,689). Fewer external orders were received due to a still though market during the year, at the same time as orders received for internal projects were higher, particularly for NCC Housing. As a result of higher sales and continued strong profitability, operating profit was higher than in the preceding year, rising to SEK 189 M (169).

NCC Construction Finland

Orders received by NCC Construction Finland decreased to SEK 6,576 M (7,768). The decrease was due to reductions in both internal and external orders resulting from a general slackening in the construction and civil engineering market. Operating profit improved to

SEK 101 M (14). During the preceding year, a number of projects were subject to impairment losses, which had an adverse impact on profit.

NCC Construction Norway

Orders received by NCC Construction Norway amounted to SEK 8,086 M (5,000), which was a historically high level. As a result of a high level of orders received and acquisitions, a foundation has been laid for a strong order backlog for NCC Construction Norway ahead of 2013. Operating profit amounted to SEK 81 M (6), which was better than in 2011 as a result of higher sales at improved margins. The preceding year was impacted by impairment losses on a number of projects.

NCC Roads

Net sales by NCC Roads amounted to SEK 12,211 M (11,766). The sales increase was attributable to higher prices for oil-based input materials. The volume of aggregates and asphalt declined compared with 2011, while the receipt of several new assignments resulted in higher sales in road services. Earnings were on a par with 2011, amounting to SEK 413 M (414). The preceding year was charged with goodwill impairment of SEK 32 M, while profit for 2012 was impacted by lower volumes in aggregates and asphalt operations.

NCC Housing

Demand for housing was stable in NCC's principal markets. A total of 2,937 (2,504) housing units were sold to private customers and 1,395 (724) units to the investor market. During the year, the number of housing starts was 3,196 (3,564) for private customers and 1,328 (852) units for the investor market. The number of profit-recognized housing units was 2,845 (2,764) for private customers and 998 (735) for the investor market. The number of completed unsold housing units at year-end 2012 was 393 (198). The number of housing units in ongoing production for private customers was 4,391 (4,233). The sales rate for ongoing housing units for private customers was 43 percent (42), and the work-up rate was 47 percent (43). Buyers are increasingly making their purchase decisions closer to the occupancy date. The sales rate in ongoing housing projects for investors was 96 percent (89) and the completion rate was 40 percent (49).

The number of development rights at year-end was 35,000 (34,200), including 12,800 (13,500) located in Sweden. Capital tied up in housing projects increased to SEK 11,738 M (9,860), mainly as a result of an increase in ongoing proprietary projects. Profit amounted to SEK 835 M (606). The profit improvement was mainly attributable to higher revenues from profit-recognized housing units sold to private customers. The preceding year's earnings included impairment losses of SEK 103 M on land in Denmark.

NCC Property Development

Sales by NCC Property Development amounted to SEK 2,847 M (1,366). Property sales for full-year 2012 totaled SEK 2,722 M (1,303) and gains from the sales amounted to SEK 479 M (251). Operating profit was higher than in 2011 at SEK 295 M (28). Nine (six) projects were recognized in profit, while gains during the year also derived from sales revenues and sales of land completed in previous years. During the year, earnings were charged with impairment losses of SEK 41 M on projects and land in Denmark. The preceding year's earnings were charged with an impairment loss of SEK 38 M on land in Riga, Latvia.

At year-end 2012, NCC had 23 (23) completed and ongoing projects that had not been recognized in profit, with total project costs amounting to SEK 5.9 billion (5.6). Costs incurred in all ongoing projects amounted to SEK 3.3 billion (2.3), equal to a completion rate of 55 percent (41), while the leasing rate was 68 percent (58). Leases were signed during the year for 76,000 square meters of floor space (147,000).

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 a branch in Singapore connected to completed projects whose warrantee period has yet to expire.

ENVIRONMENTAL IMPACT

The Group conducts operations subject to permit and reporting obligations in accordance with the Environmental Code, which 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 by NCC Roads that affect the external environment, as well as the construction and civil engineering operations conducted by NCC Construction. At NCC Roads, quarries and ports are operations subject to permit obligations, while asphalt production is generally subject to reporting obligations. Permits for quarries are renewed on a continuous basis. The external environmental impact of these operations mainly takes the form of emissions to air, waste generation and noise. No material injunctions in accordance with the Environmental Code exist.

COMPETITION ISSUES

In October 2011, the Norwegian Competition Authority announced its preliminary ruling in a case involving suspected violation of competition law during the years 2005–2008. NCC's internal investigation confirmed the suspicions in respect of breaches of competition legislation in the Trondheim area during the period in question. On March 5, 2013, the Norwegian Competition Authority announced its

ORDERS RECEIVED, NET SALES AND EARNINGS PER BUSINESS AREA

	Orders received		Net sales		Operating profit	
SEK M	2012	2011	2012	2011	2012	2011
NCC Construction Sweden	21,483	25,274	25,043	23,574	801	777
NCC Construction Denmark	3,288	3,689	3,396	3,358	189	169
NCC Construction Finland	6,576	7,768	6,709	6,331	101	14
NCC Construction Norway	8,086	5,000	6,070	4,887	81	6
NCC Roads	11,807	11,830	12,211	11,766	413	414
NCC Housing	9,380	9,485	8,612	7,542	835	606
NCC Property Development			2,847	1,365	295	28
Total	**60,618**	**63,047**	**64,889**	**58,824**	**2,714**	**2,012**
Other and eliminations	–4,859	–5,180	–7,662	–6,290	–177	4
Group	**55,759**	**57,867**	**57,227**	**52,535**	**2,537**	**2,017**

definitive ruling on the matter. Further information is presented in Note 35, Provisions.

In the wake of the Finnish asphalt cartel, which was recently tried and settled in 2009 in terms of competition-infringement fees, NCC and other construction companies have received claims for damages from a number of municipalities and the Roads Authority in Finland. Among other events during the year, the Roads Authority announced that the authority intends to expand its claims for damages in relation to the companies involved. For NCC Roads' Finnish company, this entails a total claim of approximately EUR 40 M, which is being directed to the company, jointly and severally with the other companies involved. These claims are being heard in a general court of law. Based on currently available information, NCC's assessment is that a provision is not necessary.

PERSONNEL

In 2012, the average number of employees in the NCC Group was 18,175 (17,459). NCC is continuously adapting its organization to the prevailing market conditions. In February 2013, the assessment was that local adjustments will continue during the year. NCC's long-term efforts involving the work environment and health matters continued during the year.

NCC SHARE

At December 31, 2012, NCC's registered share capital consisted of 30,133,886 Series A shares and 78,301,936 Series B shares. The shares have a quotient value of SEK 8.00 each.

At the AGM on April 4, 2012, the Board was authorized, up to the following AGM, to buy back no more than 867,486 Series B shares and to transfer no more than 303,620 Series B shares to the participants in the long-term performance-based incentive program that the 2012 AGM decided to introduce. During the year, NCC utilized this authorization to buy back Series B shares. At year-end, the company had 415,500 Series B shares in treasury.

Series A shares carry 10 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. During the year, 999,939 Series A shares were converted to Series B shares.

The number of NCC shareholders at year-end was 37,840 (34,740), with Nordstjernan AB as the largest individual holder accounting for 23 percent (23) of the share capital and 66 percent (64) of the voting rights. No other shareholder accounts for more than 10 percent of the voting rights. The ten largest shareholders jointly account for 48 percent (51) of the share capital and 76 percent (79) of the voting rights.

On February 1, 2012, NCC secured a new five-year credit facility of EUR 325 M. Should any major changes occur in NCC AB's ownership structure, meaning if a shareholder other than Nordstjernan AB acquires more than 30 percent of voting rights in NCC AB, or if NCC AB is delisted from the Nasdaq OMX Stockholm, the credit facility may be terminated by the lenders.

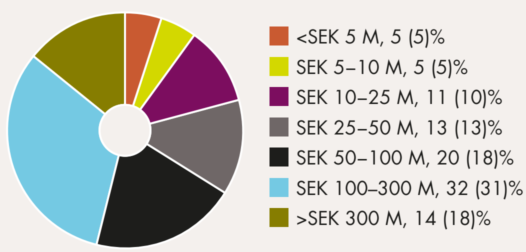
During 2011, Nordstjernan, NCC's principal owner, extended an offer to senior executives to acquire call options in NCC at market terms and conditions. The options corresponded to 51,223 Series B shares in NCC AB. The call options covered by the issue have terms of 3.3 and 5.3 years, with redemption in spring 2014 and spring 2016 at a price of SEK 200 and SEK 250, respectively.

MAJOR ONGOING PROJECTS

Project >300 SEK M		NCC's share of order value	Completion rate Dec 31, 2012, %	Estimated year of completion
Norrström Tunnel, Stockholm	SE	1,680	57	2015
Highway 50, Motala	SE	1,448	63	2013
Railway tunnel, Larvik	NO	1,188	6	2016
Underground and construction works, Kiruna/Malmberget	SE	1,007	77	2013
Offices, Stockholm	SE	965	7	2015
Light rail link, Phase 3, Stockholm	SE	875	50	2014
Raise boring, Kiruna	SE	834	71	2014
E6, expressway, Trondheim	NO	724	82	2013
Clarion Hotel, Arlanda	SE	703	97	2013
CHP plant, Helsingborg	SE	687	94	2013
Housing and property block, Stockholm	SE	586	64	2014
University hospital, new construction and refurbishment, Linköping	SE	581	30	2015
Radiotherapy clinic, Uppsala	SE	581	29	2014
Road and Tunnel, Askvoll	NO	579	95	2013
Offices, Asker	NO	573	35	2014
Server hall, Luleå	SE	530	89	2013
Retail center & housing, Baerum	NO	494	6	2015
Municipal and regional building, Kristianstad	SE	492	43	2014
Multimedia building, Aarhus	DK	490	20	2014
Offices, Oslo	NO	484	80	2013
County road 456, road and tunnel, Kristiansand	NO	480	99	2014
E18 expressway, Gulli	NO	478	60	2014
Airport terminal, Oslo	NO	475	45	2014
Highway, Östfold	NO	454	17	2014
E16 expressway, road and tunnel, Voss	NO	428	51	2013
Repairs, Årsta Bridge, Stockholm	SE	406	96	2013
Housing, Aarhus	DK	395	84	2013
E4 expressway, Rotebro, road bridges, Stockholm	SE	381	39	2015
Power station, Hissmofors	SE	380	80	2014
Local hospital, new construction, Gothenburg	SE	371	0	2015
Offices, Lillehammer	NO	358	31	2014
Radiotherapy clinic, Lund	SE	347	78	2013
Post office terminal, Hallsberg	SE	335	92	2013
Traffic circles and tunnel, Stockholm	SE	330	89	2013
Offices/workshop, Ludvika	SE	325	93	2013
School, Fylke	NO	324	56	2014
Housing, Stockholm	SE	316	77	2014
Auditorium, Stockholm	SE	309	91	2013
Offices, Gothenburg	SE	309	80	2013
Housing, Stockholm	SE	304	75	2013

ORDERS RECEIVED BY PROJECT SIZE, 2012, NCC'S CONSTRUCTION UNITS AND NCC HOUSING

Projects with a value exceeding SEK 300 M account for a decreased share of orders received. The diagram reflects SEK 49 billion of the total orders received of SEK 56 billion. The Group's total orders received also include NCC Roads.



Significant risks and uncertainties

Uncertainty surrounding global economic development is also resulting in uncertainty concerning how the Nordic construction and property market could be impacted. In turn, this development could also affect evaluations of certain items that are based on estimations and assessments, such as land held for future development and ongoing property development and housing projects.

RISK MANAGEMENT AND RISKS

Through its business operations, NCC is exposed to various risks, both operational and financial. The operational risks relate to the Group's day-to-day operations, and could be purely operative, 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 operational control established by NCC. The business areas assess and manage their risks using operational systems and developed processes and procedures. The Group's financial risks such as interest-rate, currency, refinancing, liquidity and credit risks are managed centrally in order to minimize and control the Group's risk exposure. Customer-credit risks are handled within each particular business area. A centralized insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. This function also performs preventive risk-management work together with the business areas, thus resulting in cost-efficiency and coordination of insurable risks.

The most significant risks for NCC and the activities that are implemented to manage these risks in a manner that NCC deems efficient are described below.

	Risk	Activity
MARKET RISKS		
Price	The stagnation in price rises for building materials that has been noticeable in recent years has continued. During a shift in economic conditions, there is a risk that prices for input materials and services will increase, and that these cannot be offset by higher prices for NCC's products and services. Purchases of materials and services account for about two-thirds of NCC's costs. For NCC Roads, raw material costs comprise about one-third of the price for paved asphalt. The largest input material is the oil product bitumen followed by mineral aggregate products.	For a number of years, NCC's Construction units have worked to increase the efficiency of the construction process, such as by using platforms that create greater purchasing volumes for individual products or 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 the financial key to gaining control over the price trend. The use of joint platforms is also a prerequisite for NCC Housing and NCC Property Development's ability to gain control over production costs. NCC Roads purchases bitumen from several international suppliers. Purchasing and logistics involving bitumen are coordinated between Sweden, Denmark and Norway. Long-term agreements with customers normally include price clauses that reduce NCC Roads' exposure to risks. In addition, known international purchasing volumes are currency hedged. In several markets, NCC Roads is self-sufficient in terms of aggregates, in part through holdings of strategically located quarries.
Seasonal	The NCC Roads business area is subject to major seasonal variations. This was also a major feature in 2012. Within the asphalt operations, most procurement is conducted during the spring, and 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 the entire value chain of road-related products and services. Repair and maintenance operations complement the paving operations throughout the year.
Development	In addition to a contract risk, which is managed by NCC's Construction units, proprietary project development of both residential and commercial properties includes a development and sales risk, which if mismanaged can lead to increases in tied-up capital as well as losses.	NCC possesses housing and property development competencies. Every project concept must be adapted to local market preferences and the regulatory requirements arising in planning work. State-of-the-art skills are required to optimize the timing of projects and to guide them through, for example, municipal administration and possible appeal processes. NCC has also successively limited the markets in which the Group is active and expanding. Proprietary housing and property projects are developed primarily in large growing cities in the Nordic countries, as well as in Germany, the Baltic countries and St. Petersburg. NCC has also consciously decided to refrain from excessively niche-oriented projects intended for narrow target groups, since earnings in this sector have historically not matched the higher inherent risks. Risk limitation is achieved through demands concerning leasing rates for commercial properties and presales of housing before a project is started. Tied-up capital can be reduced through early payment by customers.

	Risk	Activity
OPERATIONAL RISKS		
Contract risk	For a building contractor, the principal operational risk limitation is normally during the contract-tendering process. NCC adopts a selective approach to tendering, which 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. However, in a growing market, it is important to be selective since 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 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, are ways of managing risk. Project control is of decisive importance to minimizing problems and thus costs. A number of Group units are quality and environmentally certified. Since a shortage of labor and certain competencies may arise during certain periods, NCC must have an organization with high diversity to secure the company's ability to deliver.
Competition law	NCC's operations are normally established locally and may in many cases be dominated by a few players. In isolated cases, NCC employees have engaged in efforts to distort the competitive situation in breach of the company's ethical standards and applicable law.	For several years, NCC has provided training in NCC's core values and competition law. Procedures have also been developed to identify and monitor employees who may be in a situation where they are exposed to the risk of collaboration with competitors. During 2012, NCC also refined its compliance program; refer to p. 35.
Financial risk taking	Financial risk taking should be viewed against the capital requirements of NCC's various operations. Contracting operations normally generate a positive cash flow at the early stage of projects. NCC Roads mainly has capital tied up in fixed assets (quarries, crushing plants, asphalt plants, paving machinery, road services, and so forth). To the extent possible, investments that achieve the maximum capacity utilization are sought. Proprietary housing and property development ties up capital throughout the course of the projects; firstly, through investment in land, then during development and up to the sale and completion of the project.	Financial risk taking is controlled on an overall basis by the ceiling established for the debt/equity ratio to which the Group is subject. NCC's Construction units should normally not have any financial net indebtedness; in fact, they should continuously generate a liquidity surplus. The industrial and development operations tie up capital in their various operations, although this capital is invested in assets with a slightly different character. NCC Roads mainly ties up capital in various types of plant, gravel pits and equipment while NCC Housing and NCC Property Development tie up capital in development projects. At NCC Roads, seasonal variations in tied-up capital are also considerable. In this respect, the operations of the three capital-intensive business areas are controlled in relation to internally established ceilings for tied-up capital. These are revised continuously but are intended to apply over a medium to long term.
Financial risks	Financial risks involve interest-rate, currency, refinancing, liquidity, credit and counterparty risks.	NCC's finance policy for the management of financial risks has been decided by NCC AB's Board of Directors and forms a framework of guidelines and regulations 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-efficiency and economies of scale and to accumulate expertise, while protecting Group-wide interests. The Group's financial risks are managed by the Group's internal bank. Customer credit risks are handled within each particular business area. For a more comprehensive description of financial instruments and financial risk management, see Note 39, Financial instruments and financial risk management.
RISK OF ERRORS IN FINANCIAL REPORTING		
Risk of errors in profit recognition	NCC normally applies the percentage-of-completion method for recognizing profit from contracting operations, whereby profit is recognized in parallel with completion, meaning 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.	As part of NCC's project management model, which is a feature of the Group's operational control, production calculations, reconciliations of work performed, final-status forecasts and follow-ups form the basis for profit recognition. If the final result of a project is expected to be negative, the entire loss from the project is charged against earnings immediately, regardless of the project's completion rate.
Estimations and assessments	Since the recognition of certain items is based on estimates and assessments, these items are subject to uncertainty. Market conditions have a particular impact on the value of 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, such as sales prices, production costs, land prices, rent levels, yield requirements and the timing of production starts and/or sales.	NCC continuously monitors market developments and tests the assumptions made on an ongoing basis. Refer also to critical estimates and assessments in Note 1.

SENSITIVITY AND RISK ANALYSIS

	Change	Effect on profit after financial items, SEK M (annual basis)	Effect on return on equity, (percentage points)	Effect on return on capital employed (percentage points)	Comments
NCC's Construction units					For NCC's Construction units, a one-percentage-point increase in the margin has a significantly 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.
Volume	+/–5%	149	1.4	0.9	
Operating margin	+/–1 percentage point	412	3.9	2.5	
NCC Roads					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 volumes and, because the proportion of fixed costs is high, the effect on the margin is considerable.
Volume	+/–5%	42	0.4	0.3	
Operating margin	+/–1 percentage point	122	1.2	0.7	
Capital rationalization	+/–10%	11	0.1	0.3	
NCC Housing					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.
Volume	+/–10%	127	1.2	0.8	
Operating margin	+/–1 percentage point	86	0.8	0.5	
NCC Property Development					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.
Sales volume, projects	+/–10%	74	0.7	0.4	
Sales margin, projects	+/–1 percentage point	27	0.3	0.2	
Group					The NCC Group had a favorable financial position in 2012. Net indebtedness increased compared with 2011 because of more ongoing housing and development projects, which were largely financed with long-term loans.
Interest rate, borrowing	+/–1 percentage point	38	0.4		
Change in net debt	SEK 500 M	16	0.2	0.5	
Change in equity/assets ratio	–5 percentage points		6.6		

NOMINATION WORK

Ahead of the 2013 AGM, NCC's Nomination Committee comprises Viveca Ax:son Johnson (Chairman of the Board, Nordstjernan), Thomas Eriksson (former President, Swedbank Robur AB) and Johan Ståhl (Senior Portfolio Manager, Lannebo Funds), 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.

REMUNERATION

The Board of Directors' motion concerning guidelines for salary and other remuneration of the CEO and other members of the company's management (Group Management)

The Board has evaluated the application of the guidelines for salary and other remuneration of the CEO and other members of the company's management (Group Management), as resolved by the 2012 AGM, as well as the applicable remuneration structures and remuneration levels in the company.

The Board proposes that the 2013 AGM vote that the currently applicable principles be repeated in 2013. These guidelines are to pertain to Group Management including the CEO.

The objective of the guidelines for salary and other remuneration of Group Management is to enable NCC to offer market-aligned remuneration that facilitates the recruitment and retention of the best possible competencies within the NCC Group. The aim is that the total remuneration package will support NCC's long-term strategy. The remuneration payable to Group Management comprises fixed salary, variable remuneration, the long-term performance-based incentive program, 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.

Short-term variable remuneration. The short-term variable remuneration must be maximized and 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. The reason for paying variable remuneration is to motivate and reward value-generating activities that support achievement of NCC's long-term operational and financial objectives.

Assuming that a long-term performance-based incentive program is adopted by the 2013 AGM, short-term variable remuneration payable to the CEO will be maximized at 40 percent of fixed salary and that payable to other members of Group Management will be maximized at 30–40 percent of fixed salary. The short-term 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 17 M, including social security fees.

Should the AGM not vote in favor of a long-term performance-based incentive program, the variable remuneration payable to the CEO will be maximized at 50 percent of fixed salary and that for other members of Group Management will be maximized at 40–50 percent of fixed salary, which is equal to a cost of SEK 21 M, including social security fees, at the maximum outcome.

Pensions and other benefits. 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. Members of Group Management active in Sweden are entitled, in addition to basic pension which is normally based on the ITP plan, to receive a defined-contribution supplementary pension for salary increments exceeding 30 income base amounts. The income base amount for 2013 is SEK 56,600. Members of Group Management 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 may constitute only a limited value and correspond essentially to the costs normally arising in the market.

Periods of notice and severance pay. A member of Group Management who terminates employment at NCC's initiative is normally entitled to a 12-month period of notice combined with severance pay corresponding 12 months of fixed salary. During the said 12 months, the severance pay is deductible from remuneration received from a new employer. The period of notice is normally six months if employment is terminated on the initiative of the employee.

These guidelines may be disapplied by the Board if there is special reason to do so in individual cases.

During 2012, agreement was reached with a newly employed senior executive concerning special remuneration to compensate this executive to some extent for lost remuneration under the long-term incentive program of a former employer. The special remuneration comprises participation in the 2012 incentive program (LTI 2012) plus cash remuneration corresponding to five monthly salaries. The Board thus exercised its right in individual cases and for special reasons to disapply the guidelines. The cash remuneration will be disbursed in two equal amounts during 2013 and 2014 and a condition for its payment is that the executive continues to be employed at the particular payment occasions.

Long-term performance-based incentive program

The Board proposes that the AGM establish a long-term performance-based incentive program for senior executives and key persons within the NCC Group (LTI 2013). In all essential respects, the proposal matches the long-term performance-based incentive program that was adopted by the AGM on April 4, 2012. In total, LTI 2012 will encompass 119 executives. The Board is of the opinion that incentive programs of this type are of benefit to the company's long-term development. The purpose of LTI 2013 will be to facilitate focus on the company's long-term capital return and to minimize the number of worksite accidents. It is proposed that LTI 2013 will encompass a total of approximately 150 participants within the NCC Group. More detailed information on the long-term incentive program is presented on www.ncc.se.

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

Invoicing for the Parent Company amounted to SEK 25,763 M (18,870). Profit after financial items was SEK 1,915 M (579). In the Parent Company, profit is recognized when projects are subject to final profit recognition. Net profit improved as a result of increased earnings from construction contract operations, meaning a higher number of profit-recognized projects, and reduced impairment of shares in subsidiaries. The average number of employees was 7,204 (7,213).

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is included as a separate section of NCC's 2012 Annual Report and does not constitute a feature of the formal annual report documentation; refer to the Corporate Governance section on pp. 100–105.

SIGNIFICANT EVENTS AFTER FISCAL YEAR-END

Changes among senior executives

In February 2013, two changes in Group Management were announced. Christina Lindbäck assumes the new position of Senior Vice President Corporate Sustainability of the NCC Group on March 1, 2013 and becomes a member of Group Management. Christina Lindbäck is already Vice President Environmental Affairs of the NCC Group. Carola Lavén has been appointed the new President of the NCC Property Development business area and will take office no later than during April 2013. Carola Lavén has previously worked as Head of Business Development at Atrium Ljungberg, where she was a member of the management team.

OUTLOOK

In the Nordic construction market, the early part of 2013 is expected to be weak, although construction investments for the entire year are estimated to be in line with 2012 or increase slightly. The Norwegian construction market is expected to show the strongest growth, while growth will probably be weaker in the Group's other markets, primarily in Finland. During 2012, a number of steps were taken towards realizing NCC's strategy for profitable growth. The year-end order backlog for construction operations was slightly lower than in the preceding year which, together with the market outlook, limits growth opportunities in 2013. Although the market outlook ahead of 2013 is not ideal, NCC occupies a solid position in the market and has a well-filled order backlog and a healthy balance in its operations.

For 2013, demand for asphalt is expected to be in line with 2012 while demand for aggregates is expected to decline somewhat. Road services are relatively insensitive to economic conditions and growth opportunities are relatively favorable since more public contracts are being exposed to competition. NCC expects stable demand for housing during 2013 at largely unchanged prices. Market conditions in the Baltic countries and Denmark are weak and they are stable in Germany. For property projects, the market outlook for 2013 is difficult to predict and a great deal will be determined by the way economic conditions in Europe develop.

PROPOSED DIVIDEND

The Board proposes a dividend of SEK 10.00 (10.00) per share. The proposed record date for dividends is April 12, 2013. The dividend proposal is in line with NCC's dividend policy, corresponding to 57 percent of profit after tax. If the AGM approves the Board's motion, it is estimated that dividend payments, via Euroclear Sweden AB, will commence on April 17, 2013. The Board's statement regarding the proposed dividend and the buyback of NCC's own shares will be available on the company's website and be distributed to shareholders at the AGM.

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	2012	2011
	1, 24		
Net sales	2, 3	57,227	52,535
Production costs	5, 6, 9, 20, 30	–51,724	–47,721
Gross profit		**5,503**	**4,814**
Selling and administrative expenses	5, 6, 7, 20	–2,978	–2,774
Result from sales of properties	8	3	7
Impairment losses on fixed assets	9, 20, 21	–2	–38
Result from sales of Group companies	10	6	3
Result from participations in associated companies	11	5	5
Operating profit	3, 12	**2,537**	**2,017**
Financial income		73	76
Financial expense	9	–347	–284
Net financial items	16	**–274**	**–208**
Profit after financial items		**2,263**	**1,808**
Tax on net profit for the year	29	–364	–496
NET PROFIT FOR THE YEAR	17, 42	**1,899**	**1,312**
Attributable to:			
NCC's shareholders		1,894	1,310
Non-controlling interests		5	2
Net profit for the year		**1,899**	**1,312**
Earnings per share	18		
Before dilution			
Profit after tax, SEK		17.51	12.08
After full dilution			
Profit after tax, SEK		17.51	12.08

Consolidated statement of comprehensive income *with comments*

SEK M	Note	2012	2011
Net profit for the year		**1,899**	**1,312**
Other comprehensive income[1]			
Translation differences during the year in translation of foreign operations		–78	–38
Gain on hedging of exchange-rate risk in foreign operations	39	37	10
Tax attributable to hedging of exchange-rate risk in foreign operations	29	–10	–3
Fair-value changes for the year in available-for-sale financial assets			1
Fair-value changes for the year in cash flow hedges		–23	–18
Fair-value changes in cash flow hedges transferred to net profit for the year		3	–16
Tax attributable to cash flow hedges	29	3	10
Other comprehensive income during the year		**–68**	**–55**
Total comprehensive income		**1,831**	**1,257**
Attributable to:			
NCC's shareholders		1,825	1,255
Non-controlling interests		5	2
Total comprehensive income		**1,831**	**1,257**

1) Also refer to the specification of the item Reserves in shareholders' equity, p. 57.

NET SALES

All business areas increased their net sales and total consolidated net sales rose 9 percent and amounted to SEK 57,227 M (52,535). The Construction units' net sales increased as a result of high production due to a high opening order backlog and orders received that were healthy during the year. The increase at NCC Roads was attributable to higher prices for oil-based input materials. The volume of aggregates and asphalt declined slightly at the same time as an increase in road service assignments resulted in higher net sales. NCC Housing's net sales were higher as a result of a larger number of housing units sold to private customers and the investor market. Net sales in NCC Property Development increased as a result of more profit-recognized projects. In the preceding year, two projects were recognized in profit. Due to exchange-rate effects, sales were reduced by SEK 585 M compared with the preceding year.

GROSS PROFIT

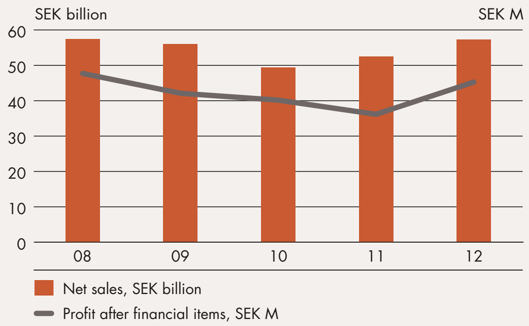
Gross profit includes impairment losses totaling SEK 44 M (186), of which impairment losses on projects and land in NCC Property Development in Denmark accounted for SEK 41 M. The result for 2011 included SEK 32 M for goodwill in NCC Roads' operations in Finland, SEK 141 M for impairment losses on housing projects and development properties and SEK 6 M for reversals of impairment losses. Refer also to Note 9, Impairment losses and reversals of impairment losses.

OPERATING PROFIT

The improvement in operating profit was attributable to higher profit for all business areas, apart from NCC Roads whose profit was on a par with 2011. The greatest improvements in profit were shown by NCC Property Development and NCC Housing, which achieved a significant earnings improvement as a result of higher earnings from profit-recognized projects. Profit increased in all Construction units due to higher sales and better margins in Denmark, Norway and Finland. In NCC Construction Sweden, profit improved as a result of higher sales. NCC Roads' profit was on a par with 2011. In the preceding year, NCC Roads' profit was adversely affected by goodwill impairment of SEK 32 M while profit for 2012 was impacted by lower volumes for the aggregates and the asphalt operation. Changes in exchange rates had an adverse impact of SEK 29 M on operating profit compared with the preceding year.

NET SALES AND PROFIT

In 2012, net sales rose as a result of a large order backlog in construction and civil engineering operations early in the year and an increase in profit recognition of housing and property projects. Profit improved during 2012 thanks to higher earnings in all business areas, apart from NCC Roads whose profit was on a par with 2011. The greatest improvement in profit was shown by NCC Property Development while NCC Housing also achieved a considerable earnings increase. Profit in the preceding year was adversely impacted by project impairments in construction operations.



SELLING AND ADMINISTRATIVE EXPENSES

The expense ratio, which amounted to 5.2 percent (5.3), was slightly lower than in 2011.

NET FINANCIAL ITEMS

Net financial items deteriorated due to higher average net indebtedness.

TAXATION

The effective tax rate for NCC was 16 percent (27). The reason for the lower tax rate was that the corporate tax rate in Sweden has been reduced from 26.3 to 22 percent, which as of 2013 will reduce deferred tax liabilities by SEK 120 M. Also refer to Note 29, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

OTHER COMPREHENSIVE INCOME

The change in other comprehensive income derived mainly from net profit for the year and translation differences primarily in EUR, NOK and DKK. Fluctuations for these currencies were higher in 2012, compared with 2011. The tax effects of the above transactions are recognized separately; refer also to Note 29, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

Consolidated balance sheet *with comments*

SEK M	Note	2012	2011
	1, 24		
ASSETS			
Fixed assets			
Goodwill	20	1,827	1,607
Other intangible assets	20	204	167
Owner-occupied properties	21	662	596
Machinery and equipment	21	2,395	2,209
Participations in associated companies	23	9	8
Other long-term holdings of securities	26	158	173
Long-term receivables	28	1,578	1,559
Deferred tax assets	29	281	191
Total fixed assets	39	**7,114**	**6,511**
Current assets			
Property projects	30	5,321	4,475
Housing projects	30	11,738	9,860
Materials and inventories	31	655	557
Tax receivables	29	54	23
Accounts receivable	39	7,725	7,265
Worked-up, non-invoiced revenues	32	782	910
Prepaid expenses and accrued income		1,544	1,114
Other receivables	28	1,223	1,127
Short-term investments	26, 44	168	285
Cash and cash equivalents	44	2,634	796
Total current assets	39	**31,844**	**26,414**
TOTAL ASSETS	42	**38,958**	**32,924**
EQUITY			
Share capital	33	867	867
Other capital contributions		1,844	1,844
Reserves		–206	–135
Earnings brought forward including profit for the year		6,468	5,710
Shareholders' equity		**8,974**	**8,286**
Non-controlling interests		15	11
Total shareholders' equity		**8,988**	**8,297**
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	34, 41	7,102	3,850
Other long-term liabilities	37	841	643
Deferred tax liabilities	29, 35	725	669
Provisions for pensions and similar obligations	35, 36	9	6
Other provisions	35	2,435	2,619
Total long-term liabilities	39, 43	**11,113**	**7,788**
Current liabilities			
Current liabilities, interest-bearing	34, 41	2,141	1,585
Accounts payable	39	4,659	4,131
Tax liabilities		122	60
Invoiced revenues, not worked up	32	4,241	4,176
Accrued expenses and deferred income	40	3,748	3,274
Provisions	35		3
Other current liabilities	37	3,945	3,611
Total current liabilities	39	**18,855**	**16,839**
Total liabilities		**29,968**	**24,627**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42	**38,958**	**32,924**
Assets pledged	43	**1,344**	**1,522**
Contingent liabilities	43	**1,448**	**1,353**

FIXED ASSETS

Goodwill

NCC impairment tests goodwill amounts annually and more often when there are indications of value changes. Two companies were acquired in Norway during the year resulting in goodwill totaling SEK 230 M. In 2011, two minor companies were acquired in Norway resulting in goodwill totaling SEK 33 M. After impairment testing in 2011, goodwill in NCC Roads Finland was impaired by SEK 32 M. Refer also to Note 20, Intangible assets.

Other intangible assets

Other intangible assets increased primarily due to a strategic development project within NCC Roads and capitalization of the Group-wide HR program.

Machinery and equipment

Machinery and equipment increased during the year due mainly to company acquisitions in NCC Construction Norway.

CURRENT ASSETS

Property projects

Higher tied-up capital in ongoing property projects in Sweden, Finland and Norway compared with 2011 led to an increase in the value of property projects. Refer also to Note 30, Properties classified as current assets.

Housing projects

Investments in properties held for future development increased compared with the preceding year. At the end of the year, the number of unsold completed housing units increased due to the relatively high number of units that were completed close to year-end. Refer also to Note 30, Properties classified as current assets.

Materials and inventories

Volumes of asphalt and aggregates within NCC Roads were higher because the winter season started earlier than in the preceding year.

Accounts receivable

Accounts receivable increased during the year, particularly in NCC Housing due to an increase in the number of units handed over to customers at year-end and to company acquisitions in NCC Construction Norway.

LONG-TERM LIABILITIES

Long-term interest-bearing liabilities

Long-term interest-bearing liabilities rose as a result of increased investments in housing and property projects. Also refer to Note 39, Financial instruments and financial risk management.

CURRENT LIABILITIES

Short-term interest-bearing liabilities

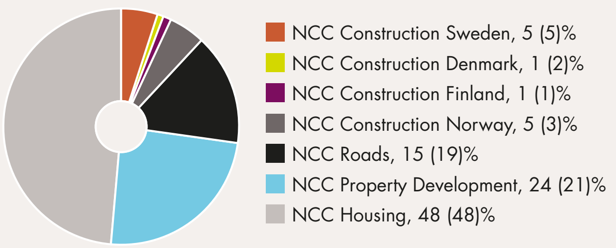
Liabilities were higher due to the increased investments in housing and property projects in the development business. Also refer to Note 39, Financial instruments and financial risk management.

Other current liabilities

Other current liabilities increased due to acquisitions of land in housing operations; refer also to Note 37, Other liabilities.

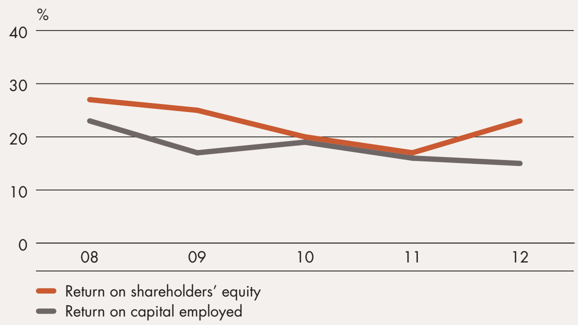
CAPITAL EMPLOYED, SHARE PER BUSINESS AREA

In the NCC Group, capital is tied up primarily by development and industrial operations. Capital employed rose during 2012 mainly as a result of increased project development. The increase in NCC Construction Norway was due to company acquisitions.



PROFITABILITY

The return on equity declined from a historically high level in 2008 to 2011, due to lower profitability primarily in NCC Housing. In 2012, NCC's financial objective of a return on equity of 20 percent was surpassed, mainly as a result of improved profit in the development business. The return on capital employed was strengthened in 2010, as a result of a reduction in average tied-up capital, primarily connected to housing projects. During 2011, profitability declined, due primarily to lower margins in NCC's Construction units and to the low number of profit-recognized projects in NCC Property Development, which was offset in part by improved profitability in NCC Housing.



The return for 2008 has not been recalculated in accordance with IFRIC 15.

Parent Company income statement *with comments*

SEK M	Note	2012	2011
	1		
Net sales	2, 38	25,763	18,870
Production costs	5, 6, 8, 9	–23,296	–16,915
Gross profit		**2,467**	**1,956**
Selling and administrative expenses	5, 6, 7	–1,412	–1,331
Result from sales of properties	8		2
Operating profit		**1,055**	**627**
Result from financial investments			
Result from participations in Group companies	9, 10	883	–11
Result from participations in associated companies	11	13	–9
Result from other financial fixed assets	13		–7
Result from financial current assets	14	188	192
Interest expense and similar items	15	–223	–213
Profit after financial items		**1,915**	**579**
Appropriations	19	–405	–4
Tax on net profit for the year	29	–289	–225
NET PROFIT FOR THE YEAR		**1,221**	**350**

Parent Company statement of comprehensive income

SEK M	2012	2011
Net profit for the year	1,221	350
Total comprehensive income during the year	**1,221**	**350**

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 25,763 M (18,870). Profit after financial items was SEK 1,915 M (579). In the Parent Company, profit is recognized when projects are subject to final profit recognition. Net profit improved as a result of increased earnings from construction contract operations, meaning a higher number of profit-recognized projects, and reduced impairment of shares in subsidiaries. The average number of employees was 7,220 (7,213).

Parent Company balance sheet *with comments*

SEK M	Note	2012	2011
	1		
ASSETS			
Fixed assets			
Intangible fixed assets			
Development expenses	20	35	18
Total intangible fixed assets		**35**	**18**
Tangible fixed assets			
Owner-occupied properties, construction in progress		15	14
Machinery and equipment		94	102
Total tangible fixed assets	21	**109**	**117**
Financial fixed assets			
Participations in Group companies	22	5,922	5,848
Receivables from Group companies		10	145
Participations in associated companies	25	169	153
Receivables from associated companies		191	189
Other long-term holdings of securities		5	5
Deferred tax assets	29	131	246
Other long-term receivables		60	66
Total financial fixed assets	27, 39	**6,487**	**6,651**
Total fixed assets		**6,631**	**6,786**
Current assets			
Properties classed as current assets			
Housing projects		315	180
Total current assets	30	**315**	**180**
Inventories, etc.			
Materials and inventories	31	35	23
Total inventories, etc.		**35**	**23**
Current receivables			
Accounts receivable		3,267	3,396
Receivables from Group companies		2,196	2,178
Receivables from associated companies		6	18
Other current receivables		239	152
Prepaid expenses and accrued income		485	272
Total current receivables		**6,194**	**6,015**
Short-term investments	44	**5,725**	**6,450**
Cash and bank balances	44	**1,259**	**806**
Total current assets	39	**13,529**	**13,474**
TOTAL ASSETS	42	**20,160**	**20,259**

SEK M	Note	2012	2011
	1		
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	33	867	867
Statutory reserves		174	174
Total restricted shareholders' equity		**1,041**	**1,041**
Unrestricted shareholders' equity			
Earnings brought forward		4,114	4,901
Net profit for the year		1,221	350
Total unrestricted shareholders' equity		**5,335**	**5,252**
Total shareholders' equity		**6,376**	**6,293**
Untaxed reserves	19	**739**	**334**
Provisions			
Provisions for pensions and similar obligations	36	2	3
Other provisions		874	1,121
Total provisions	35	**876**	**1,124**
Long-term liabilities			
Liabilities to credit institutions		1,500	1,500
Liabilities to Group companies		1,105	1,263
Other liabilities		96	248
Total long-term liabilities	34, 39	**2,701**	**3,011**
Current liabilities			
Advances from customers		159	167
Work in progress on another party's account	38	2,048	2,631
Accounts payable		1,991	1,975
Liabilities to Group companies		3,237	3,110
Liabilities to associated companies		6	4
Tax liabilities		22	12
Other liabilities		532	412
Accrued expenses and deferred income	40	1,473	1,186
Total current liabilities	34, 39	**9,467**	**9,497**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42	**20,160**	**20,259**
Assets pledged	43	**12**	**12**
Contingent liabilities	43	**19,032**	**13,886**

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	Non-controlling interests	Total equity
Opening balance, January 1, 2011	**867**	**1,844**	**–79**	**5,479**	**8,111**	**21**	**8,132**
Total comprehensive income for the year			–55	1,312	1,256	2	1,258
Sale of treasury shares				3	3		3
Transactions with non-controlling interests						–11	–11
Dividend				–1,084	–1,084	–1	–1,085
Shareholders' equity on December 31, 2011	**867**	**1,844**	**–135**	**5,710**	**8,286**	**11**	**8,297**
Total comprehensive income for the year			–68	1,894	1,825	5	1,831
Transfer of depreciation of previously revalued assets			–2	2			
Purchase of treasury shares				–56	–56		–56
Performance-based incentive program				2	2		2
Dividend				–1,084	–1,084	–1	–1,085
Shareholders' equity on December 31, 2012	**867**	**1,844**	**–206**	**6,468**	**8,974**	**15**	**8,988**

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 non-controlling interests. Transfer of value in the form of dividends from the Parent Company and the Group is to 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 comprehensive income for the year, transactions with non-controlling interests and dividends to shareholders.

In the Parent Company, the changes are attributable to comprehensive income for the year and dividends to shareholders.

SHARE CAPITAL

On December 31, 2012, the registered share capital amounted to 30,133,886 Series A shares and 78,301,936 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.

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, which in NCC's case means 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 such assets have been sold or their value impaired.

HEDGING RESERVE

The hedging reserve includes the effective portion of the 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 arose prior to 2010 from gradual, multi-stage acquisitions, meaning an increase in the fair value of previously 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

SEK M	Restricted shareholders' equity: Share capital	Restricted shareholders' equity: Statutory reserves	Unrestricted shareholders' equity: Earnings brought forward	Unrestricted shareholders' equity: Profit for the year	Total share-holders' equity
Opening balance, January 1, 2011	**867**	**174**	**3,835**	**2,148**	**7,023**
Appropriation of profits			2,148	–2,148	
Total comprehensive income for the year				350	350
Sale of treasury shares			3		3
Dividends			–1,084		–1,084
Shareholders' equity on December 31, 2011	**867**	**174**	**4,901**	**350**	**6,293**
Appropriation of profits			350	–350	
Total comprehensive income for the year				1,221	1,221
Purchase of treasury shares			–56		–56
Dividends			–1,084		–1,084
Performance-based incentive program			2		2
Shareholders' equity on December 31, 2012	**867**	**174**	**4,114**	**1,221**	**6,376**

SPECIFICATION OF THE ITEM RESERVES IN SHAREHOLDERS' EQUITY

GROUP	2012	2011
Translation reserve		
Translation reserve, January 1	–111	–81
Translation differences during the year in translation of foreign operations	–78	–38
Gain on hedging of exchange-rate risk in foreign operations	37	10
Tax attributable to hedging of exchange-rate risk in foreign operations	–10	–3
Translation reserve, December 31		
Translation reserve, December 31	**–161**	**–111**
Fair value reserve		
Fair value reserve, January 1	5	4
Fair value changes for the year on available-for-sale financial assets		1
Fair value reserve, December 31	**5**	**5**
Hedging reserve		
Hedging reserve, January 1	–35	–10
Fair value changes for the year in cash flow hedges	–23	–18
Fair-value changes in cash flow hedges transferred to net profit for the year	3	–16
Tax attributable to cash flow hedges	3	10
Hedging reserve, December 31	**–52**	**–35**
Revaluation reserve		
Revaluation reserve, January 1	5	8
Transfer to earnings brought forward	–2	–3
Revaluation reserve, December 31	**3**	**5**
Total reserves		
Reserves, January 1	–135	–79
Change in reserves during the year:		
– Translation reserve	–51	–30
– Fair value reserve		1
– Hedging reserve	–17	–25
– Revaluation reserve	–2	–3
Reserves, December 31	**–206**	**–135**

CAPITAL MANAGEMENT

The aim of the NCC Group's strategy is to generate a healthy return to shareholders under financial stability. The strategy is reflected in the financial objectives, which were as follows in 2012:

- A return on equity after tax of 20 percent. In 2012, the return on equity was 23 percent.
- A debt/equity ratio of less than 1.5. At December 31, 2012, the debt/equity ratio was 0.7.

NCC's subsidiary, NCC Försäkrings AB, as an insurance company, must have investment assets that cover technical reserves for own account. During 2011 and 2012, these requirements were met. Otherwise, no other Group companies were subject to external capital requirements.

For further information on NCC Group's financial objectives and dividend policy, refer to pp. 6–7.

Cash flow statements *with comments*

		Group		Parent Company	
SEK M	Note	2012	2011	2012	2011
OPERATING ACTIVITIES					
Profit after financial items		**2,263**	**1,808**	**1,915**	**579**
Adjustments for items not included in cash flow:					
– Depreciation	6	557	492	48	54
– Impairment losses	9	44	180	70	658
– Exchange-rate differences		130	65		
– Result from sales of fixed assets		–43	–32	–1	–6
– Result from associated companies				2	
– Changes in provisions	35	–165	–108	–246	–153
– Restructuring costs		8			
– Group contributions				–359	–272
– Anticipated dividends				–83	
– Other		32	–172		
Total items not included in cash flow		**563**	**425**	**–568**	**281**
Taxes paid		–367	–777	–163	–591
Cash flow from operating activities before changes in working capital		**2,458**	**1,456**	**1,184**	**269**
Cash flow from changes in working capital					
Sales of property projects		1,764	861		
Investments in property projects		–2,692	–2,333		
Sales of housing projects		6,951	6,264	1,790	1,479
Investments in housing projects		–8,997	–7,529	–1,961	–1,446
Other changes in working capital		489	–266	5	–261
Cash flow from changes in working capital		**–2,484**	**–3,003**	**–165**	**–228**
CASH FLOW FROM OPERATING ACTIVITIES		**–26**	**–1,547**	**1,019**	**43**
INVESTING ACTIVITIES					
Acquisition of subsidiaries	44	–98	–199	–146	–545
Sale of subsidiaries	44	4	47		35
Acquisition of buildings and land	44	–130	–61	–1	
Sale of buildings and land		30	14		3
Acquisition of other financial fixed assets		–8	–26	–15	–27
Acquisition of other fixed assets	44	–800	–680	–58	–51
Sale of other fixed assets		95	48	5	3
Cash flow from investing activities		**–906**	**–857**	**–215**	**–581**
CASH FLOW BEFORE FINANCING		**–932**	**–2,404**	**804**	**–540**
FINANCING ACTIVITIES					
Dividend paid		–1,084	–1,084	–1,084	–1,084
Purchase/sale of treasury shares		–56	3	–56	3
Group contributions				272	653
Loans raised		3,788	1,149	57	1,606
Amortization of loans				–153	
Increase(–)/Decrease(+) in long-term interest-bearing receivables		5	7	2	–64
Increase(–)/Decrease(+) in current interest-bearing receivables		122	428	–114	–432
Increase(+)/Decrease(–) in non-controlling interests, etc.		–1	–12		
Cash flow from financing activities		**2,774**	**491**	**–1,076**	**680**
CASH FLOW DURING THE YEAR		**1,842**	**–1,912**	**–271**	**142**
Cash and cash equivalents on January 1	44	**796**	**2,713**	**7,256**	**7,114**
Exchange-rate difference in cash and cash equivalents		–4	–4		
Cash and cash equivalents on December 31	44	**2,634**	**796**	**6,984**	**7,256**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to a negative SEK 26 M (neg: 1,547). Adjustments for non-cash items amounted to SEK 563 M (425). Cash flow from changes in working capital amounted to a negative SEK 2,484 M (neg: 3,003). The main reasons why cash flow from operating activities was higher in 2012 than in 2011 were the improvement in profit and a reduction in capital tied up in working capital. Cash flow from accounts receivable improved, while interest-free financing increased.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities amounted to a negative SEK 906 M (neg: 857). Investments in machinery and equipment and company acquisitions occurred mainly in NCC Construction Norway.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities amounted to SEK 2,774 M (491). During the year, NCC raised new loans to ensure the Group's access to funds to cover future payment capacity. Dividends had a negative impact of SEK 1,084 M (neg: 1,084) on cash flow.

Total cash and cash equivalents including short-term investments with a maturity exceeding three months amounted to SEK 2,802 M (1,082).

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

GROUP	2012	2011
Short-term investments	**168**	**285**
Cash and bank balances	1,398	702
Investments with a maturity of less than three months	1,236	94
Cash and cash equivalents	**2,634**	**796**
Amount at year-end	**2,802**	**1,082**

The Group's unutilized committed lines of credit at year-end totaled SEK 3.8 billion (3.5).

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

GROUP	2012	2011
Exchange-rate differences in cash and cash equivalents	–4	–4
Of which, exchange-rate differences in cash and cash equivalents attributable to cash and cash equivalents at the beginning of the year	–3	–2
Exchange-rate differences in cash flow for the year	**–1**	**–2**

Refer also to Note 44, Cash flow statement.

NET INDEBTEDNESS

Net indebtedness (interest-bearing liabilities less cash and cash equivalents less interest-bearing receivables) on December 31 amounted to SEK 6,061 M (3,960). Increased investments in housing and development projects were mainly financed with long-term loans. The average capital maturity period for interest-bearing liabilities, excluding loans in Finnish housing companies and Swedish tenant owner associations, was 40 (47) months at the year-end. NCC's unutilized committed lines of credit on December 31 amounted to SEK 3.8 billion (3.5) with an average remaining maturity period of 43 (17) months.

NET INDEBTEDNESS TREND

GROUP	2012 Jan–Dec	2011 Jan–Dec
Net indebtedness, January 1	–3,960	–431
Cash flow before financing	–932	–2,404
Purchase/sale of treasury shares	–56	3
Dividend	–1,084	–1,084
Other changes in net indebtedness	–29	–45
Net indebtedness, December 31[1)]	**–6,061**	**–3,960**

1) Of which, net indebtedness in ongoing projects in Swedish tenant owner associations and Finnish housing companies accounted for SEK 2,181 M (1,457).

OTHER CHANGES IN WORKING CAPITAL

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Increase(–)/Decrease(+) in inventories	–34	–42	–12	2
Increase(–)/Decrease(+) in receivables	–720	–922	192	–142
Increase(+)/Decrease(–) in liabilities	1,243	698	409	222
Increase(+)/Decrease(–) in net in work in progress			–583	–342
Other changes in working capital	**489**	**–266**	**5**	**–261**

PARENT COMPANY

Cash flow in the Parent Company during the year was lower than 2011 despite the improved profit. This was due largely to lower loans raised, higher loan repayments and lower paid-in Group contributions from subsidiaries. Changes in working capital were mainly affected by a decrease in other current receivables and an increase in current liabilities.

TREND IN NET INDEBTEDNESS, PER QUARTER

Net indebtedness is affected by seasonal variations. More capital is normally tied up during the second and third quarters due to a high degree of activity in asphalt and aggregates operations, as well as in parts of NCC's Construction units. Dividends are paid to NCC's shareholders during the second quarter. Net indebtedness rose in 2012, due to an increase in capital requirements, mainly in the development operations. In the fourth quarter of 2012, net indebtedness was reduced as planned as a result of the many profit-recognized housing and property projects.

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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 the Annual Accounts Act (1995:1554), recommendation RFR 1 Additional Accounting Regulations for Groups 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 March 8, 2013. 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 9, 2013.

AMENDMENTS TO IFRS APPLIED AS OF 2012

The following amendments to IFRS became effective as of the 2012 fiscal year. They have not had any impact on NCC's financial statements.

- Amendments of IFRS 7 Financial instruments: Disclosures
- Amendment of IAS 12 Income Taxes.

NEW IFRS AND AMENDMENTS TO IFRS WHOSE APPLICATION HAS YET TO COMMENCE

The following amendments to IFRS do not become effective until the 2013 fiscal year and have not been applied in the preparation of these financial statements. Application is retroactive and will affect opening balances at January 1, 2012.

- Supplement to IAS 19, Employee Benefits. The supplement entails major changes for NCC in terms of pension recognition. Both income statement and balance sheet are affected. It entails abolition of the opportunity to accrue actuarial gains and losses by applying the corridor method. All changes in funded pension plans are instead to be recognized directly in profit or loss and in other comprehensive income. Changes in assets and obligations stemming from defined-benefit plans, such as experience-based adjustments and/or changes in actuarial assumptions, are to be presented in other comprehensive income. Accrued costs, such as current service cost and the interest-rate component, are to be recognized directly in profit or loss. In addition, the measurement of the anticipated return on plan assets will be changed because the discount interest rate on the pension obligation is also to be used in this calculation. The standard has a material impact on NCC's consolidated financial statements. For a description of the impact, refer to Note 36, Pensions.
- Amendment to IAS 1 Presentation of Financial Statements entails that items in other comprehensive income have to be separated into either items that will be reversed in profit or loss or items that will not be reversed in profit or loss. The amendment will have an impact on NCC's recognition of other comprehensive income.

The following amendment to IFRS do not become effective until the 2014 fiscal year and have not been applied in the preparation of these financial statements.

- IFRS 11 Joint Arrangements. New standard for recognition of joint ventures and joint operations. The new accounting policy entails that, in the future, joint ventures are to be recognized in accordance with the equity method rather than with the proportional method, which is currently applied. However, the proportional method will continue to be applied for joint operations. For definitions of these methods, refer to Accounting policies, in the "Consolidated financial statements" section. Based on the facts known at December 31, 2012, the new standard is expected to result in total assets declining by SEK 75 M, with profit, which was previously recognized on a proportional basis in profit or loss, recognized on a separate line. Also refer to Note 24 Participations in joint ventures consolidated in accordance with the proportional method.

Additional new IFRSs and amended IFRSs that could also be applied as of 2013 or later, assuming the EU's approval, are:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosures of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendment to IFRS 7 Financial Instruments: Disclosures
- Amendment to IAS 27 Separate Financial Statements
- Amendment to IAS 28 Investments in Associates and Joint Ventures
- Amendment to IAS 32 Financial Instruments: Classification

These amendments, with the exception of IFRIC 20, are expected in varying degrees to have an impact on NCC's financial statements.

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 (September 2012) Accounting for Legal Entities issued by the Swedish Financial reporting Board and statements issued by the Swedish Financial reporting Board. For tax reasons, the Swedish Financial Reporting Board 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
- Joint ventures
- Construction contracts and similar assignments
- Leasing
- Income taxes
- Financial instruments
- 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

As of January 1, 2010, the acquisition of business operations is handled in accordance with the purchase method. This method entails that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities. The fair value on the date of acquisition of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, is determined in the acquisition analysis.

In the event of a business combination in which transferred compensation, any non-controlling interests and the fair value of previously owned interests (in connection with business combinations achieved in stages) exceed the fair value of the acquired assets and assumed liabilities that are recognized separately, the difference is recognized as goodwill. When the difference is negative, what is known as a bargain purchase, this is recognized directly in profit or loss. Conditional purchase considerations are recognized at fair value at the date of acquisition. These are remeasured in connection with every reporting occasion and the change is recognized in profit or loss. In connection with acquisitions that occur in stages, goodwill is set on the date when controlling influence arises. Previous holdings are measured at fair value and the value change is recognized in profit or loss.

Acquired and divested companies are included in the consolidated income statement, balance sheet and cash flow statement during the holding period.

For business combinations completed between January 1, 2004 and 31 December 2009 and for which the acquisition cost exceeds the fair value of acquired assets and assumed liabilities, as well as any contingent liabilities that are recognized separately, the difference is recognized as goodwill.

The classification and the treatment for accounting purposes of business combinations that occurred prior to January 1, 2004 were not retested in accordance with IFRS 3 when the opening balance in the consolidated financial statements at January 1, 2004 was established in accordance with IFRS.

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 at acquisition value (cost). Should the recoverable value of shares in subsidiaries fall below the fair value, an impairment loss is recognized. Dividends received are recognized as revenue. For information on NCC's subsidiaries, refer to Note 22, Participations in Group companies.

Non-controlling interests

In companies that are not wholly owned subsidiaries, non-controlling interests are recognized as the share of the subsidiaries' equity held by external shareholders. This item is recognized as part of the Group's shareholders' equity. Non-controlling interests are recognized in profit or loss. Information about the share of profit attributable to non-controlling interests is disclosed in conjunction with the consolidated income statement.

The effects of transactions with non-controlling interests are recognized in shareholders' equity if they do not give rise to a change in controlling influence and, since 2010, these transactions no longer give rise to goodwill or gains or losses.

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 23 for information about the Group's participations in associated companies, and Note 25 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 that accrued after the acquisition reduced by 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 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 also to Note 11, Result from 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 24, Participations in joint ventures that are consolidated in accordance with the proportional method.

In the Parent Company, joint ventures are recognized at acquisition value less any impairment losses. Dividends received are recognized as revenue. For results from participations in joint ventures, also refer to Note 11, Results from participations in associated companies.

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 42, Transactions with related companies.

Internal pricing

Market prices are applied for transactions between Group entities.

Foreign subsidiaries, associated companies and joint ventures

Foreign subsidiaries, associated companies and joint ventures 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 to other comprehensive income. When subsidiaries, associated companies and joint ventures are divested, the accumulated translation difference is recognized under consolidated profit/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

Percentage-of-completion income recognition of construction projects

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 of ongoing projects is reflected immediately in the financial statements. Percentage-of-completion income recognition is subject to a component of uncertainty. Due to unforeseen events, the final profit of the projects 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 32 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, 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

Contracts connected to operation and maintenance agreements with a central government, county council or municipality

For agreements that contain both a contract and an operation and maintenance service, the revenue must be allocated to the various parts. Depending on how the payment is to be made, NCC may either receive a financial asset in accordance with a predetermined payment plan or an intangible asset providing the right to possible payment. The payments must be discounted.

The part that pertains to the contract-related service is recognized on a percentage-of-completion basis. Due to the above classification, the operation and maintenance part is recognized as revenue on an even basis over the term of the contract or when the benefits are transferred to NCC.

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 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 38, Work in progress on another party's account and net sales.

Proprietary housing projects

Profit from proprietary housing projects is recognized at the time the housing unit is transferred to the end customer.

Profit from sales of housing units to investors

Profit from sales of housing units to investors is recognized at the time when material risks and rewards are transferred to the acquirer, which normally coincides with the transfer of the right of ownership.

Housing projects sold prior to completion of construction may, if certain conditions have been met, be recognized as profit in two separate transactions; one for the development of land and housing, within NCC Housing, on condition that the risks and rewards have been transferred, and the second one for the construction contract, within NCC's construction units, in pace with completion.

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 may, if certain conditions have been met, be 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 which is recognized in NCC Property Development, 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 within NCC Construction units 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, any rental guarantees are recognized as prepaid income, which is then recognized as revenue as rental activity progresses. The supplementary purchase consideration is recognized as revenue when the agreed leasing rate has been achieved.

Result from sales of owner-occupied properties

These items include the realized result of sales of 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 8, Result from property sales.

DEPRECIATION/AMORTIZATION

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 20, Intangible assets and Note 21, 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 9, Impairment losses and reversed impairment losses, Note 20, Intangible assets, and Note 21, 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. Reversal of previously impaired goodwill is not permissible.

The term impairment is also used in connection with revaluations of properties classed as current assets. Valuations of these properties 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.

Financial leasing

Assets leased in accordance with financial leasing agreements are capitalized in the consolidated balance sheet as of the date on which the agreement was concluded and the asset delivered. Corresponding obligations are entered as long-term and current liabilities. The financial leasing liability is measured at the present value of the minimum leasing fees, which is equal to payments that have to be made to the lessor throughout the leasing period. 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

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 41. 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, except when the transactions are recognized in other comprehensive income, with the relating tax effect recognized in comprehensive income. Current tax is tax that is to be paid or received during 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. 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 in cases where they have resulted from the recognition of goodwill or in initial recognition of assets and liabilities that do not affect either recognized 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 profit or loss in the consolidated financial statements. 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 29.

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. Group contributions received and granted, which could be appropriations, are recognized as dividends received in the Parent Company's net financial items.

RECOGNITION OF OPERATING SEGMENTS

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 segment are followed up by the chief operating decision maker, who in NCC's case is the President, 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. Also refer to Note 3 Recognition of 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. Also refer to Note 18, Earnings per share.

INTANGIBLE ASSETS

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

Goodwill arises from acquisitions of companies and operations. Goodwill is not amortized. 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 20 Intangible assets.

TANGIBLE FIXED ASSETS

NCC's property holdings are divided into:

- Owner-occupied 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 21, Tangible fixed assets.

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 for 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 65. For information on the value and type of assets, refer to Note 27 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 cost and, where applicable, taking into account write-ups or impairment losses.

CURRENT ASSETS

Properties classified 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 measured 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 30, Properties classified 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.

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 related to ongoing projects is capitalized. 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. Development expenditure is capitalized when it pertains to land or properties owned by NCC or over which it has control.

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 are divided between:

- Properties held for future development, housing
- Capitalized project development costs
- Ongoing proprietary housing projects
- Completed housing

For a distribution of values, refer to Note 30, Properties classified as current assets. 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 cases where properties are to be sold on, the holdings must be measured at the established market value.

Capitalized project development costs

Development costs are capitalized when they pertain to land or properties owned or controlled by NCC.

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.

Completed housing

Project costs for completed unsold residential properties are reclassified from ongoing housing projects to unsold residential properties at the date of final inspection. Completed unsold housing units are measured at the lowest 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 or NCC Boende AB, certain properties 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 measured at the lower of acquisition value and net realizable value. For a distribution of inventory values, refer to Note 31 Materials and inventories.

FINANCIAL INSTRUMENTS

Acquisitions 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 available for sale. 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 measured at fair value. Impairment losses are posted when testing shows 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 foreign subsidiaries within NCC Housing and NCC Property Development. 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. Group contributions received are recognized as dividends in net financial items. Group contributions granted are recognized as a financial expense, while shareholder contributions are recognized as a part of the investment in the subsidiary and are thus subject to customary impairment testing.

Repurchase of shares

The repurchase of shares (treasury shares), including repurchase costs, has been charged directly against retained earnings. Similarly, the sale of such shares results in an increase in retained earnings. Refer to Note 33 Share capital, for more information on treasury shares.

EMPLOYEE BENEFITS

Share-based remuneration

Instrument issued under the NCC Group's share-based remuneration plan comprise share awards and synthetic (cash-settled) options.

The fair value of allotted share awards is recognized as a personnel cost accompanied by a corresponding increase in shareholders' equity. The fair value is estimated at the date of allotment by means of an adjustment of the discounted value of the future dividends for which the plan participants will not qualify.

Synthetic options give rise to an undertaking in relation to the employee, which is measured at fair value and recognized as a cost accompanied by a corresponding increase in liabilities. The fair value of the synthetic options comprises the market price of the Series B NCC share at the particular financial report occasion adjusted by the discounted value of the future dividends for which the plan participants will not qualify.

At each financial report occasion, the Parent Company makes an assessment of the probability of whether the performance targets will be achieved. Costs are calculated on the basis of the number of shares and synthetic options that are estimated to be settled at the close of the vesting period.

When settlement of the share awards and synthetic options occurs, social security fees have to be paid for the value of the employees' benefit. These vary in the different countries in which NCC is active. During the period in which the services are performed, provisions are also posted for these calculated social security fees based on the fair value of the share awards and the synthetic options, respectively, on the reporting date.

To satisfy NCC AB's undertakings in accordance with the option program, NCC AB has bought back Series B shares. These are recognized as treasury shares and thus reduce shareholders' equity.

For a description of the NCC Group's share-based remuneration program, refer to Note 5 p. 70.

Post-employment remuneration

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	Defined-benefit pension obligations	Defined-contribution pension obligations
Sweden	●	●
Denmark		●
Finland		●
Norway	●	●
Germany		●
Other countries		●

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 costs for Swedish pension plans are established in the legal entity and the Group, a provision or receivable is recognized for 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 stated in Note 36 Pensions. For Swedish pension plans, the yield on first-class housing bonds forms the foundation for the discount interest rate. 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 a legal or informal commitment exists due to an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and 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 publicly. 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 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 may be liabilities, provisions included in the balance sheet or obligations not 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 43 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 43 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 44 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 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 2012 and 2011 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 during economic conditions characterized by major uncertainty in terms of the construction market and the global financial market, which has been the case during recent years. 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 29.2 billion (32.7); refer to Note 32 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 2012, impairment losses on properties classed as current assets amounted to SEK 0.0 billion (0.1), which can be compared with their year-end carrying amount of SEK 17.1 billion (14.3).

The assessment of net realizable value is based on a series of assumptions 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 (1.6).

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 20 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 8.4 billion (7.9); 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 1.7 billion (1.9); refer to Note 35 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 gained from past transactions.

Pension obligations

NCC's net pension obligation amounts to SEK 0.2 billion (0.1) which, taking into account an actuarial loss, resulted in a net asset of SEK 1.3 billion (1.3); refer to Note 36 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 36 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 one or two cases, these are difficult assessments and the final outcome could differ from the estimation made.

NOTE 2 DISTRIBUTION OF EXTERNAL NET SALES

	Group		Parent Company	
	2012	2011	2012	2011
Construction and civil engineering	34,467	32,645	22,490	16,684
Industrial operations	11,360	10,980		
Housing development projects	8,609	7,539	3,176	2,156
Property development projects	2,744	1,332		
Other	46	40	96	30
Total	**57,227**	**52,535**	**25,763**	**18,870**
Sales distributed by business segment[1]				
NCC Construction Sweden			22,586	16,714
NCC Housing			3,176	2,156
Total			**25,763**	**18,870**

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

NOTE 3 REPORTING BY OPERATING SEGMENTS

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 and Norway, which construct housing, offices, other buildings, industrial facilities, roads, and other types of infrastructure.

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

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

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

All transactions between the various segments are conducted on a purely commercial basis. In the reporting of segments, Swedish pension costs are recognized by applying Swedish GAAP, with the adjustment to IFRS occurring among "Other and eliminations." Occasionally, certain other items are recognized in "Other and eliminations," primarily impairment losses and provisions, attributable to the operations conducted in the segment.

NOTE 3 REPORTING BY OPERATING SEGMENTS, CONT'D.

	NCC Construction									
GROUP, 2012	Sweden	Denmark	Finland	Norway	NCC Roads	NCC Housing	NCC Property Development	Total segment	Other and eliminations	Group
External net sales	22,080	2,849	4,029	5,510	11,360	8,609	2,783	57,220	6	57,227
Internal net sales	2,963	547	2,680	560	851	2	63	7,668	–7,668	
Total net sales	25,043	3,396	6,709	6,070	12,211	8,612	2,847	64,889	–7,662	57,227
Depreciation/amortization	–153	–18	–13	–71	–356	–14	–3	–628	–3	–631
Impairment losses		–1			–1	–1	–41	–44		–44[1]
Share in associated company profits					5			5		5
Operating profit	801	189	101	81	413	835	295	2,714	–177	2,537
Financial items										–274
Profit after financial items										2,263
Capital employed	1,122	288	267	976	3,089	9,977	4,989	20,708	–2,467	18,241

	NCC Construction									
GROUP, 2011	Sweden	Denmark	Finland	Norway	NCC Roads	NCC Housing	NCC Property Development	Total segment	Other and eliminations[1]	Group
External net sales	21,651	2,678	3,683	4,633	10,980	7,539	1,363	52,526	9	52,535
Internal net sales	1,922	681	2,648	255	786	3	3	6,298	–6,298	
Total net sales	23,574	3,358	6,331	4,887	11,766	7,542	1,366	58,824	–6,289	52,535
Depreciation/amortization	–158	–18	–13	–38	–320	–10	–2	–559	–3	–563
Impairment losses	–6	–1	–4	–1	–32	–98	–38	–180		–180[2]
Share in associated company profits	1				5			5		5
Operating profit	777	169	14	6	414	606	28	2,012	4	2,017
Financial items										–208
Profit after financial items										1,808
Capital employed	921	339	223	495	3,223	8,339	3,697	17,238	–3,499	13,739

OTHER AND ELIMINATIONS

	2012		2011	
	External net sales	Operating profit/loss	External net sales	Operating profit/loss
NCC's Head office, results from minor subsidiaries and associated companies, as well as the remaining portions of NCC International	6	–66[3]	9	–51[4]
Eliminations of inter-company gains		–16		–39
Other Group adjustments (essentially comprising the difference in accounting policies pertaining to Swedish pensions between the segments and the Group)		–95		94
	6	**–177**	**9**	**4**

1) For 2012, this includes impairment losses totaling SEK 41 M on property projects.
2) During 2011, this amount includes the reversal of impairment losses of SEK 6 M in housing projects. Also included are financial impairment losses totaling SEK 7 M, of which SEK 6 M in Construction Sweden and SEK 1 M in NCC Housing.
3) For 2012, this amount includes a project impairment totaling SEK 37 M from the discontinued business area NCC International Projects.
4) For 2011, this includes an expense of SEK 58 M resulting from settlement of a project from the discontinued business area NCC International Projects.

NOTE 3 REPORTING BY OPERATING SEGMENTS, CONT'D.

GEOGRAPHICAL AREAS[1)]

	Orders received		Order backlog		Net sales		Operating profit/loss		No. of employees		Capital employed		Fixed assets[2)]	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sweden	28,659	31,362	23,236	25,855	31,338	28,961	1,526	1,314	10,060	9,939	8,287	6,904	1,917	1,875
Denmark	5,571	6,246	3,586	3,989	6,721	5,853	297	86	2,239	2,204	3,478	3,304	1,261	1,255
Finland	7,461	9,335	6,883	7,776	8,261	8,040	343	229	2,810	2,639	2,708	2,187	320	356
Norway	10,425	7,276	8,397	5,677	8,590	7,046	147	84	2,090	1,777	3,590	2,663	1,482	1,001
Germany	2,664	2,391	2,402	1,950	2,140	2,189	159	118	650	633	985	717	68	63
St. Petersburg	912	875	1,253	839	500	455	80	60	314	256	903	608	6	4
The Baltic countries	68	100	77	102	73	69	–20	–38	12	11	533	588		

1) Refer also to page 14, NCC's geographic markets.
2) Pertains to fixed assets that are not financial instruments, deferred tax assets, assets connected to post-employment remuneration and rights arising in accordance with insurance agreement.

INVESTMENTS AND SALES

	2012	2011
NCC Housing		
Investments in civil engineering projects	28	16
Investments in housing projects	8,997	7,529
Sales of housing projects	6,951	6,264
Housing projects at year-end	11,738	9,860
NCC Property Development		
Property investments	2,692	2,333
Property sales	1,764	861
Property investments at year-end	5,321	4,475

NOTE 4 ACQUISITION OF OPERATIONS

During the third quarter, NCC Construction Norway acquired 100 percent of the shares in OKK Entreprenør A/S and Murerfirma Jan E Engebretsen A/S. The purchase consideration for the two companies was SEK 291 M.

The acquisition of OKK Entreprenør A/S will strengthen NCC's construction operation in Östlandet, Norway, and will supplement NCC's existing expertise in housing construction, refurbishment and construction services. The acquisition of Jan E. Engebretsen, which has considerable masonry, rendering and tiling competencies, will contribute further to strengthening NCC's positions in the Norwegian market.

During the period from the acquisition in August 2012 until December 31, 2012, the two companies contributed SEK 528 M to the NCC's Group net sales. The loss after tax on these sales was approximately SEK 1 M. If the acquisitions had occurred on January 1, 2012, company management believes that the NCC Group's net sales would have been SEK 1,274 M higher and profit after tax SEK 13 M higher.

To further strengthen market positions in Norway, NCC Roads acquired an asphalt operation at the beginning of the year. In addition, NCC Roads acquired a quarry in Sweden, also at the beginning of the year. The purchase consideration totaled SEK 26 M.

From the date of the acquisition until December 31, 2012, the operations contributed SEK 12 M to the NCC Group's net sales and a loss after tax of SEK 5 M. If the acquisitions had occurred on January 1, 2012, company management believes that the impact on the NCC Group's net sales and profit after tax would have been marginal.

ACQUIRED OPERATIONS' NET ASSETS
MEASURED AT FAIR VALUE AT ACQUISITION

SEK M	Acquisition within NCC Construction Norway	Acquisition within NCC Roads	Total
Intangible fixed assets	6	4	10
Tangible fixed assets	18	11	29
Inventories	1		1
Accounts receivable and other receivables	200	14	214
Cash and cash equivalents	219	1	220
Accounts payable and other liabilities	375	11	386
Deferred tax liabilities	1		1
Net identifiable assets and liabilities	**69**	**19**	**88**
Consolidated goodwill	222	7	230
Purchase consideration	**291**	**26**	**318**

CONSOLIDATED GOODWI LL

Goodwill amounted to SEK 230 M and was attributable to strengthened market positions.

ACQUISITION-RELATED EXPENDITURE

Acquisition-related expenditure amounted to SEK 11 M and pertained to external due-diligence fees in connection with the acquisition of companies in Norway. These expenses have been recognized as other operating expenses in profit or loss.

PURCHASE CONSIDERATION

	SEK M
Cash and cash equivalents	318
Purchase consideration	**318**

The acquired cash amounted to SEK 220 M.

NOTE 5 NUMBER OF EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES

AVERAGE NUMBER OF EMPLOYEES

	2012		2011	
	No. of employees	of whom men	No. of employees	of whom men
Parent Company				
Sweden	7,220	6,474	7,213	6,605
Subsidiaries				
Sweden	2,840	2,640	2,723	2,540
Norway	2,093	1,909	1,777	1,625
Finland	2,740	2,254	2,594	2,137
Denmark	2,239	1,958	2,204	1,938
Germany	650	506	633	505
Russia	312	207	256	177
Baltic countries	82	65	57	40
Other countries			2	2
Total in subsidiaries	**10,955**	**9,538**	**10,246**	**8,964**
Group total	**18,175**	**16,012**	**17,459**	**15,569**

Percentage of women, %	2012	2011
Distribution of company management by gender		
Group total, including subsidiaries		
– Boards of Directors	18.7	19.7
– Other senior executives	21.9	18.9
Parent Company		
– Board of Directors	20.0	22.2
– Senior executives	23.1	15.4

WAGES, SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN MEMBERS OF THE BOARD AND SENIOR EXECUTIVES[1] AND OTHER EMPLOYEES

	2012			2011		
	Board of Directors and senior executives (of which, bonus)	Other employees	Total	Board of Directors and senior executives (of which, bonus)	Other employees	Total
Parent Company						
Sweden	30	3,214	3,244	36	3,064	3,100
Total in Parent Company	**30**	**3,214**	**3,244**	**36**	**3,064**	**3,100**
	(4.5)			(4.0)		
Social security expenses			1,419			1,545
– of which, pension costs		310	310	11	436	447
Pension commitments	49			58		
Group total	**253**	**8,507**	**8,759**	**237**	**8,004**	**8,241**
	(38.0)			(40.8)		
Social security expenses			2,524			2,600
– of which, pension costs			759			750
Pension commitments	116			104		

1) The senior executives category comprises 13 people (14) in the Parent Company, and a total of 169 (189) in the Group.

EMPLOYMENT CONDITIONS AND REMUNERATION OF SENIOR EXECUTIVES IN THE PARENT COMPANY

The Chairman of the Board and other Board members elected by the Annual General Meeting receive director fees only 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, partly in the form of share-based 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 2012, there were 13 such executives; at the end of 2012 there were 12, of whom seven were employed by the Parent Company and five by subsidiaries.

VARIABLE REMUNERATION

The maximum variable remuneration payable to CEO Peter Wågström in 2012 amounted to 40 percent of his basic salary. The variable remuneration was based on financial targets established by the Board. The provision posted for 2012 corresponded to 36 percent of his fixed salary, meaning SEK 1,830,390. In 2011, SEK 607,159 was expensed. Variable remuneration for other senior executives in 2012 corresponded to a maximum of 30 to 40 percent of fixed salary based primarily on the outcome of established, primarily financial, targets. The provision posted for variable remuneration payments to other senior executives during 2012 corresponded to 13 to 38 percent (5–35) of basic salary.

PENSION CONDITIONS FOR THE PRESIDENT

CEO Peter Wågström has a defined-contribution pension plan with the premium amounting to 30 percent of his fixed salary. Peter Wågström's retirement age is 62.

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, four 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 secured in a pension foundation. The company has undertaken to pay the ITP plan in full on condition that the senior executive remains in service until the agreed age of retirement.

Other senior executives, who are not part of the aforementioned supplementary pension plan, are encompassed by a defined-contribution pension commitment totaling 30 percent of pensionable salary exceeding 30 income base amounts.

For other senior executives employed outside Sweden, the various pension conditions in those countries of employment will apply.

SEVERANCE PAY

NCC and Peter Wågström are subject to a mutual period of notice of employment termination of six months. Severance pay will amount to 18 months. 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, 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 5 NUMBER OF EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES, CONT'D

REMUNERATION AND OTHER BENEFITS IN 2012

SEK 000s	Total salary, remuneration and benefits[3]	of which, benefits	of which, variable remuneration[4]	of which, share-based remuneration	Other remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	724						
Member of the Board Antonia Ax:son Johnson	425						
Member of the Board Ulf Holmlund	425						
Member of the Board Olof Johansson[1]	314						
Member of the Board Sven-Olof Johansson[1]	314						
Member of the Board Ulla Litzén	425						
Member of the Board Marcus Storch[1]	111						
Member of the Board Christoph Vitzthum	425						
President and CEO Peter Wågström	7,041	46	1,830	185		1,572	546
Other senior executives (seven people)[2]	19,929	354	2,675	435		5,893	7,464
Total Parent Company	**30,133**	**400**	**4,505**	**620**	**0**	**7,465**	**8,010**
Other senior executives employed by subsidiaries (five people)	20,033	511	4,287	468	1,532	3,782	15,373
Total senior executives	**50,166**	**911**	**8,792**	**1,088**	**1,532**	**11,247**	**23,383**

REMUNERATION AND OTHER BENEFITS IN 2011

SEK 000s	Total salary, remuneration and benefits[3]	of which, benefits	of which, variable remuneration[4]	Other remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	629					
Member of the Board Ulf Holmlund	411					
Member of the Board Antonia Ax:son Johnson	411					
Member of the Board Ulla Litzén	411					
Member of the Board Marcus Storch	411					
Member of the Board Christoph Vitzthum	411					
President and CEO Peter Wågström	5,731	53	607		1,420	526
President and CEO Olle Ehrlén	5,575	46	1,241		2,416	24,629
Other senior executives (nine people)[5]	21,756	426	2,280		6,973	13,861
Total Parent Company	**35,746**	**524**	**4,128**	**0**	**10,809**	**39,016**
Other senior executives employed by subsidiaries (4 people)	16,046	451	2,657	7,000	2,226	6,791
Total senior executives	**51,792**	**975**	**6,784**	**7,000**	**13,035**	**45,807**

1) Olof Johansson and Sven-Olof Johansson were elected and Marcus Storch stepped down at the Annual General Meeting on April 4, 2012.
2) The number of senior executives employed in the Parent Company in 2012 was nine up to November, and thereafter eight.
3) Remuneration and benefits pertain to vacation compensation, reduced working hours, company vehicles and, where appropriate, severance pay. Director fees were raised following a resolution at the 2012 and 2011 AGMs. The amounts in the tables are subject to accrual accounting. The amount for CEO Peter Wågström for 2011 also includes remuneration from prior employment before he took office as CEO on April 13, 2011.
4) Variable remuneration pertains to the amounts expensed for each fiscal year.
5) The number of senior executives employed in the Parent Company in 2011 was eight until May, and thereafter nine.

SHARE-BASED REMUNERATION

The AGM in April 2012 resolved, in accordance with the Board's motion, to introduce a long-term performance-based incentive plan for senior executives and key personnel within the NCC Group ("LTI 2012"). The purpose of LTI 2012 is to ensure a focus on NCC's long-term return on equity and to provide prerequisites for retaining and recruiting key personnel.

LTI 2012 is a three-year performance-based plan under which the participants will be allotted, free of charge, performance-based share awards that provide entitlement to Series B shares and to performance-based synthetic shares that provide entitlement to cash remuneration. In view of the introduction of LTI 2012, the maximum short-term variable remuneration payable to the participants will be adjusted downwards by five to ten percentage points of their basic salary.

Performance targets

The number of shares and the cash amount that will finally be allotted/disbursed depends on the extent to which certain predetermined targets are achieved during the performance period (January 1, 2012 through December 31, 2014). The targets that have been set for LTI 2012 comprise the average return on equity in relation to seven benchmark companies during the vesting period, as well as a reduction in the number of worksite accidents as at the end of 2014. For achievement of the first target, 100 percent will be allotted/disbursed if the return exceeds the second best benchmark company, while 25 percent will be allotted/disbursed if the return matches the average for the benchmark category. In between these figures, allotment/payment will occur linearly. For assessment of the second target, an established comparative figure for the industry will be used based on accident-induced days of absence in relation to one million working hours. At the end of 2011, NCC's comparative figure was 14.6. Allotment/disbursement of 100 percent will occur if the ratio for 2014 is less than 7, while 25 percent will be allotted/disbursed if the ratio is less than 10. In between these figures, allotment/payment will occur linearly. For any payment from LTI 2012, a further requirement is that the NCC Group reports a pretax profit.

Allocation

The participants are divided into three categories: President and Chief Executive Officer; other members of Group Management; and business area management and other key personnel. The allotment value for the President and CEO and other members of Group Management is 30 percent of the annual salary and for other key personnel a minimum of 15 percent and a maximum of 30 percent of the annual salary.

The share price that is to form the basis for calculating the number of share awards and synthetic shares is to correspond to the average last price paid during a period of ten trading days immediately following the 2012 AGM, a period when the share is traded ex-rights to dividends (SEK 126.72).

Scope and costs of the plan

Assuming a share price of SEK 125 and the maximum outcome in accordance with LTI 2012 in terms of both shares and cash amount, it is estimated that the cost of LTI 2012, including costs for social security fees, will amount to SEK 62 M, corresponding to approximately 0.46 percent of the total number of shares in the company.

The value that a participant may receive at maximum allotment of Series B shares and maximum cash payment is limited to an amount per share that corresponds to 400 percent of the share price, calculated on the basis of the average last price paid during a period of ten trading days immediately following the 2012 AGM, a period when the share is traded ex-rights to dividends.

NOTE 5 NUMBER OF EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES, CONT'D

Buyback of company shares

In order to cover commitments in accordance with LTI 2012, meaning to cover costs for securing delivery of Series B shares, including costs for social security fees and payments on the basis of the synthetic shares, the AGM resolved to authorize the Board to make decisions on one or several occasions during the period up to the following AGM to buy back a maximum of 867,486 Series B shares. The shares are to be acquired on NASDAQ OMX Stockholm and purchases may only be effected at a price within the registered span of share prices at the particular time, by which is meant the span between the highest price paid and the lowest asked price. The shares are to be paid for in cash.

Transfer of treasury shares

In order to secure delivery of Series B shares, the AGM resolved that the transfer of no more than 303,620 Series B shares to the participants in LTI 2012 was to occur.

The prerequisites and terms and conditions for allotment are presented below and show that all share awards are to be settled through the physical delivery of shares.

NUMBER OF OPTIONS

	Group		Parent Company	
	Share awards	Synthetic options	Share awards	Synthetic options
Outstanding at the start of the period	0	0	0	0
Allotted during the period	131,590	131,590	55,200	55,200
Forfeited during the period	–4,289	–4,289	–4,289	–4,289
Outstanding at period-end	**127,301**	**127,301**	**50,911**	**50,911**
Exercisable at period-end	**0**	**0**	**0**	**0**

All share awards and synthetic options have an exercise price of SEK 0.

Outstanding share awards and synthetic options have a remaining contractual term of two years.

FAIR VALUE AND ASSUMPTIONS

	Share awards	
	Group	Parent Company
Fair value at the measurement date, SEK 000s	9,429	3,771
Share price	SEK 123.30	SEK 123.30
Exercise price	SEK 0	SEK 0
Term of the option	3 years	3 years
Risk-free interest rate	3.95%	3.95%

Dividend has been calculated on the basis of a five-year average of the dividends paid by NCC AB in 2007–2011. All plan participants are subject to the same fair value and assumptions.

PERSONNEL COSTS FOR SHARE-BASED REMUNERATION IN 2012

	Group	Parent Company
Share awards	2	1
Synthetic options	2	1
Social security costs	1	
Total personnel cost for share-based remuneration	**5**	**2**
Total carrying amount for liability for synthetic options	**2**	**1**
Total real value of liability in respect of vested benefits	**2**	**1**

NOTE 6 DEPRECIATION/AMORTIZATION

	Group		Parent Company	
	2012	2011	2012	2011
Intangible assets	–24	–17		
Owner-occupied properties	–28	–30	–1	–3
Machinery and equipment[1)]	–579	–516	–47	–52
Total depreciation/ amortization	**–631**	**–563**	**–48**	**–55**

1) Of which, depreciation for leased equipment in the Group amounts to 74 (72).

NOTE 7 FEES AND REMUNERATION TO AUDIT FIRMS

	Group		Parent Company	
	2012	2011	2012	2011
Audit firms				
PwC				
Auditing assignments	16	16	5	4
Audit in addition to the audit assignment	1	1	1	1
Other assignments	2	2	1	
Other auditors				
Auditing assignments	1	1		
Total fees and remuneration to auditors and audit firms	**20**	**20**	**7**	**5**

Auditing assignments are defined as the statutory audit of the annual accounts and the consolidated financial statements and of the bookkeeping as well as of the administration of the Board of Directors and the President, and also audit and other examinations conducted pursuant to agreement or contract. This includes 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 SALES OF PROPERTIES

	Group		Parent Company	
	2012	2011	2012	2011
Owner-occupied properties				
Sales value	27	12		3
Carrying amount	–24	–5		–1
Total	**3**	**7**		**2**

NOTE 9 IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

	Group		Parent Company	
	2012	2011	2012	2011
Production costs				
Housing projects	–1	–97		
Properties held for future development within NCC Property Development	–41	–38		
Financial expenses				
Other securities		–7		–7
Result from participations in subsidiaries				
Shares in subsidiaries			–70	–651
Impairment loss and reversal of impairment losses, fixed assets				
Owner-occupied properties	–1	–5		
Machinery and equipment	–1	–1		
Goodwill in NCC Roads[1)]		–32		
Total	**–44**	**–180**	**–70**	**–658**

1) Impairment of goodwill, refer also to Note 20.

NOTE 9 IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES, CONT'D

IMPAIRMENT LOSSES HAVE BEEN REPORTED UNDER THE FOLLOWING HEADINGS IN THE INCOME STATEMENT

	Group		Parent Company	
	2012	2011	2012	2011
Production costs	–42	–135	–1	
Impairment loss, fixed assets	–2	–38		
Financial expenses		–7		–7
Result from participations in Group companies			–70	–651
Total	**–44**	**–180**	**–71**	**–658**

NOTE 10 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

	Group		Parent Company	
	2012	2011	2012	2011
Dividend			596	367
Group contribution received			359	272
Capital gain on sale	6	3	–3	1
Impairment losses			–70	–651
Total	**6**	**3**	**883**	**–11**

NOTE 11 RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

GROUP	2012	2011
Participation in results of associated companies after taxes	5	5
Total	**5**	**5**

Parent Company	2012	2011
Dividends from associated companies and earnings in partnerships and limited partnerships	13	–9
Total	**13**	**–9**

NOTE 12 OPERATING EXPENSES

Consolidated costs were distributed as follows by type of cost:

GROUP	2012	2011
Production-related goods and services, plus raw materials and supplies	42,840	38,933
Change in inventories	–98	–20
Personnel costs	11,285	10,840
Depreciation/amortization	631	563
Impairment losses	44	186
Reversal of impairment losses		–6
Total cost of production, and selling and administration costs	**54,702**	**50,495**

NOTE 13 RESULT FROM OTHER FINANCIAL FIXED ASSETS

PARENT COMPANY	2012	2011
Impairment losses		–7
Total		**–7**

NOTE 14 RESULT FROM FINANCIAL CURRENT ASSETS

PARENT COMPANY	2012	2011
Interest income, Group companies	168	177
Interest income, others	19	15
Total	**188**	**192**

NOTE 15 INTEREST EXPENSE AND SIMILAR INCOME STATEMENT ITEMS

PARENT COMPANY	2012	2011
Interest expense, Group companies	–112	–81
Interest expense, credit institutions	–81	–73
Financial portion of pension expense	–34	–40
Interest expense, other	–6	–8
Exchange-rate differences	24	–5
Other financial items	–14	–6
Total	**–223**	**–213**

NOTE 16 NET FINANCIAL ITEMS

GROUP	2012	2011
Interest income on financial assets held for trading	44	44
Interest income on non-impaired investments held to maturity	8	7
Interest income on non-impaired loans and accounts receivable	7	12
Interest income on bank balances	2	9
Net profit on financial assets available for sale		4
Net exchange-rate changes	11	
Financial income	**73**	**76**
Interest expense on financial liabilities recognized at accrued acquisition value	–282	–225
Interest expense on financial liabilities held for trading		–4
Net loss on financial assets/liabilities held for trading	–5	–3
Impairment loss on financial investments		–7
Net exchange-rate changes		–14
Other financial expenses	–59	–31
Financial expense	**–347**	**–284**
Net financial items	**–274**	**–208**
Of which, changes in value calculated using valuation techniques	5	1

NOTE 17 EFFECTS ON PROFIT AND LOSS OF EXCHANGE-RATE CHANGES

GROUP	2012 Exchange rates, 2011 1)	2012	Exchange-rate effect
Net sales	57,812	57,227	–585
Operating profit	2,566	2,537	–29
Profit after financial items	2,288	2,263	–25
Net profit for the year	1,918	1,899	–19

1) Figures for 2012 converted at 2011 exchange rates.

			Average exchange rate Jan–Dec		Year-end rate	
Country	SEK	Currency	2012	2011	2012	2011
Denmark	100	DKK	117.03	121.23	115.41	120.14
EU	1	EUR	8.71	9.03	8.61	8.93
Norway	100	NOK	116.46	115.84	116.70	114.74
Russia	1	RUR	0.22	0.22	0.21	0.21

NOTE 18 EARNINGS PER SHARE

GROUP	2012		2011	
SEK	Before dilution	After dilution	Before dilution	After dilution
Earnings per share	17.51	17.51	12.08	12.08

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

NOTE 18 EARNINGS PER SHARE, CONT'D

SEK M	2012 Before dilution	2012 After dilution	2011 Before dilution	2011 After dilution
Net profit for the year attributable to Parent Company shareholders	1,894	1,894	1,310	1,310
Weighted average number of shares outstanding				
Thousands of shares				
Total number of shares, January 1	108,436	108,436	108,415	108,415
Total number of shares, December 31	108,020	108,020	108,436	108,436
Weighted average number of shares for the year	108,159	108,159	108,428	108,428

During 2012, NCC established a long-term performance-based incentive plan, which will result in dilution at the end of the plan in 2015.

NOTE 19 APPROPRIATIONS AND UNTAXED RESERVES

	Appropriation		Untaxed reserves	
PARENT COMPANY	2012	2011	2012	2011
Accumulated depreciation in excess of plan				
– machinery and equipment		2	13	12
Tax allocation reserve	–231		231	
Reserve in work in progress	–174	–6	495	322
Total	**–405**	**–4**	**739**	**334**

NOTE 20 INTANGIBLE ASSETS

	Group				Parent Company
	Acquired intangible assets				
2012	Goodwill	Usufructs	Other	Total other	Development expenditure
Recognized acquisition value on January 1	**1,864**	**195**	**146**	**340**	**21**
Investments	230	12	73	85	18
Divestment and scrappage		–3	–10	–13	
Reclassifications	15		–22	–22	
Translation difference during the year	–30	–3	–3	–6	
Recognized acquisition value on December 31	**2,080**	**200**	**183**	**383**	**39**
Accumulated amortization on January 1	**0**	**–95**	**–73**	**–168**	**–4**
Divestment and scrappage		3	9	12	
Translation difference during the year	1	1	2	3	
Amortization according to plan during the year		–11	–13	–24	
Accumulated amortization on December 31	**1**	**–102**	**–75**	**–177**	**–4**
Accumulated impairment losses on January 1	**–257**	**–2**	**–2**	**–3**	
Divestment and scrappage			2	2	
Translation differences during the year	3				
Accumulated impairment losses on December 31	**–254**	**–2**	**0**	**–2**	
Residual value on January 1	**1,607**	**96**	**71**	**167**	**18**
Residual value on December 31	**1,827**	**96**	**108**	**204**	**35**

	Group				Parent Company
	Acquired intangible assets				
2011	Goodwill	Usufructs	Other	Total other	Development expenditure
Recognized acquisition value on January 1	**1,839**	**183**	**88**	**271**	**4**
Investments	33	10	59	69	18
Reclassifications		2		2	
Translation difference during the year	–8	–1	–1	–2	
Recognized acquisition value on December 31	**1,864**	**195**	**146**	**340**	**21**
Accumulated amortization on January 1	**0**	**–86**	**–66**	**–151**	**–4**
Translation difference during the year			1	1	
Amortization according to plan during the year		–10	–7	–17	
Accumulated amortization on December 31	**0**	**–95**	**–73**	**–168**	**–4**
Accumulated impairment losses on January 1	**–226**	**–2**	**–2**	**–3**	
Translation differences during the year	1				
Impairment losses for the year	–32				
Accumulated impairment losses on December 31	**–257**	**–2**	**–2**	**–3**	
Residual value on January	**1,613**	**94**	**20**	**115**	**0**
Residual value on December 31	**1,607**	**96**	**71**	**167**	**18**

NOTE 20 INTANGIBLE ASSETS, CONT'D

IMPAIRMENT TESTING OF GOODWILL IN CASH-GENERATING UNITS

Goodwill totaling SEK 1,827 M is included in NCC's balance sheet. The item is distributed as follows among NCC's business areas:

Unit	2012	2011
NCC Construction	849	616
– of which Sweden	400	400
NCC Roads	956	969
– of which Denmark	605	630
– of which Norway	259	247
NCC Housing	22	22
NCC Group	**1,827**	**1,607**

Impairment testing is based on the future cash-flow of the units, taking into account the market's yield requirement and their risk profile.

Cash flow was based on forecasts established by company management. When deemed necessary, the forecasts have been established with a greater emphasis on the immediate period ahead (five years). The following key assumptions were used:

Long-term growth: In all cases, a long-term sustainable growth rate of 2.0 percent (2.0) has been assumed when the forecast period is over, which reflects anticipated long-term growth in the market. Subject to the exceptions specified below, it is assumed that the growth rate also applies to sales during the forecast period.

Operating margin: The forecast operating margin has been assumed to equal the average for the most recent three years.

Working capital and reinvestment requirement: The requirement has been assumed to match the figure for 2012, with a growth rate equal to the sustainable long-term growth rate.

Discount interest rate after local tax: This has been established based on the following variables: risk-free interest rate, market premium, beta value, capital structure and local tax rates. Although the after-tax discount interest rates vary among the different cash-generating units, in NCC's scenario it amounts to 7.2 percent after tax on the whole. In the preceding year, 6.6 percent after tax was used.

NCC's impairment testing reveals no additional impairment requirement. The difference between the value in use and the carrying amount is lowest for NCC Road's foreign operations. It is assumed that the profitability of these operations will return to the historically achieved levels during the forecast period. The after-tax discount interest rate varies between 7.2–7.7 percent (6.0–6.1) for NCC Roads.

The difference between the estimated value in use and the carrying amount for NCC Roads' Danish and Norwegian operations is SEK 159 M. The table below illustrates the sensitivity of the value in use to changes in certain important variables:

IMPACT OF VALUE IN USE

	Discount interest rate, basic scenario (7.2–7.7%)
0.5-percentage-point reduction in operating margin during the forecast period	–306
1-percent reduction in annual sales growth/ year during the forecast period	–107
0.5-percent increase in discount interest rate	–174

OTHER INTANGIBLE ASSETS

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

Depreciation of quarries occurs in pace with confirmed depletion of net asset value, based on the volume of extracted rock and gravel. The Other intangible assets item consists mainly of software and licenses.

The periods of use for these range from three to five years and amortization is applied on a straight-line basis.

AMORTIZATION IS INCLUDED IN THE FOLLOWING LINES IN THE INCOME STATEMENT

	Group	
	2012	2011
Production costs	–24	–11
Selling and administrative costs		–6
Total	**–24**	**–17**

IMPAIRMENT LOSSES ARE INCLUDED IN THE FOLLOWING LINES IN THE INCOME STATEMENT

	Group	
	2012	2011
Total on line Impairment of fixed assets	–2	–38
Of which impairment of goodwill, as stated above		–32

NOTE 21 TANGIBLE FIXED ASSETS

2012	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	**1,230**	**1**	**6,748**	**7,979**	**82**	**489**	**571**
Investments	119	5	816	940		41	41
Increase through acquisitions			29	29			
Divestment and scrappage	–82		–356	–439	–60	–12	–72
Decrease through company divestments	–2	–1	–15	–18			
Reclassifications			27	27			
Translation difference during the year	–20		–52	–71			
Recognized acquisition value on December 31	**1,245**	**5**	**7,197**	**8,447**	**22**	**519**	**541**
Accumulated impairment losses and depreciation on January 1	**–635**		**–4,540**	**–5,175**	**–68**	**–387**	**–455**
Divestment and scrappage	66		276	342	60	10	70
Reclassifications	–1			–1			
Translation difference during the year	10		42	52			
Impairment losses during the year[1]	–1		–1	–2			
Depreciation during the year	–28		–579	–607	–1	–47	–48
Accumulated impairment losses and depreciation on December 31[2]	**–589**		**–4,803**	**–5,391**	**–8**	**–424**	**–432**
Accumulated revaluation at beginning of the year			**1**	**1**			
Accumulated revaluation at end of year			**1**	**1**			
Residual value on January 1	**595**	**1**	**2,209**	**2,805**	**14**	**102**	**117**
Residual value on December 31	**657**	**5**	**2,395**	**3,057**	**14**	**94**	**108**
Recognized value of financial leasing			**260**	**260**			
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.	–36		–61	–97			

2011	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	**1,205**	**5**	**6,112**	**7,322**	**83**	**462**	**545**
Investments	56	90	774	921		33	33
Increase through acquisitions	9		223	232			
Divestment and scrappage	–36		–328	–364	–1	–6	–6
Decrease through company divestments	–3	–91		–94			
Reclassifications	6	–2	–8	–5			
Translation difference during the year	–6		–26	–32			
Recognized acquisition value on December 31	**1,230**	**1**	**6,748**	**7,979**	**82**	**489**	**571**
Accumulated impairment losses and depreciation on January 1	**–634**		**–4,297**	**–4,931**	**–66**	**–340**	**–406**
Increase through acquisitions	–1		–5	–6			
Divestment and scrappage	34		262	296		5	5
Reclassifications	–3			–3			
Translation difference during the year	3		17	20			
Impairment losses during the year[1]	–5		–1	–6			
Depreciation during the year	–30		–516	–546	–3	–52	–55
Accumulated impairment losses and depreciation on December 31[2]	**–635**		**–4,540**	**–5,175**	**–68**	**–387**	**–455**
Accumulated revaluation at beginning of the year							
Divestment and scrappage			1	1			
Accumulated revaluation at end of year			**1**	**1**			
Residual value on January 1	**571**	**5**	**1,816**	**2,392**	**17**	**122**	**138**
Residual value on December 31	**595**	**1**	**2,209**	**2,805**	**14**	**102**	**117**
Recognized value of financial leasing			**253**	**253**			
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.	–47		–60	–107			

NOTE 22 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share, %[1]	No. of participations[2]	2012	2011
Alsike Utvecklings AB, 556245-9452, Solna	100	16	2	2
Anjo Bygg AB, 556317-8515, Halmstad	100	9	35	35
Bergnäsets Ställningsmontage i Luleå AB, 556393-2838, Luleå	100	1	2	2
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	1	1
Frösunda Exploaterings KB, 916636-6451, Stockholm	98[3]		1	1
Fågelbro Mark AB, 556234-0868, Stockholm	100	200	30	30
Hercules Grundläggning AB, 556129-9800, Stockholm	100	196	59	59
Jaktbacken AB, 556908-8932, Solna	100	1		
JCC Johnson Construction Company AB, 556113-5251, Solna	100	1		
Kallax Cargo AB, 556565-1147, Solna	100	2	1	1
Kungsplattan AB, 556713-0850, Solna	100	1	1	1
Kvarntorget Bostad AB, 556729-8541, Uppsala	100	1	1	
LLC NCC Center, INN7841457408, Russia	100			
LLC NCC Ostland (Russia), INN7802379530, Russia	100			
LLC NCC Real Estate, INN7841322136, Russia	100		85	85
LLC NCC Village, INN7842398917, Russia	100		9	1
Luzern AB, 556336-4727, Solna	100	1	3	3
Marielund 1:7 AB, 556522-7369, Stockholm	100	1	1	1
Mälarstadens Exploaterings AB, 556336-2135, Solna	100	1		
NCC Aktivt Boende AB, 556889-1393, Solna	100	1		
NCC Bau & Holding GmbH, FB-nr 201278a, Austria	100			1
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 Boende Holding 3 AB, 556795-2287, Solna	100	1		
NCC Boende Holding 4 AB, 556824-7901, Solna	100	1		
NCC Boende Holding 5 AB, 556824-7919, Solna	100	1	82	82
NCC Boende Holding 6 AB, 556824-7927, Solna	100	1		
NCC Boende Holding 7 AB, 556824-8230, Solna	100	1		

PARENT COMPANY			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share, %[1]	No. of participations[2]	2012	2011
NCC Boende Holding 8 AB, 556824-8248, Solna	100	1	65	
NCC Boende Holding 9 AB, 556845-8797, Solna	100	1		
NCC Boende Holding 10 AB, 556845-8821, Solna	100	1		
NCC Boende Holding 11 AB, 556866-8692, Solna	100	1		
NCC Boende Holding 12 AB, 556887-7079, Solna	100	1		
NCC Bolig AS, 32 65 55 05, Denmark	100	5	272	272
NCC Bolig AS, 997 674 783, Norway	100	8	41	41
NCC Construction Danmark A/S, 69 89 40 11, Denmark	100	400	115	115
NCC Construction Norge AS, 911 274 426, Norway	100	17,500	160	160
NCC Construction Sverige AB, 556613-4929, Solna	100	500	51	50
NCC Deutschland GmbH, HRB 8906 FF, Germany	100		410	410
NCC Elamuarendus, 11398856, Estonia	100		6	6
NCC Försäkrings AB, 516401-8151, Solna	100	500	78	78
NCC Hyresboende AB, 556889-1401, Solna	100	1		
NCC Hällevik AB, 556749-6251, Solna	100	1		
NCC Industries AB, 556001-8276, Stockholm	100	15	22	22
NCC International AB, 556033-5100, Solna	100	1,000	258	258
NCC International Danmark A/S, 26708621, Denmark	100	300		
NCC Kaninen Projekt AB, 556740-3638, Solna	30[4]	300		
NCC Knallen Stockholm AB, 556716-8637, Stockholm	100	1		
NCC Komponent AB, 556627-4360, Solna	100	1	8	8
NCC Nordic Construction Company AB, 556065-8949, Solna	100	3,809	1,018	1,018
NCC Property Development BV, 33.213.877, Netherlands	93		4	4
NCC Property Development Nordic AB, 556743-6232, Solna	100	1	960	960
NCC Purchasing Group AB, 556104-9932, Solna	100	2	1	1
NCC Rakennus Oy, 1765514-2, Finland	100	4	391	391
NCC Roads Holding AB, 556144-6732, Solna	100	275	1,634	1,633
NCC Södra Ekkällan AB, 556679-8780, Solna	100	1	1	1
NCC Treasury AB, 556030-7091, Solna	100	120	16	16
NCC Utvikling AS, 980 390 020, Norway	100	8	3	3
NCC Zinkensdamm AB, 556716-8652, Stockholm	100	1	1	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

1) The ownership share corresponds to the shareholding.
2) Number of shares in thousands.
3) Remaining 2 percent is owned by Frösunda Exploaterings AB.
4) Remaining 70 percent is owned by NCC Property Development AB.

Cont'd. >>>

NOTE 22 PARTICIPATIONS IN GROUP COMPANIES, CONT'D

PARENT COMPANY			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share, %[1]	No. of participations[2]	2012	2011
Siab Investment AB, 556495-9079, Stockholm	100	1		
SIA NCC Housing, 40003941615, Lithuania	100		24	24
Sintrabergen Holding AB, 556498-1248, Stockholm	100	3		
Ställningsmontage and 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
Tipton Ylva AB, 556617-6326, Stockholm	100	1	1	1
UAB NCC Housing, 302477035, Lithuania	100			1
UAB Pletra Projects, 126372247, Lithuania	100			1
Total participations in other companies			**4,958**	**4,882**
Total participations in Group companies			**5,922**	**5,848**

1) The ownership share corresponds to the shareholding.
2) Number of shares in thousands.

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 199 (205). A complete specification is available on NCC's website www.ncc.se or may be ordered from NCC AB.

NOTE 23 PARTICIPATIONS IN ASSOCIATED COMPANIES CONSOLIDATED IN ACCORDANCE WITH THE EQUITY METHOD

GROUP	2012	2011
Carrying amount on January 1	8	7
Acquisition of associated companies	1	1
Carrying amount on December 31	**9**	**8**

1) Participations in associated companies' profit after tax and non-controlling interests in associated companies.

GROUP			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share, %[1]	No. of participations[2]	2012	2011
Aggder Bygg-Gjenvinning AS, 880 704 532, Norway	50		1	1
Asfalt & Maskin, 960 585 593, Norway	50		2	2
Glysisvallen AB, 556315-5125, Hudiksvall	50	1		1
PULS-ISAB Relining i Skandinavien AB, 556813-5890, Mölndal	25		3	1
Östhammarkrossen KB, 916673-1365, Uppsala	50		2	2
Other NCC-owned associated companies 12 (15)			1	1
Total			**9**	**8**

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

NOTE 24 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' net sales, costs, assets and liabilities.

GROUP	2012	2011
Revenues	220	385
Costs	–219	–370
Operating profit	**1**	**15**
Fixed assets	43	46
Current assets	698	587
Total assets	**741**	**633**
Long-term liabilities	283	268
Current liabilities	324	223
Total liabilities	**607**	**491**
Net assets	**134**	**142**

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
Bolig Interessentskabet Tuborg Nord	50
Entreprise 23 consortium	50
Entreprise 26 consortium	50
Fastighets AB Strömstaden	32
Fløng-2 Consortium	50
Fortis DPR, consortium	50
Granitsoppen AB	50
Granitsoppen, KB	50
GR2012 Consortium I/S	50
Hercules-Trevi Foundations AB	50
Kalati SIA	50
Korsnäs, Consortium	50
Koy Albergan	28
Koy Polaristontti 2	50
Koy Polaristontti 3	50
Langebro 2	50
M11-Entreprenør	50
Norvikudde, consortium	50
NVB Beckomberga KB	25
NVB Sköndalsbyggarna AB	33
NVB Sköndalsbyggarna II AB	33
NVB Sköndalsbyggarna KB	33
NVB Sköndalsbyggarna II KB	33
Elinegård Utvecklings AB	50
NFO Consortium I/S	50
NCC LHR Gentofte Consortium	50
NCC MJE Consortium I/S	50
Oraser AB	50
Polaris Business Park Oy	50
PULS Planerad Underhållsservice AB	50
SHH Hyresproduktion AB	50
Scania II, consortium	50
Skattkärrs Byggnads AB	50
Stora Ursvik KB	50
Tipton Brown AB	33
Ullevi Park 4 i Göteborg AB	50
Ullevi Park Holding 4 i Göteborg AB	50
Valtatie OY	50
Vänerbyggen Skattkärrs Byggnads AB & Co KB	50
Öhusen KB	50
Örestad Down Town P/S	60

NOTE 25 PARTICIPATIONS IN ASSOCIATED COMPANIES

PARTICIPATIONS IN ASSOCIATED COMPANIES INCLUDED IN FINANCIAL FIXED ASSETS

PARENT COMPANY			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share, %[1]	No. of participations[2]	2012	2011
Fastighets AB Strömstaden, 556051-7202, Norrköping	32	2	2	2
Oraser AB, 556293-2722, Stockholm	50	1	6	
PULS Planerad Underhålls Service AB, 556379-1259, Malmö	50	15	8	8
Stora Ursvik KB, 969679-3172, Stockholm	50		138	128
Tipton Brown AB, 556615-8159, Stockholm	33	125	15	15
Other 10 (11)			1	1
Total			**169**	**153**

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

NOTE 26 FINANCIAL INVESTMENTS

GROUP	2012	2011
Financial investments classified as fixed assets		
Available-for-sale financial assets		
Shares and participations	22	25
Investments held to maturity		
Interest-bearing securities	136	148
Total	**158**	**173**
Short-term investments classified as current assets		
Financial assets at fair value through profit and loss		
Interest-bearing securities	83	187
Investments held to maturity		
Interest-bearing securities	84	98
Total	**168**	**285**

Carrying amount	2012	2011
Other long-term holdings of securities include:		
Unlisted securities		
Other, unlisted	22	25
Total	**22**	**25**

Investments held to maturity had an established interest rate ranging from 1.7 (2.0) percent to 5.2 (5.8) percent, and had due dates ranging from 3 (3) month to 3 (4) years. Financial assets were impaired by SEK 0 M (7) during the year.

NOTE 27 FINANCIAL FIXED ASSETS

PARENT COMPANY, 2012	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	**14,926**	**145**	**450**	**190**	**11**	**314**	**16,036**
Assets added	146		17	2			165
Assets removed	–310	–135				–121	–566
Recognized acquisition value on December 31	**14,762**	**10**	**467**	**192**	**11**	**193**	**15,634**
Accumulated write-ups on January 1	**268**						**268**
Accumulated write-ups on December 31	**268**						**268**
Accumulated impairment losses on January 1	**–9,345**		**–297**	**–1**	**–6**	**–2**	**–9,651**
Assets removed	308						308
Impairment losses during the year	–70						–70
Accumulated impairment losses on December 31	**–9,108**		**–297**	**–1**	**–6**	**–2**	**–9,414**
Residual value on December 31	**5,922**	**10**	**169**	**191**	**5**	**191**	**6,487**

PARENT COMPANY, 2011	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	**14,408**	**145**	**439**	**121**	**13**	**327**	**15,453**
Assets added	545		11	69	6		631
Reclassifications	8				–8		
Assets removed	–35					–13	–48
Recognized acquisition value on December 31	**14,926**	**145**	**450**	**190**	**11**	**314**	**16,036**
Accumulated write-ups on January 1	**268**						**268**
Accumulated write-ups on December 31	**268**						**268**
Accumulated impairment losses on January 1	**–8,687**		**–297**	**–1**	**–7**	**–2**	**–8,994**
Reclassifications	–8				8		
Impairment losses during the year	–650				–7		–657
Accumulated impairment losses on December 31	**–9,345**		**–297**	**–1**	**–6**	**–2**	**–9,651**
Residual value on December 31	**5,848**	**145**	**153**	**189**	**5**	**312**	**6,651**

NOTE 28 LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

GROUP	2012	2011
Long-term receivables classified as fixed assets		
Receivables from associated companies and joint ventures	113	117
Receivables from sold property and housing projects		4
Pension receivable, net[1]	1,348	1,300
Derivatives held for hedging purposes		1
Other long-term receivables	117	137
Long-term receivables classified as fixed assets	**1,578**	**1,559**
Other receivables classified as current assets		
Receivables from associated companies and joint ventures	24	32
Receivables from sold property and housing projects	442	394
Advance payments to suppliers	7	76
Derivatives held for hedging purposes	37	105
Other current receivables	713	521
Other receivables classified as current assets	**1,223**	**1,127**

1) Also refer to Note 36 Pensions.

NOTE 29 TAX ON NET PROFIT FOR THE YEAR, DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group		Parent Company	
	2012	2011	2012	2011
Tax on net profit for the year				
Current tax cost	–397	–342	–174	–206
Deferred tax cost/revenue	33	–154	–115	–19
Total recognized tax on net profit for the year	**–364**	**–496**	**–289**	**–225**

NOTE 29 *Tax on net profit for the year, deferred tax assets and deferred tax liabilities, cont'd*

	Group				Parent Company			
	2012		2011		2012		2011	
Effective tax	Tax, %	Result	Tax, %	Result	Tax, %	Result	Tax, %	Result
Pretax profit		2,263		1,808		1,510		575
Tax according to company's current tax rate	–26%	–595	–26%	–476	–26%	–397	–26%	–151
Effect of other tax rates for non-Swedish companies		–2		–9				
Changed tax rate in Sweden 2013	5%	120			–2%	–25		
Other non-tax-deductible costs	–1%	–25	–2%	–44	–2%	–25	–32%	–185
Non-taxable revenues	5%	119	2%	44	10%	156	24%	137
Tax effect resulting from utilization of non-capitalized tax loss carryforwards	1%	21						
Tax effect resulting from non-capitalized tax loss carryforwards				–2				2
Tax attributable to prior years		–1		–7		2	–5%	–28
Other		–1		–2				
Recognized tax	**–16%**	**–364**	**–27%**	**–496**	**–19%**	**–289**	**–39%**	**–225**

Current tax has been calculated on the basis of the nominal tax prevailing in the country concerned. Insofar as the tax rate for future years has been amended, that rate is used for calculating deferred tax.

TAX ITEMS RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

	Group	
	2012	2011
Current tax in hedging instruments	–10	–3
Effect in deferred tax of changed tax rate in Sweden 2013	–3	
Deferred tax in cash flow hedging	6	10
	–7	**7**

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES AND TAX LOSS CARRYFORWARDS

	Group		Parent Company	
	2012	2011	2012	2011
Opening carrying amount	–478	–371	246	265
Acquisition of subsidiaries	–1	–17		
Total recognized tax on net profit for the year	–87	–154	–90	–19
Changed tax rate in Sweden in 2013	120		–25	
Tax items recognized in other comprehensive income	3	10		
Translation differences		–1		
Other	–1	55		
	–444	**–478**	**131**	**246**

	Assets		Liabilities		Net	
GROUP	2012	2011	2012	2011	2012	2011
Tangible fixed assets		1	–6		–6	1
Financial fixed assets	40				40	
Non-completed projects			–512	–505	–512	–505
Properties held for future development			–37	–81	–37	–81
Untaxed reserves			–255	–183	–255	–183
Provisions	257	369			257	369
Personnel benefits/pension provisions	10	8	–278	–330	–268	–322
Tax loss carryforwards	246	149			246	149
Other	91	94			91	94
Deferred tax asset/tax liability	**644**	**621**	**–1,088**	**–1,099**	**–444**	**–478**
Offsetting	–363	–430	363	430		
Net deferred tax asset/tax liability	**281**	**191**	**–725**	**–669**	**–444**	**–478**

NOTE 29 TAX ON NET PROFIT FOR THE YEAR, DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES, CONT'D

	Assets		Liabilities		Net	
PARENT COMPANY	2012	2011	2012	2011	2012	2011
Provisions	126	240			126	241
Personnel benefits/pension provisions	5	6			5	6
Deferred tax asset/tax liability	**131**	**246**			**131**	**246**

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 0.3 billion (0.3). These mainly derive from operations conducted outside Sweden, primarily in Germany, and are not expected to be utilized to offset future profits. In the Parent Company, all tax loss carryforwards from the operations are capitalized.

NOTE 30 PROPERTIES CLASSIFIED AS CURRENT ASSETS

GROUP 2012	Properties held for future development	Ongoing property projects	Completed property projects	Total property development projects[2]	Properties held for future development, housing	Housing in production	Completed housing	Total housing projects[3]	Total
Recognized acquisition value on January 1	**2,365**	**1,622**	**529**	**4,516**	**6,164**	**3,752**	**523**	**10,439**	**14,955**
Investments	498	2,287	12	2,797	2,402	6,252	288	8,942	11,739
Increase through acquisitions					45			45	45
Divestment and scrappage	–125	–768	–842	–1,735	–400	–5,761	–698	–6,859	–8,593
Decrease through company divestments					–200			–200	–200
Reclassifications	–473	–430	814	–89	–804	–2	895	89	
Translation difference during the year	–35	–35	–18	–88	–89	–58	–17	–164	–252
Recognized acquisition value on December 31	**2,231**	**2,675**	**495**	**5,401**	**7,119**	**4,183**	**990**	**12,292**	**17,694**
Accumulated impairment losses on January 1	**–41**			**–41**	**–430**	**–3**	**–146**	**–579**	**–620**
Divestment and scrappage					1		1	2	2
Decrease through divestment					18			18	18
Translation difference during the year	1			1	10		3	13	15
Impairment losses during the year[1]	–8		–33	–41			–9	–9	–50
Accumulated impairment losses on December 31	**–48**		**–33**	**–81**	**–401**	**–3**	**–150**	**–554**	**–635**
Residual value on January 1	**2,325**	**1,622**	**529**	**4,475**	**5,734**	**3,748**	**377**	**9,860**	**14,335**
Residual value on December 31	**2,183**	**2,675**	**462**	**5,321**	**6,718**	**4,180**	**840**	**11,738**	**17,059**

GROUP 2011	Properties held for future development	Ongoing property projects	Completed property projects	Total property development projects[2]	Properties held for future development, housing	Housing in production	Completed housing	Total housing projects[3]	Total
Recognized acquisition value on January 1	**1,843**	**881**	**222**	**2,946**	**6,155**	**2,717**	**389**	**9,261**	**12,207**
Investments	711	1,530	45	2,286	1,083	6,202	2	7,287	9,573
Increase through acquisitions					22			22	22
Divestment and scrappage	–25	–484	–109	–618	–92	–5,735	–299	–6,126	–6,744
Decrease through company divestments					–13			–13	–13
Reclassifications	–155	–298	375	–78	–959	595	435	71	–7
Translation difference during the year	–9	–7	–4	–20	–32	–27	–4	–63	–83
Recognized acquisition value on December 31	**2,365**	**1,622**	**529**	**4,516**	**6,164**	**3,752**	**523**	**10,439**	**14,955**
Accumulated impairment losses and depreciation on January 1	**–15**			**–15**	**–339**	**–3**	**–174**	**–516**	**–531**
Divestment and scrappage	13			13	15		22	37	50
Reclassifications	–1			–1	–11		6	–5	–6
Translation difference during the year					2		1	3	3
Reversal of impairment losses					6			6	6
Impairment losses during the year[1]	–38			–38	–102		–1	–103	–142
Accumulated impairment losses on December 31	**–41**			**–41**	**–430**	**–3**	**–146**	**–579**	**–620**
Residual value on January 1	**1,828**	**881**	**222**	**2,931**	**5,816**	**2,714**	**215**	**8,745**	**11,676**
Residual value on December 31	**2,325**	**1,622**	**529**	**4,475**	**5,734**	**3,748**	**377**	**9,860**	**14,335**

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

NOTE 30 PROPERTIES CLASSIFIED AS CURRENT ASSETS, CONT'D

PARENT COMPANY	2012 Properties held for future development	2012 Completed housing	2012 Total housing projects	2011 Properties held for future development	2011 Completed housing	2011 Total housing projects
Recognized acquisition value on January 1	**125**	**66**	**191**	**170**	**64**	**234**
Investments	3	10	13	5	2	7
Divestment and scrappage	–11	–83	–94	–25	–48	–73
Reclassifications	2	222	224	–25	48	23
Recognized acquisition value on December 31	**119**	**214**	**333**	**125**	**66**	**191**
Accumulated impairment losses on January 1	**–10**	**–1**	**–11**	**–17**	**–4**	**–21**
Divestment and scrappage		1	1	7	4	11
Impairment losses during the year[1)]		–9	–9		–1	–1
Accumulated impairment losses on December 31	**–9**	**–9**	**–18**	**–10**	**–1**	**–11**
Residual value on January 1	115	65	180	153	60	214
Residual value on December 31	**110**	**205**	**315**	**115**	**65**	**180**

1) Impairment losses are included in "Production costs" in the income statement.

NOTE 31 MATERIALS AND INVENTORIES

	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Aggregates	402	330		
Building materials	116	92	35	23
Other	136	135		
Total	**655**	**557**	**35**	**23**

NOTE 32 CONSTRUCTION CONTRACTS

WORKED-UP, NON-INVOICED REVENUES

GROUP	2012	2011
Worked-up revenues from non-completed contracts	10,134	4,790
Invoicing for non-completed contracts	–9,352	–3,880
Total	**782**	**910**

INVOICED REVENUES, NOT WORKED-UP

GROUP	2012	2011
Worked-up revenues from non-completed contracts	23,292	32,095
Invoicing for non-completed contracts	–19,051	–27,919
Total	**4,241**	**4,176**

Worked-up revenues from non-completed contracts including recognized gains less recognized loss reserves amounted to SEK 29,185 M (32,709). Advanced payments received amounted to SEK 1,749 M (2,045). Amounts withheld by the customer amounted to SEK 818 M (673).

NOTE 33 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 share	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
2012	**End of year**	**108,435,822**	**867**

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

NOTE 33 SHARE CAPITAL, CONT'D

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
2011	Sale	–21,138
2012	Repurchases	415,500
End of year		**415,500**

The share capital is divided into 108,435,822 shares with a quotient value of SEK 8.00 each. During 2012, 999,939 (169,100) 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	30,133,886	78,301,936	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 56. The Board of Directors proposes an ordinary dividend of SEK 10.00 per share, making a total of SEK 1,080,203,220.

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 2000–2011	–31,977,857	31,977,857	
Shares repurchased during 2000–2003		–6,035,392	–6,035,392
Sale of treasury shares during 2005–2011		6,035,392	6,035,392
No. of shares on Dec. 31, 2011	**31,133,825**	**77,301,997**	**108,435,822**
Conversion of Series A to Series B shares during 2012	–999,939	999,939	
Repurchase of shares in 2012		–415,500	–415,500
No. of shares at Dec. 31, 2012	**30,133,886**	**77,886,436**	**108,020,322**
Number of voting rights	301,338,860	77,886,436	379,225,296
Percentage of voting rights	79	21	100
Percentage of share capital	28	72	100
Closing price Dec. 31, 2012	136.00	136.20	
Market capitalization, SEK M	4,098	10,608	14,706

NOTE 34 INTEREST-BEARING LIABILITIES

GROUP	2012	2011
Long-term liabilities		
Liabilities to credit institutions[1]	5,393	2,686
Financial lease liabilities	256	253
Liabilities to Swedish housing associations and Finnish housing companies	994	507
Liabilities to associated companies	80	84
Other long-term loans	379	320
Total	**7,102**	**3,850**
Current liabilities		
Current portion of liabilities to credit institutions	691	506
Liabilities to Swedish housing associations and Finnish housing companies	1,425	1,049
Liabilities to associated companies	23	22
Other current liabilities	2	8
Total	**2,141**	**1,585**
Total interest-bearing liabilities	**9,242**	**5,435**

1) Including reloaning of SEK 1,500 M (1,500) from the NCC Group's Pension Foundation.

For repayment schedules and terms and conditions, refer to Note 39 Financial instruments and financial risk management.

For interest-bearing long-term liabilities regarding provisions for pensions 9 (6), refer to Note 36 Provisions.

FINANCIAL LEASING

For information on payment schedules for financial leasing liabilities, also see Note 41 Leasing.

PARENT COMPANY	2012	2011
Long-term liabilities		
Reloaning from the NCC Group's Pension Foundation	1,500	1,500
Group companies		150
Total	**1,500**	**1,650**
Current liabilities		
Group companies	3,027	2,896
Other current liabilities	2	3
Total	**3,030**	**2,899**
Total interest-bearing liabilities	**4,530**	**4,549**

For repayment schedules and terms and conditions, refer to Note 39 Financial instruments and financial risk management.

NOTE 35 PROVISIONS

GROUP 2012	Pensions	Taxes	Guaran-tees	Other	Total
On January 1	**6**	**669**	**1,916**	**706**	**3,297**
Changed tax rate in Sweden		–123			–123
Provisions during the year		325	351	203	879
Amount utilized during the year	–2	–105	–494	–149	–750
Reversed, unutilized provisions		–3	–34	–40	–77
Via acquired companies	2	3			5
Reclassifications	3	–37		–1	–35
Translation differences		–4	–17	–7	–28
On December 31	**9**	**725**	**1,722**	**713**	**3,170**

GROUP 2011	Pensions	Taxes	Guarantees	Other	Total
On January 1	**1**	**439**	**1,908**	**824**	**3,172**
Provisions during the year	5	405	297	138	846
Amount utilized during the year		–193	–627	–201	–1,020
Reversed, unutilized provisions		1	–86	–22	–107
Via acquired companies		7			7
Reclassifications		11	427	–31	407
Translation differences		–1	–4	–1	–6
On December 31	**6**	**669**	**1,916**	**706**	**3,297**

PARENT COMPANY 2012	Pensions	Guarantees	Other	Total
On January 1	**3**	**1,060**	**59**	**1,122**
Provisions during the year		–149	5	–144
Amount utilized during the year		–65	–36	–101
On December 31	**2**	**846**	**28**	**876**

PARENT COMPANY 2011	Pensions	Guarantees	Other	Total
On January 1	**3**	**1,231**	**43**	**1,277**
Provisions during the year		1	35	36
Amount utilized during the year		–172	–17	–189
On December 31	**3**	**1,060**	**61**	**1,124**

SPECIFICATION OF OTHER PROVISIONS AND GUARANTEES

	Group		Parent Company	
	2012	2011	2012	2011
Restoration reserve	163	172		
Development risk	2	7		
Other	548	527	28	62
Other provisions	**713**	**706**	**28**	**62**
Guarantee commitments	1,722	1,916	846	1,060
Total	**2,435**	**2,622**	**874**	**1,121**

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.

RESTORATION RESERVE

The restoration reserve is attributable to NCC Roads. The provisions are intended to cover future costs for restoring pits used to mine stone 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.

DEVELOPMENT RISK

Pertains to the risk faced by the developer in connection with sold property projects.

OTHER

The provisions comprise additional costs plus uncertainty in projects as well 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. In October 2011, the Norwegian Competition Authority announced its preliminary ruling regarding suspected transgressions of competition legislation. The suspicions pertain to price collusion in the asphalt industry between Kolo Veidekke and NCC Roads AS in two areas during the years 2005–2008. The preliminary ruling entailed that NCC was to pay a competition-impeding fee corresponding to approximately SEK 200 M. NCC's internal investigation confirmed the suspicions in respect of breaches of competition legislation in the Trondheim area during the period in question. On March 5, 2013, the Norwegian Competition Authority announced its verdict on the matter, whereby the fine was reduced to approximately SEK 160 M, because the authority partly rescinded its previous demand. The verdict may be referred to a general court of law for consideration. In NCC's opinion, the fee is excessive in view of prevailing legal practice and the circumstances of the matter. Against this background, NCC has posted a provision in a reasonable amount to cover its future payment liability, which is a lower amount than the fee now decided by the Norwegian Competition Authority.

NOTE 36 PENSIONS

PENSION COSTS

GROUP	2012	2011
Defined-benefit plans:		
Current service cost	211	198
Interest expense	168	159
Expected return on plan assets	–242	–235
Actuarial gains (–) and losses (+) reported during the year	68	58
Losses (+) or gains (–) on reductions and payments	1	4
Total cost of defined-benefit plans	**206**	**184**
Total cost of defined-contribution plans	**553**	**566**
Payroll taxes and yield tax	**93**	**81**
Total cost of post-employment remuneration	**852**	**831**

The entire cost during the year of post-employment remuneration 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 2012 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) plans that are secured through insurance in Alecta are reported as a defined-contribution plan. In 2012, the contributions for pension insurance arranged by Alecta amounted to SEK 44 M (41).

Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2012, Alecta's surplus in the form of its collective solvency rate amounted to 129 percent (113). 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	2012	2011
Obligations secured in full or in part in funds:		
Present value of defined benefit obligations	5,097	4,748
Fair value of plan assets	4,901	4,610
Net value of obligations funded in full or in part	**195**	**138**
Adjustments:		
Accumulated unrecognized actuarial gains (+) and losses (–)	–1,468	–1,338
Net obligation	**–1,272**	**–1,200**
Special payroll tax/employer contributions	**–74**	**–100**
Net amount in balance sheet (obligation +, asset –)	**–1,346**	**–1,300**
Net amount is recognized in the following balance-sheet items		
Fixed assets	–1,348	–1,300
Provisions for pensions and similar obligations	2	
Net amount in balance sheet (obligation +, asset –)	**–1,346**	**–1,300**
Net amount is distributed among plans in the following countries:		
Sweden	–1,259	–1,251
Norway	–87	–49
Net amount in balance sheet (obligation +, asset –)	**–1,346**	**–1,300**

SUPPLEMENT TO IAS 19, EMPLOYEE BENEFITS, TO BE APPLIED AS OF 2013

The amended standard is to be applied as of January 1, 2013, with changes in comparative figures for 2012. Shareholders' equity at the start of the comparative year, January 1, 2012, will be reduced by unrecognized actuarial losses of SEK 1,338 M, plus special payroll tax of SEK 271 M, less tax of SEK 424 M, resulting in a net amount of SEK 1,186 M.

CHANGE IN OBLIGATION FOR DEFINED BENEFIT PLANS

GROUP	2012	2011
Obligation for defined benefit plans on January 1	**4,748**	**4,650**
Benefits paid	–147	–131
Current service cost plus interest expense	381	357
Curtailments	–3	–3
Settlements		4
Actuarial gains and losses	102	–125
Exchange-rate differences	15	–4
Obligation for defined benefit plans on December 31	**5,097**	**4,748**

CHANGE IN PLAN ASSETS

GROUP	2012	2011
Fair value of plan assets on January 1	**4,610**	**4,360**
Contribution by employer	141	279
Benefits paid	–26	–14
Expected return	242	235
Actuarial gains and losses	–79	–246
Exchange-rate differences	14	–4
Fair value of plan assets on December 31	**4,901**	**4,610**
The plan assets comprise:		
Shares	2,134	1,401
Funds	347	316
Properties	150	151
Interest-bearing securities	2,239	2,708
Others	32	33
Fair value of plan assets on December 31	**4,901**	**4,610**

RETURN ON PLAN ASSETS

GROUP	2012	2011
Return on fair value of plan assets	162	–11
Expected return on plan assets	242	235
Unrecognized actuarial result for plan assets during the year (gain +)	**–79**	**–246**

HISTORICAL VALUES

GROUP	2012	2011	2010	2009	2008
Present value of defined benefit obligations	5,097	4,748	4,650	4,493	3,946
Fair value of plan assets	4,901	4,610	4,360	4,013	3,392
Surplus (–)/deficit (+) in the plan	**195**	**138**	**290**	**480**	**554**
Experience-based adjustment of plan assets	–69	–254	72	111	–403
Experience-based adjustment of benefit obligation	95	128	31	260	45

NOTE 36 PENSIONS, CONT'D

ACTUARIAL ASSUMPTIONS, WEIGHTED AVERAGE VALUE, %

GROUP	2012	2011
Discount interest rate	3.2	3.9
Expected return on plan assets	5.1	5.5
Future salary increases	3.0	3.2
Future pension increases	1.6	2.0
Anticipated inflation	1.6	2.0

PENSION LIABILITY ACCORDING TO THE BALANCE SHEET

	Group		Parent Company	
	2012	2011	2012	2011
Provision for pensions, other	9	6	2	3

COST OF PENSION PAYMENTS

PARENT COMPANY	2012	2011
Proprietary pension payments		
Proprietary costs, excluding interest expense	205	344
Interest expense	33	40
Cost of proprietary pension payments	239	384
Pension payments through insurance		
Insurance premiums	147	130
Subtotal	**386**	**514**
Special payroll tax on pension costs	66	100
Pension costs during the year	**452**	**614**

CAPITAL VALUE OF PENSION OBLIGATIONS

PARENT COMPANY	2012	2011
Capital value of pension obligations pertaining to proprietary pension payments on January 1	2,786	2,486
Cost, excluding interest expense, charged against profit	205	344
Interest expense	33	40
Pension payments	–116	–84
Capital value of pension obligations pertaining to proprietary pension payments on December 31	**2,908**	**2,786**

FAIR VALUE OF ESPECIALLY DETACHED ASSETS

PARENT COMPANY	2012	2011
Fair value of especially detached assets on January 1	3,273	3,004
Return on especially detached assets	174	79
Payment to pension foundations	17	190
Fair value of especially detached assets on December 31	**3,464**	**3,273**
Fair value of especially detached assets is divided among:		
Shares	1,616	1,078
Funds	276	269
Interest-bearing receivables	1,572	1,926
Fair value of especially detached assets on December 31	**3,464**	**3,273**

The NCC Group's Pension Foundation has an interest-bearing receivable of SEK 1,500 M (1,500) from NCC AB.

Otherwise, the pension foundations have no financial instruments issued by the company or assets used by the company.

NET PENSION OBLIGATIONS

PARENT COMPANY	2012	2011
Capital value of pension obligations pertaining to proprietary pension payments on December 31	2,908	2,786
Fair value of especially detached assets on December 31	3,464	3,273
Surplus on especially detached assets	558	490
Net recognized pension obligations	**2**	**3**

ASSUMPTIONS UNDERLYING DEFINED-BENEFIT OBLIGATIONS

PARENT COMPANY	2012	2011
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 37 OTHER LIABILITIES

GROUP	2012	2011
Other long-term liabilities		
Liabilities to associated companies	15	15
Derivative instruments held for hedging	63	40
Liabilities for property acquisitions	363	23
Other long-term liabilities	401	566
Total	**841**	**643**
Other current liabilities		
Advance payments from customers	1,749	2,045
Liabilities to associated companies		1
Derivative instruments held for hedging	41	27
Liabilities for property acquisitions	789	134
Other current liabilities	1,367	1,404
Total	**3,945**	**3,611**

NOTE 38 WORK IN PROGRESS ON ANOTHER PARTY'S ACCOUNT AND NET SALES

PARENT COMPANY	2012	2011
Invoicing excluding withheld amount	21,662	22,911
Withheld amount	256	340
Total invoicing	**21,918**	**23,251**
Costs incurred excluding reserve for losses	–19,943	–20,863
Reserve for losses	73	243
Total costs incurred	**–19,870**	**–20,620**
Total work in progress on another party's account	**2,048**	**2,631**
Profit-recognized invoicing		
Invoicing during the year	24,429	23,538
Invoiced but not recognized as profit on January 1	23,251	18,583
Less: Invoiced but not recognized as profit on December 31	–21,918	–23,251
Total revenues	**25,763**	**18,870**

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

FINANCE POLICY (PRINCIPLES FOR RISK MANAGEMENT)

Through its business operations, the Group is exposed to financial risks. These financial risks are defined as refinancing, liquidity, interest-rate, exchange-rate, credit, counterparty risks and guarantee capacity 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.

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONT'D

CONTRACTUAL CONDITIONS

NCC is subject to a covenant in the form of the debt/equity ratio that is associated with the syndicated credit facility of EUR 325 M that was concluded with a group of banks and had a remaining term to maturity of about four years. 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 35 months (38) in terms of total interest-bearing liabilities. Financing of SEK 2,420 M (1,556) pertaining to construction conducted by Finnish housing companies and Swedish tenant-owners' associations is linked to each particular housing development project and the capital tied up, 21 (16) months, in financing reflects this relationship. Excluding loans in Finnish housing companies and Swedish tenant-owners' associations, the capital is tied up for 40 (47) months.

MATURITY STRUCTURE, CAPITAL DECEMBER 31, 2012

	Interest-bearing liabilities	
Matures	Amount	Proportion, %
2013	2,140	23
2014	1,635	18
2015	1,387	15
2016	1,776	19
2017[1]	1,721	19
2018	276	3
2019–	318	3
Total	**9,252**	**100**

[1] Of which, reloaning from the NCC Group's Pension Foundation accounted for SEK 1,500 M.

NCC has established the following investor-related market-financing programs:

MARKET–FINANCING PROGRAMS

	Limit	Utilized Nom SEK M
Commercial paper (CP) program in Finland	EUR 300 M	
Commercial paper (CP) program in Sweden	SEK 4,000 M	680
Medium Term Note (MTN) in Sweden	SEK 5,000 M	3,111
Total		**3,791**

[1] Of which, bonds listed on NASDAQ OMX Stockholm in a nominal amount of SEK 1,850 M.

Of NCC's total interest-bearing liability, investor-related loans accounted for 41 percent (24).

LIQUIDITY RISKS

To achieve adequate flexibility and cost-effectiveness, while ensuring that future payment capacity is satisfied, the Group's access to funds consists essentially of committed lines of credit. NCC's credit policy states that the Group's payment capacity 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 billion 3.8 (3.5), with a remaining average maturity of 3.6 years (1.5). Available cash and cash equivalents are invested in banks or in interest-bearing instruments with good credit ratings and a liquid secondary market. At year-end, the Group's cash and cash equivalents, including short-term investments, amounted to SEK 2.8 billion (1.1). Access to funds on December 31, 2012 corresponded to 11 percent (8) of sales.

The table below shows the Group's financial liabilities (including interest payments) and derivative instruments classed as financial liabilities. For financial instruments carrying variable interest rates, the interest rate pertaining on the balance-sheet date has been used. Amounts in foreign currency have been translated to SEK based at the exchange rate applying on the balance-sheet date.

ANALYSIS OF MATURITIES (AMOUNTS INCLUDING INTEREST)

	2012						2011					
	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 NCC Group's Pension Foundation	1,823		65	129	1,629		1,905		81	162	1,662	
Interest-bearing liabilities	5,677	383	475	2,312	2,086	421	2,413	491	94	783	943	102
Interest-bearing liabilities in Finnish housing companies and Swedish housing companies[1]	2,509	131	1,343	828	6	201	1,611	244	837	458	3	69
Financial leasing liabilities	278	1	4	168	105		272		1	193	78	
Derivatives	159	28	55	44	32		49	4	6	17	18	4
Accounts payable	4,659	4,659					4,131	4,131				
Total	**15,105**	**5,202**	**1,942**	**3,481**	**3,858**	**622**	**10,381**	**4,870**	**1,019**	**1,613**	**2,704**	**175**

[1] The due date for interest-bearing liabilities in unsold completed projects in Finnish housing companies is defined as the due date for the longterm loan agreements. However, the loans will be redeemed in pace with sales of the housing units.

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONT'D

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, when exposure is reduced by the maturity for cash and cash equivalents and short-term investments excluding cash and cash equivalents in Finnish housing companies and Swedish housing companies, 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-rate 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 2012, NCC's interest-bearing gross debt amounted to SEK 9,252 M (5,442) and the average interest-rate maturity was 10 months (7). Excluding loans in Finnish tenant-owner housing companies and Swedish tenant-owners' associations, the gross liability amounted to SEK 6,833 M (3,886) and the average interest-rate maturity was 13 (10) months, including interest-rate swaps linked to the borrowing portfolio. Short-term investments and cash and cash equivalents, excluding cash and cash equivalents in Finnish housing companies and Swedish tenant owner associations, amounted to SEK 2,751 M (1,044) and the average interest-rate maturity for these assets was 1 month (6). The average interest rate maturity reduced by interest-rate exposure associated with cash and cash equivalents, and short-term investments excluding cash and cash equivalents in Finnish housing companies and Swedish tenant-owner housing companies, was 13 months (9), including interest-rate swaps linked to the borrowing portfolio.

On December 31, 2012, NCC had interest-rate swaps linked to the borrowing portfolio with a nominal value of SEK 1,100 M (660). Other interest-rate swaps, intended for the hedging of the interest-rate risk in a leasing contract, had a nominal value of SEK 301 M (313). At the same date, the interest-rate swaps linked to the borrowing portfolio had a negative fair value of SEK 20 M (neg: 1) net, comprising assets of SEK 0 M (1) and liabilities of SEK 20 M (2). The other interest-rate swaps had a negative fair value of SEK 47 M (neg: 40) net, comprising liabilities of SEK 47 M (40). The interest-rate swaps linked to the borrowing portfolio have expiration dates ranging from 0.2 (0.1) to 4.3 (1.2) years. The other interest-rate swaps have expiration dates of 4.5 (5.5) years.

INTEREST-RATE MATURITY STRUCTURE AT DEC 31, 2012

	Interest-bearing liabilities, incl. interest-rate swaps	
Maturity	Amount	Proportion, %
2013	7,636	82
2014	263	3
2015		
2016	800	9
2017	200	2
2018	284	3
2019–	69	1
Total	**9,252**	**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 derivatives. The main rule of NCC's finance policy 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 President and CEO may decide on the hedging of foreign net assets in selected companies in excess of the above limits.

External and internal 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 external financing largely occurs in SEK and EUR. The exchange-rate risk that thus arises is managed by means of currency derivatives. The following tables illustrate NCC's financing and the currency swap derivatives used for financing. The stated values include underlying capital amounts.

INTEREST-BEARING LIABILITIES AT DEC 31, 2012

Counter-value in SEK M	Amount	Proportion, %
EUR	2,129	23
LVL	21	
NOK	531	6
SEK	6,571	71
Total	**9,252**	**100**

FINANCING VIA CURRENCY DERIVATIVES[1] AT DEC 31, 2012

Counter-value in SEK M	
Sell DKK	–1,399
Sell EUR	–562
Sell LVL	–235
Sell NOK	–2,061
Sell RUB	–889
Net	**–5,146**

1) Currency swaps and cross-currency swaps.

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	2012			2011		
Currency	Net outflow	Of which hedged	Hedged portion %	Net outflow	Of which hedged	Hedged portion %
EUR	633	474	75	649	537	83
Other	98	27	28	130	118	91
Total	**731**	**501**	**69**	**779**	**655**	**84**

During 2012, 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 a net expense of SEK 2 M (expense: 2). Of this amount, assets of SEK 3 M (6) and liabilities of SEK 5 M (8) have been recognized in the balance sheet.

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONT'D

The table below shows forecast currency flows during 2013–2014, the outstanding hedge position at year-end and the hedged portion.

Counter-value in SEK M	Q1, 2013			Q2, 2013			Q3, 2013			Q4, 2013			Q1, 2014–			Total		
Currency	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %
EUR	147	139	95	144	101	70	100	50	50	98	29	30	83	8	10	572	327	57
Target value %			**90**			**70**			**50**			**30**			**10**			

The outstanding hedge position at year-end in terms of contracted net currency flows had a value of SEK 182 M (neg: 192), of which SEK 21 M (neg: 42) will fall due 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.

Counter-value in SEK M	Dec. 31, 2012					Dec. 31, 2011				
Currency	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedged portion after tax %	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedged portion after tax %
DKK	365	301	82	222	61	365	298	82	220	60
EUR	1,041	834	80	615	59	1,094	937	86	691	63
NOK	170	192	113	142	84	202	170	84	125	62
RUB						–5				
LTL						–6				
LVL	49	47	96	35	71	62	49	79	36	58
Total	**1,625**	**1,374**	**85**	**1,014**	**62**	**1,712**	**1,454**	**85**	**1,072**	**63**

Net assets are hedged through the raising of loans and through currency forward contracts. The carrying amount of loans and currency forward contracts (including underlying capital amounts) used as hedging instruments at December 31, 2012 was SEK 1,374 M (1,454), of which SEK 517 M (0) for loans and SEK 857 M (1,454) for currency forward contracts. Hedge accounting is applied when the criteria for hedge accounting are met. An exchange-rate difference of SEK 37 M (10) before tax was recognized in other comprehensive income. For more information on hedge accounting, refer to Note 1 Accounting policies, Hedging of net investments.

The hedges fulfill effectiveness requirements, meaning that all changes resulting from changed exchange rates are recognized in other comprehensive income.

CREDIT RISKS

Credit and counterparty 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 105 M (171) at the end of 2012. The net receivable per counterparty is calculated in accordance with the market valuation method (FFFS 2007:1). Calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 2,802 M (1,081).

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

	2012		2011	
	Gross	Provision for doubtful receivables	Gross	Provision for doubtful receivables
Not due accounts receivable	6,590		6,409	15
Past-due accounts receivable 1–30 days	801		751	3
Past-due accounts receivable 31–60 days	95	1	48	3
Past-due accounts receivable 61–180 days	218	24	178	10
Past-due accounts receivable >180 days	678	189	513	205
Total	**8,381**	**214**	**7,900**	**236**

Collateral for accounts receivable was received in an amount of SEK 12 M (81).

PROVISION FOR DOUBTFUL RECEIVABLES

	2012	2011
Opening balance	236	303
Provision for the year	69	77
Reversal of previously posted impairment losses	–77	–144
Translation differences	–12	–1
Closing balance	**214**	**236**

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONT'D

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 and cross-currency 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.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

Fair value and carrying amount

GROUP 2012	Financial assets measured at fair value through profit and loss[1]	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[1]	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities				136	22			158	164
Long-term receivables			166					166	166
Accounts receivable			7,725					7,725	7,725
Prepaid expenses and accrued income			1					1	1
Other receivables	26	11	566					603	603
Short-term investments	84			84				168	168
Cash and cash equivalents			2,634					2,634	2,634
Total assets	**110**	**11**	**11,092**	**220**	**22**			**11,455**	**11,461**
Long-term interest-bearing liabilities[2]							7,102	7,102	7,102
Other long-term liabilities		59				4	778	841	841
Provisions for pensions, and similar obligations							9	9	9
Current interest-bearing liabilities							2,141	2,141	2,141
Accounts payable							4,659	4,659	4,659
Accrued expenses and deferred income		5				1	38	44	44
Other current liabilities		5				36	789	830	830
Total liabilities		**69**				**41**	**15,516**	**15,626**	**15,626**

GROUP 2011	Financial assets measured at fair value through profit and loss[1]	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[1]	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities				148	25			173	177
Long-term receivables	1		162					163	163
Accounts receivable			7,265					7,265	7,265
Prepaid expenses and accrued income			4					4	4
Other receivables	62	43	521					626	626
Short-term investments	187			98				285	261
Cash and cash equivalents			796					796	796
Total assets	**250**	**43**	**8,748**	**246**	**25**			**9,312**	**9,292**
Long-term interest-bearing liabilities[2]							3,850	3,850	3,850
Other long-term liabilities		40					603	643	643
Provisions for pensions, and similar obligations							6	6	6
Current interest-bearing liabilities							1,585	1,585	1,585
Accounts payable							4,131	4,131	4,131
Accrued expenses and deferred income						2	8	10	10
Other current liabilities		8				19	135	162	162
Total liabilities		**48**				**21**	**10,318**	**10,387**	**10,387**

1) Held for resale.
2) Reloaning of SEK 1,500 M (1,500) from NCC's Pension Foundation is included.

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONT'D

PARENT COMPANY 2012	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		191			191	191
Other long-term holdings of securities			5		5	5
Other long-term receivables		28			28	28
Accounts receivable		3,267			3,267	3,267
Current receivables from Group companies	9	2,187			2,196	2,196
Current receivables from associated companies		6			6	6
Other current receivables		95			95	95
Short-term investments		5,725			5,725	5,725
Cash and cash equivalents		1,259			1,259	1,259
Total assets	**9**	**12,758**	**5**		**12,772**	**12,772**
Long-term liabilities to credit institutions[1]				1,500	1,500	1,500
Long-term liabilities to Group companies				1,105	1,105	1,105
Other long-term liabilities				96	96	96
Accounts payable				1,991	1,991	1,991
Current liabilities to Group companies				3,237	3,237	3,237
Current liabilities to associated companies				6	6	6
Other current liabilities				2	2	2
Total liabilities				**7,936**	**7,936**	**7,936**

PARENT COMPANY 2011	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		189			189	189
Other long-term holdings of securities			5		5	5
Other long-term receivables		31			31	31
Accounts receivable		3,396			3,396	3,396
Current receivables from Group companies	20	2,158			2,178	2,178
Current receivables from associated companies		18			18	18
Other current receivables		60			60	60
Short-term investments		6,450			6,450	6,450
Cash and cash equivalents		806			806	806
Total assets	**20**	**13,108**	**5**		**13,133**	**13,133**
Long-term liabilities to credit institutions[1]				1,500	1,500	1,500
Long-term liabilities to Group companies				1,263	1,263	1,263
Other long-term liabilities				248	248	248
Accounts payable				1,975	1,975	1,975
Current liabilities to Group companies				3,110	3,110	3,110
Current liabilities to associated companies				4	4	4
Other current liabilities				3	3	3
Total liabilities				**8,103**	**8,103**	**8,103**

1) Reloaning of SEK 1,500 (1,500) from NCC's Pension Foundation is included.

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT, CONT'D

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 levels:

Level 1: in accordance with prices quoted on an active market for the same instruments.

Level 2: on the basis of directly or indirectly observable market data that is not included in Level 1.

Level 3: on the basis of input data that is not observable in the market (which is not applicable for NCC).

GROUP 2012	Level 1	Level 2	Total
Financial assets measured at fair value through profit and loss			
– Derivative instruments held for trading		26	26
– Securities held for trading	84		84
Derivative instruments used for hedging purposes		11	11
Total assets	**84**	**37**	**121**
Financial liabilities measured at fair value through profit and loss			
– Derivative instruments held for trading		41	41
Derivative instruments used for hedging purposes		69	69
Total liabilities		**110**	**110**

GROUP 2011	Level 1	Level 2	Total
Financial assets measured at fair value through profit and loss			
– Derivative instruments held for trading		63	63
– Securities held for trading	187		187
Derivative instruments used for hedging purposes		43	43
Total assets	**187**	**106**	**293**
Financial liabilities measured at fair value through profit and loss			
– Derivative instruments held for trading		21	21
Derivative instruments used for hedging purposes		48	48
Total liabilities		**69**	**69**

PARENT COMPANY 2012	Level 1	Level 2	Total
Derivative instruments used for hedging purposes		9	9
Total assets		**9**	**9**
Derivative instruments used for hedging purposes			
Total liabilities			

PARENT COMPANY 2011	Level 1	Level 2	Total
Derivative instruments used for hedging purposes		20	20
Total assets		**20**	**20**
Derivative instruments used for hedging purposes			
Total liabilities			

NOTE 40 ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2012	2011	2012	2011
Payroll-related costs	2,014	1,916	940	911
Financial expense	44	9		
Prepaid rental revenues	5	5	1	1
Prepaid revenues from rental guarantees	59	86		
Project-related costs	1,424	1,029	510	244
Administrative costs	21	36	1	1
Guarantee costs				
Operating and sales costs	131	111		
Other expenses	50	82	21	28
Total	**3,748**	**3,274**	**1,473**	**1,186**

NOTE 41 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, there are framework agreements 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. In connection with the acquisition of companies in Norway, several operational and financial leasing contracts were included with a remaining maturity of less than five years. 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. NCC leases its premises primarily through operational leasing contracts. The leasing contract for the Group's head office was terminated in connection with acquisition of the property in December 2011.

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	2012	2011
Financial lessee		
Leasing contracts that expire:		
Within 1 year	42	41
Later than 1 year but earlier than 5 years	218	235
Future minimum leasing fees		
Within 1 year	75	78
Later than 1 year but earlier than 5 years	190	207
Present value of future leasing fees		
Within 1 year	72	74
Later than 1 year but earlier than 5 years	187	198
Reconciliation of future leasing fees and their present value		
Future minimum leasing fees	265	285
Less interest charge	–7	–13
Present value of future minimum leasing fees	**258**	**272**
Variable fees included in net profit for the year:		
Interest		
Leased machinery and equipment	7	13
Total	**7**	**13**

NOTE 41 LEASING, CONT'D

OPERATIONAL LEASING

	Group		Parent Company	
	2012	2011	2012	2011
Operational lessor				
Future minimum leasing fees – lessor (leased premises)				
Distributed by maturity period:				
Within one year	13	3		
Later than one year but earlier than five years	6	3		
Later than five years		2		
Operational lessee				
Future minimum leasing fees – lessee				
Leasing contracts that expire:				
Within one year	445	425	2	
Later than one year but earlier than five years	626	598	1	4
Later than five years	389	452		
The year's cost for operational leasing amounts to	483	502	2	1

NOTE 42 TRANSACTIONS WITH RELATED COMPANIES

The main companies that are closely related to NCC are the Nordstjernan Group, companies in the Axel Johnson Group and associated companies and joint ventures. The Parent Company has a close relationship with its subsidiaries; refer to Note 22, Participations in Group companies. For information on NCC's senior executives, refer to Note 5, Number of employees, personnel expenses and remuneration of senior executives.

Transactions involving NCC's associated companies and joint ventures were of a production nature. The transactions were conducted on a purely commercial basis.

GROUP	2012	2011
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	77	122
Purchases from associated companies and joint ventures	64	82
Dividend from associated companies	2	1
Long-term receivables from associated companies and joint ventures	113	117
Current receivables from associated companies and joint ventures	31	37
Interest-bearing liabilities to associated companies and joint ventures	103	106
Current liabilities to associated companies and joint ventures	21	20
Guarantees and guarantee obligations to associated companies and joint ventures	147	127
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	9	73
Purchases from the Nordstjernan Group	663	689
Current receivables from the Nordstjernan Group	4	3
Current liabilities to the Nordstjernan Group	103	74
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group		5
Purchases from the Axel Johnson Group	3	5
Current receivables from the Axel Johnson Group	2	4

PARENT COMPANY	2012	2011
Transactions with Group companies		
Sales to Group companies	1,910	541
Purchases from Group companies	1,044	1,112
Interest income from Group companies	168	177
Interest expense to Group companies	112	81
Dividend from Group companies	955	639
Long-term receivables from Group companies	10	145
Current receivables from Group companies	9,069	9,368
Interest-bearing liabilities to Group companies	3,027	3,046
Current liabilities to Group companies	1,314	1,327
Guarantees and guarantee obligations for Group companies	17,651	12,606
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	23	91
Purchases from associated companies and joint ventures	52	69
Dividend from associated companies and joint ventures	11	
Long-term receivables from associated companies and joint ventures	191	189
Current receivables from associated companies and joint ventures	6	18
Current liabilities to associated companies and joint ventures	6	4
Guarantees and guarantee obligations for associated companies and joint ventures	30	4
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	6	70
Purchases from the Nordstjernan Group	481	487
Current receivables from the Nordstjernan Group	4	3
Current liabilities to the Nordstjernan Group	98	61
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group		5
Purchases from the Axel Johnson Group	1	2
Current receivables from the Axel Johnson Group	2	4

NOTE 43 PLEDGED ASSETS, GUARANTEES AND GUARANTEE OBLIGATIONS

	Group		Parent Company	
	2012	2011	2012	2011
Pledged assets				
For own liabilities:				
Property mortgages	1,001	1,231		
Chattel mortgages	6	6		
Assets subject to liens, etc.	260	253		
Restricted bank deposits	47	12	12	12
Total	**1,314**	**1,503**	**12**	**12**
Other pledged assets:				
Pledging to Nasdaq OMX Stockholm AB	20	19		
Other	10			
Total	**31**	**19**		
Total assets pledged	**1,344**	**1,522**	**12**	**12**
Guarantees and guarantee obligations				
Own contingent liabilities:				
Guarantees on behalf of Group companies			17,651	12,606
Deposits and concession fees	1,182	1,096	1,182	1,096
Other guarantees and contingent liabilities	90	69	90	69
Held jointly with other companies:				
Liabilities in consortiums, partnerships and limited partnerships	176	188	109	115
Total guarantees and guarantee obligations	**1,448**	**1,353**	**19,032**	**13,886**

NOTE 43 PLEDGED ASSETS, CONTINGENT LIABILITIES AND GUARANTEE OBLIGATIONS, CONT'D

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

The guarantee provided by NCC AB as collateral for a building loan raised from a tenant-owner association applies until loans are transferred to the agreed sales by the various property-owning project companies. For jointly owned companies, NCC's share is specified.

NOTE 44 CASH FLOW STATEMENT

CASH AND CASH EQUIVALENTS

GROUP	2012	2011
Cash and bank balances	1,398	702
Short-term investments of less than three months	1,236	94
Total according to balance sheet and cash flow statement	**2,634**	**796**

PARENT COMPANY	2012	2011
Cash and bank balances	1,259	806
Short-term investments	5,725	6,450
Total according to cash flow statement	**6,984**	**7,256**

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.

ACQUISITION OF SUBSIDIARIES

According to the acquisition analyses, the value of acquired assets and liabilities was as follows:

GROUP	2012	2011
Goodwill	230	33
Intangible fixed assets	10	25
Buildings and land		8
Tangible fixed assets	29	203
Financial fixed assets		1
Inventories	1	17
Accounts receivable and other current receivables	214	71
Cash and cash equivalents	220	32
Long-term liabilities	–12	
Accounts payable and other current liabilities	–374	–141
Deferred tax liability	–1	–17
Purchase considerations	**318**	**231**
Acquired cash and cash equivalents	–220	–32
Impact on the Group's cash and cash equivalents	**98**	**199**

SALE OF SUBSIDIARIES

GROUP	2012	2011
Buildings and land	192	
Properties classified as current assets	4	21
Long-term liabilities	–189	
Accounts payable and other current liabilities	–5	–21
Capital gains	1	47
Purchase considerations	**4**	**47**
Sold cash and cash equivalents		
Impact on the Group's cash and cash equivalents	**4**	**47**

ACQUISITION OF TANGIBLE FIXED ASSETS

Group

Acquisitions of tangible fixed assets during the year amounted to SEK 905 M (741), of which SEK 0 M (0) was financed through loans.

Acquisitions of subsidiaries amounted to SEK 318 M (231), of which SEK 220 M (32) had no effect on cash flow. Sales of subsidiaries amounted to SEK 3 M (46), of which SEK 0 M (0) had no effect on cash flow.

Parent Company

Acquisitions of tangible fixed assets during the year amounted to SEK 58 M (51), 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 PAID/RECEIVED

Group

Interest received during the year amounted to SEK 60 M (64). Interest paid during the year amounted to SEK 297 M (235).

Parent Company

Interest received during the year amounted to SEK 188 M (188). Interest paid during the year amounted to SEK 232 M (197).

CASH FLOW ATTRIBUTABLE TO JOINT VENTURES CONSOLIDATED IN ACCORDANCE WITH THE PROPORTIONAL METHOD

GROUP	2012	2011
Operating activities	28	187
Change in working capital	14	57
Investing activities	–9	–4
Financing activities	24	69
Total cash flow	**57**	**309**

CASH AND CASH EQUIVALENTS UNAVAILABLE FOR USE

GROUP	2012	2011
Restricted bank deposits	47	12
Cash and cash equivalents in joint ventures	160	87
Total cash and cash equivalents unavailable for use	**207**	**99**

TRANSACTIONS THAT DO NOT GIVE RISE TO RECEIPTS/DISBURSEMENTS

GROUP	2012	2011
Acquisition of an asset through financial leasing	108	151

NOTE 45 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 2012 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 65.9 percent of the voting rights in NCC AB. Nordstjernan AB, Corporate Registration Number 556000-1421, has its registered Head Office in Stockholm.

NOTE 46 EVENTS AFTER FISCAL YEAR-END

In February 2013, two changes in Group Management were announced. Christina Lindbäck assumes the new position of Senior Vice President Sustainability of the NCC Group on March 1, 2013 and becomes a member of Group Management. Christina Lindbäck is already Vice President Environmental Affairs of the NCC Group. Carola Lavén has been appointed the new President of the NCC Property Development business area and will take office no later than during April 2013. Carola Lavén has previously worked as Business Development Director at Atrium Ljungberg, where she was a member of company management.

Proposed distribution of unappropriated earnings

The Board of Directors proposes	
that the funds available for distribution by the Annual General Meeting	5,335,394,699
be appropriated as follows:	
Ordinary dividend to shareholders of SEK 10.00 per share	1,080,203,220
To be carried forward	4,255,191,479
Total, SEK	**5,335,394,699**

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 March 8, 2013. 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 9, 2013 for adoption.

Solna, March 8, 2013

Tomas Billing
Chairman of the Board

Antonia Ax:son Johnson
Member of the Board

Ulf Holmlund
Member of the Board

Olof Johansson
Member of the Board

Sven-Olof Johansson
Member of the Board

Ulla Litzén
Member of the Board

Christoph Vitzthum
Member of the Board

Karl-Johan Andersson
Member of the Board
representing employees

Lars Bergqvist
Member of the Board
representing employees

Karl G Sivertsson
Member of the Board
representing employees

Peter Wågström
President and CEO

Our audit report was submitted on March 8, 2013

PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

Auditors' report

To the Annual General Meeting of NCC AB, Registered Number: 556034-5174

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of NCC AB for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 42–94.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have performed an audit of the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of NCC AB for the year 2012.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 8, 2013

PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

Multi-year review

INCOME STATEMENT, SEK M	2003	2004	IFRS 2004	2005	2006	2007	2008	2009	IFRIC 15 2009	2010	2011	2012
Net sales	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817	56,005	49,420	52,535	57,227
Production costs	–41,739	–41,809	–42,749	–45,158	–50,729	–52,572	–52,005	–46,544	–50,263	–44,487	–47,721	–51,724
Gross profit	**3,513**	**3,628**	**3,785**	**4,347**	**5,147**	**5,825**	**5,460**	**5,273**	**5,742**	**4,933**	**4,814**	**5,503**
Selling and administrative expenses	–2,717	–2,523	–2,577	–2,677	–2,795	–3,059	–3,197	–3,035	–3,035	–2,682	–2,774	–2,978
Result from property management	50	29	45	17	–5							
Result from sales of managed properties	–26	51	–60	92	9							
Result from sales of owner-occupied properties	16	6	6	19	22	19	15	10	10	2	7	3
Impairment losses on fixed asset	–64	–138	–149	–94	–22	–245	–76	–7	–7	–2	–38	–2
Impairment losses/reversal of impairment losses on properties, NCC Property Development[1)]	–782	–69										
Result from sale of Group companies	4	73	64	–5	7	415	8	5	5		3	6
Competition-infringement fee						–175		–95	–95			
Result from participations in associated companies	11	60	33	49	29	11	9	–1	–1	4	5	5
Operating profit	**5**	**1,117**	**1,147**	**1,748**	**2,392**	**2,790**	**2,219**	**2,150**	**2,619**	**2,254**	**2,017**	**2,537**
Financial income	219	148	209	116	116	131	615	70	78	99	76	141
Financial expense	–547	–310	–412	–284	–245	–313	–449	–526	–592	–345	–284	–415
Net financial items	**–328**	**–162**	**–203**	**–168**	**–129**	**–182**	**166**	**–456**	**–514**	**–246**	**–208**	**–274**
Profit/loss after net financial items	**–323**	**955**	**945**	**1,580**	**2,263**	**2,608**	**2,385**	**1,694**	**2,105**	**2,008**	**1,808**	**2,263**
Tax on profit for the year	–77	–96	–68	–393	–555	–357	–565	–432	–449	–481	–496	–364
Net profit/loss for the year	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**	**1,262**	**1,656**	**1,527**	**1,312**	**1,899**
Attributable to:												
NCC's shareholders	–421	856	873	1,178	1,706	2,247	1,809	1,261	1,654	1,524	1,310	1,894
Non-controlling interests	21	3	3	9	1	4	11	1	1	4	2	5
Net profit/loss for the year	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**	**1,262**	**1,656**	**1,527**	**1,312**	**1,899**

1) As of 2004, impairment losses/reversal of impairment losses on properties in NCC Property Development are reported as production costs.

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 were 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.

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.

2007: The economic boom in combination 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-infringement fee of SEK 175 M. Operating profit included SEK 383 M from the sale of the Polish asphalt and aggregates operations.

2008: NCC reported historically high earnings 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 were affected by price discounts. Earnings were charged with SEK 192 M for impairment losses on land and unsold housing units.

2010: The economic recovery had a favorable impact on the year's earnings. The lower volume was due mainly to fewer completed and handed over projects in NCC Housing and NCC Property Development, a reduction in orders received by the Construction units in 2010 and a cold winter, which resulted in delays and lower activity.

2011: The market trend was positive during 2011 and demand was favorable for buildings, civil engineering and housing operations. Favorable earnings were reported, primarily as a result of more completed and handed over projects in NCC Housing and high volumes in NCC Roads thanks to a long season. SEK 172 M was charged against profit for impairment losses on goodwill in Finland and land in Denmark and Latvia.

2012: Operating profit was high, with the development business accounting for 45 as a result of an increase in completed and handed over projects, which contributed to the strong cash flow. During the year, construction and civil engineering operations reported year-on-year increases in sales and earnings. Net indebtedness increased during 2012, primarily due to investments in property and housing projects.

REVISED ACCOUNTING POLICIES IFRIC 15. COMPARATIVE FIGURES FOR 2009 HAVE BEEN RECALCULATED.

In the Annual Report, comparative figures for 2009 have been recalculated due to the application of IFRIC 15, Agreements for the Construction of Real Estate, as of January 1, 2010. This applies for all tables and figures pertaining to 2009, unless otherwise stated. In brief, the change entails that revenues and earnings from the sale of property and housing projects are normally not to be recognized until the property or the home has been sold, completed and handed over to the customer. This usually results in recognition of a sale being delayed compared with the past. Application of IFRIC 15 also affects assets and liabilities. Among other consequences, tenant owner associations and Finnish housing companies, are recognized, in contrast to the past, in NCC's balance sheet. This primarily increases interest-bearing liabilities but also has an impact on NCC's other key figures.

BALANCE SHEET, SEK M	2003	2004	IFRS 2004	2005	2006	2007	2008	IFRIC 15 2008	2009	IFRIC 15 2009	2010	2011	2012
ASSETS													
Fixed assets													
Goodwill	2,045	1,597	1,790	1,772	1,700	1,651	1,772	1,772	1,750	1,750	1,613	1,607	1,827
Other intangible assets	82	31	31	61	113	96	122	122	120	120	115	167	204
Managed properties	897	41	449	71	65	21	12	12					
Owner-occupied properties and construction in progress	868	821	830	865	796	640	682	682	647	647	576	596	662
Machinery and equipment	1,926	1,803	1,848	1,937	1,940	1,774	1,975	1,975	1,910	1,910	1,816	2,209	2,395
Participations in associated companies	694	609	200	44	47	25	10	10	9	9	7	8	10
Other long-term holdings of securities	167	311	311	265	242	250	227	227	203	203	182	173	158
Long-term receivables	1,217	1,392	1,363	1,246	2,739	1,968	1,338	1,366	1,378	1,397	1,431	1,750	1,859
Total fixed assets	**7,896**	**6,605**	**6,822**	**6,263**	**7,642**	**6,424**	**6,139**	**6,166**	**6,016**	**6,035**	**5,739**	**6,511**	**7,114**
Current assets													
Property projects	3,755	2,002	2,105	2,005	1,955	2,145	3,439	4,018	2,835	2,835	2,931	4,475	5,321
Housing projects	3,510	3,495	4,345	4,395	5,979	8,553	11,377	15,060	8,363	10,137	8,745	9,860	11,738
Materials and inventories	575	604	609	502	443	474	624	624	514	514	537	557	655
Participations in associated companies	116	53											
Accounts receivable	6,167	6,185	6,476	7,137	7,934	8,323	7,820	7,794	6,355	6,340	6,481	7,265	7,725
Worked-up, non-invoiced revenues	2,420	2,696	2,998	2,737	2,840	2,956	1,854	841	1,459	777	804	910	782
Prepaid expenses and accrued income	692	582	587	638	852	1,048	1,169	1,119	844	982	988	1,114	1,544
Other receivables	2,399	1,912	1,819	1,361	1,532	1,979	1,778	1,602	1,472	1,747	1,425	1,151	1,277
Short-term investments	2	32	113	153	173	483	215	215	286	286	741	285	168
Cash and cash equivalents	2,463	2,574	2,514	1,919	1,253	1,685	1,832	1,919	1,831	2,317	2,713	796	2,634
Total current assets	**22,101**	**20,133**	**21,567**	**20,848**	**22,961**	**27,645**	**30,108**	**33,193**	**23,959**	**25,935**	**25,366**	**26,414**	**31,844**
TOTAL ASSETS	**29,997**	**26,738**	**28,389**	**27,110**	**30,603**	**34,069**	**36,247**	**39,359**	**29,976**	**31,970**	**31,104**	**32,924**	**38,958**
SHAREHOLDERS' EQUITY													
Shareholders' equity	6,188	6,728	6,715	6,785	6,796	7,207	6,840	6,243	7,667	7,470	8,111	8,286	8,974
Non-controlling interests	78	84	84	94	75	30	25	25	18	18	21	11	15
Total shareholders' equity	**6,266**	**6,812**	**6,799**	**6,879**	**6,870**	**7,237**	**6,865**	**6,268**	**7,685**	**7,488**	**8,132**	**8,297**	**8,988**
LIABILITIES													
Long-term liabilities													
Long-term interest-bearing liabilities	4,267	3,148	3,485	2,004	2,023	1,590	2,620	2,721	2,941	2,972	2,712	3,850	7,102
Other long-term liabilities	38	34	343	392	561	816	837	837	558	558	921	643	841
Deferred tax liabilities	659	502	481	199	461	431	492	436	710	641	439	669	725
Provisions for pensions and similar obligations	20	180	180	143	119	112	42	42	18	18	1	6	9
Other provisions	1,472	1,641	1,683	1,611	2,157	2,729	3,190	3,029	3,023	2,932	2,722	2,619	2,435
Total long-term liabilities	**6,456**	**5,506**	**6,172**	**4,348**	**5,321**	**5,678**	**7,180**	**7,065**	**7,250**	**7,121**	**6,796**	**7,788**	**11,113**
Current liabilities													
Current liabilities, interest-bearing	4,125	1,107	1,187	1,052	552	1,701	2,929	7,036	391	1,739	1,546	1,585	2,141
Accounts payable	3,855	3,891	3,908	4,520	4,874	4,974	4,356	4,356	3,545	3,536	3,414	4,131	4,659
Tax liabilities	118	261	260	137	170	101	140	140	38	38	449	60	122
Invoiced revenues, not worked-up	3,521	3,563	4,375	4,367	4,823	4,971	5,300	4,784	4,516	4,250	4,092	4,176	4,241
Accrued expenses and prepaid income	3,161	3,231	3,305	3,271	4,592	5,177	4,371	4,234	3,598	3,682	3,336	3,277	3,748
Other current liabilities	2,497	2,368	2,383	2,535	3,400	4,231	5,106	5,474	2,954	4,117	3,341	3,611	3,945
Total current liabilities	**17,276**	**14,421**	**15,418**	**15,883**	**18,411**	**21,154**	**22,202**	**26,026**	**15,041**	**17,361**	**16,177**	**16,839**	**18,855**
Total liabilities	**23,732**	**19,926**	**21,590**	**20,231**	**23,732**	**26,832**	**29,382**	**33,090**	**22,291**	**24,482**	**22,973**	**24,627**	**29,968**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**29,997**	**26,738**	**28,389**	**27,110**	**30,603**	**34,069**	**36,247**	**39,359**	**29,976**	**31,970**	**31,104**	**32,924**	**38,958**

2003: Total assets declined sharply compared with 2002, due mainly to the spinoff of shares in the subsidiary Altima. The decrease in total assets was also an effect of implemented impairment losses and sales of properties and property-related assets in NCC Property Development.

2004: Total assets declined compared with 2003. The changes were mainly due to sales of managed properties within NCC Property Development and the divestment of a number of subsidiaries.

2005: NCC Property Development divested managed properties and received payment for properties sold in the preceding years, which led to a reduction in total assets. All financial objectives were achieved and net indebtedness was reduced to SEK 0.5 billion.

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. All financial objectives were achieved and net indebtedness was reduced to SEK 0.4 billion.

2007: Capital tied-up in property projects increased at 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, higher sales of property and housing projects.

2010: Increased investments in properties held for future development were offset by higher sales of housing units, which resulted in a decrease in housing projects. NCC's positive cash flow resulted in an increase in cash and cash equivalents and short-term investments. Interest-bearing liabilities were reduced through repayments.

2011: Continued investments in housing projects at NCC Housing and in property projects at NCC Property Development resulted in an increased need for financing, which is the main reason for the rise in net indebtedness by SEK 3.5 billion.

2012: Total assets increased, primarily due to continued investments in housing and property projects in the development business. Cash and cash equivalents also rose by improving payment capacity.

Multi-year review, cont'd

KEY FIGURES	2003	2004	IFRS 2004	2005	2006	2007	2008	2009	IFRIC 15 2009	2010	2011	2012
Financial statements, SEK M												
Net sales	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817	56,005	49,420	52,535	57,227
Operating profit/loss	5	1,117	1,147	1,748	2,392	2,790	2,219	2,150	2,619	2,254	2,017	2,537
Profit/loss after net financial items	–323	955	945	1,580	2,263	2,608	2,385	1,694	2,105	2,008	1,808	2,263
Profit/loss for the year	–400	859	876	1,187	1,708	2,252	1,820	1,262	1,656	1,527	1,312	1,899
Investments in fixed assets	1,102	850	866	901	798	780	983	584	584	667	1,257	1,341
Investments in property projects	1,334	413	438	626	1,049	1,493	2,210	1,054	1,215	1,533	2,333	2,692
Investments in housing projects[1]	1,667	1,921	1,920	2,140	3,908	5,392	5,010	1,262	3,193	3,171	7,529	8,997
Cash flow, SEK M												
Cash flow from operating activities	959	3,399	4,161	2,046	2,171	1,031	128	3,318	6,440	2,423	–1,547	–26
Cash flow from investing activities	–196	1,097	1,083	69	–514	134	–306	–481	–481	–489	–857	–906
Cash flow before financing	762	4,517	5,244	2,115	1,657	1,165	–178	2,837	5,960	1,935	–2,404	–932
Cash flow from financing activities	–1,962	–4,380	–5,264	–2,745	–2,307	–763	298	–2,827	–5,549	–1,504	491	2,774
Change in cash and cash equivalents	–1,199	115	–20	–596	–666	432	147	–1	399	396	–1,916	1,838
Profitability ratios												
Return on shareholders' equity, %	neg	14	14	18	27	34	27	18	25	20	17	23
Return on capital employed, %	1	10	9	17	24	28	23	17	17	19	16	15
Financial ratios at year-end, SEK M												
Interest-coverage ratio, %	0.5	3.6	3.6	6.9	11.5	10.2	7.0	4.5	5.0	5.3	7.4	6.5
Equity/assets ratio, %	21	25	24	25	22	21	19	26	23	26	25	23
Interest-bearing liabilities/total assets, %	28	16	17	12	9	10	15	11	15	14	17	24
Net indebtedness	4,891	679	1,149	496	430	744	3,207	754	1,784	431	3,960	6,061
Debt/equity ratio, times	0.8	0.1	0.2	0.1	0.1	0.1	0.5	0.1	0.2	0.1	0.5	0.7
Capital employed at year-end	14,678	11,098	11,503	10,032	9,565	10,639	12,456	11,034	12,217	12,390	13,739	18,241
Capital employed, average	17,770	13,152	14,054	10,930	10,198	10,521	11,990	12,659	15,389	12,033	13,101	16,632
Capital turnover rate, times	2.5	3.5	3.3	4.5	5.5	5.6	4.8	4.1	3.6	4.1	4.0	3.4
Share of risk-bearing capital, %	23	27	26	26	24	23	20	28	25	28	27	25
Average interest rate, %	4.6	4.8	4.8	4.8	4.8	5.2	5.9	4.5	4.5	4.6	4.2	3.6
Average period of fixed interest, years	0.9	1.3	1.3	1.1	2.6	1.8	1.6	1.8	1.8	1.5	0.8	1.1
Order status, SEK M												
Orders received	40,941	45,362	45,624	52,413	57,213	63,344	51,864	45,957	46,475	54,942	57,867	55,759
Order backlog	23,752	27,077	27,429	32,607	36,292	44,740	40,426	34,084	35,951	40,426	46,314	45,833
Per share data, SEK												
Profit/loss after taxes, before dilution	–4.10	8.36	8.53	11.07	15.80	20.75	16.69	11.63	15.26	14.05	12.08	17.51
Profit/loss after taxes, after dilution	–4.10	7.89	8.05	10.86	15.74	20.73	16.69	11.63	15.26	14.05	12.08	17.51
Cash flow from operating activities, after dilution	8.84	31.35	38.39	18.88	20.03	9.51	1.18	30.60	59.39	22.35	–14.27	–0.24
Cash flow before financing, after dilution	7.03	41.67	48.38	19.52	15.29	10.75	–1.64	26.17	54.96	17.84	–22.17	–8.61
P/E ratio, before dilution	neg	10	10	13	12	7	3	10	8	11	10	8
Dividend, ordinary	2.75	4.50	4.50	5.50	8.00	11.00	4.00	6.00	6.00	10.00	10.00	10.00[2]
Extraordinary dividend	6.70[3]	10.00	10.00	10.00	10.00	10.00						
Dividend yield, %	17.0	16.5	16.5	10.9	9.6	15.1	8.1	5.1	5.1	6.8	8.3	7.3
Dividend yield excl. extraordinary dividend, %	5.0	5.1	5.1	3.9	4.3	7.9	8.1	5.1	5.1	6.8	8.3	7.3
Shareholders' equity before dilution	60.45	65.70	65.58	63.30	62.86	66.48	63.10	70.72	68.91	74.81	76.41	82.97
Shareholders' equity after dilution	57.08	62.07	61.95	62.60	62.69	66.48	63.10	70.70	68.90	74.80	76.41	82.97
Share price/shareholders' equity, %	92	134	134	225	298	209	78	167	172	198	158	164
Share price at year-end, NCC B	55.50	88.00	88.00	142.50	187.50	139.00	49.50	118.25	118.25	147.80	121.00	136.20
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	108.4
Treasury shares at year-end	6.0	6.0	6.0	1.2	0.3							0.4
Total number of shares outstanding at year-end before dilution	102.4	102.4	102.4	107.2	108.1	108.4	108.4	108.4	108.4	108.4	108.4	108.0
Average number of shares outstanding before dilution during the year	102.4	102.4	102.4	106.4	108.0	108.3	108.4	108.4	108.4	108.4	108.4	108.2
Market capitalization before dilution, SEK M	5,625	8,984	8,984	15,282	20,242	14,999	5,209	12,809	12,809	16,005	13,136	14,706
Personnel												
Average number of employees	24,076	22,214	22,375	21,001	21,784	21,047	19,942	17,745	17,745	16,731	17,459	18,175

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) Dividend for 2012 pertains to the Board of Directors' motion to the AGM.

3) Extraordinary dividend in 2003 pertains to all shares in Altima.

4) All shares issued by NCC are common shares.

Figures for 2003 to 2008 are not IFRIC 15 adjusted.
Figures for 2003 are not IFRS adjusted.
Figures for 2004 are not adjusted for IAS 39, Financial Instruments.
For definitions of key figures, see p. 113.

Quarterly data

SEK M	Quarterly amounts, 2012 Q1	Q2	Q3	Q4	Full year 2012	Quarterly amounts, 2011 Q1	Q2	Q3	Q4	Full year 2011
NCC Group										
Orders received	11,723	15,453	13,160	15,423	55,759	12,398	18,038	12,499	14,932	57,867
Order backlog	47,899	49,116	48,548	45,833	45,833	43,947	49,882	49,437	46,314	46,314
Net sales	10,659	13,733	13,765	19,069	57,227	8,533	12,851	13,033	18,119	52,535
Operating profit/loss	–130	517	814	1,334	2,537	–281	545	612	1,140	2,017
Operating margin, %	–1.2	3.8	5.9	7.0	4.4	–3.3	4.2	4.7	6.3	3.8
Profit/loss after financial items	–171	447	734	1,252	2,263	–326	502	553	1,080	1,808
Net profit/loss attributable to NCC's shareholders	–131	340	562	1,123	1,894	–238	368	411	769	1,310
Cash flow before financing	–1,242	–2,179	–492	2,980	–932	–1,272	–1,435	–403	706	–2,404
Net indebtedness	–5,201	–8,519	–9,024	–6,061	–6,061	–1,700	–4,302	–4,621	–3,960	–3,960
Earnings per share after dilution, SEK	–1.20	3.13	5.20	10.40	17.51	–2.19	3.40	3.79	7.09	12.08
Average number of shares outstanding after dilution during the year, millions	108.4	108.4	108.0	108.0	108.2	108.4	108.4	108.4	108.4	108.4
NCC Construction Sweden										
Orders received	4,916	5,328	4,471	6,767	21,483	6,286	8,276	5,061	5,650	25,274
Order backlog	20,154	19,030	18,001	17,378	17,378	20,960	23,551	23,068	20,860	20,860
Net sales	5,686	6,453	5,506	7,399	25,043	4,459	5,710	5,548	7,857	23,574
Operating profit	117	133	227	325	801	83	157	193	345	777
Operating margin, %	2.1	2.1	4.1	4.4	3.2	1.9	2.7	3.5	4.4	3.3
Capital employed	294	336	462	1,122	1,122	240	221	377	921	921
NCC Construction Denmark										
Orders received	560	550	720	1,458	3,288	1,052	846	522	1,270	3,689
Order backlog	2,968	2,608	2,399	2,924	2,924	3,181	3,347	3,081	3,154	3,154
Net sales	724	879	819	974	3,396	689	765	815	1,089	3,358
Operating profit	38	46	58	48	189	33	40	41	55	169
Operating margin, %	5.2	5.2	7.0	4.9	5.6	4.8	5.3	5.0	5.1	5.0
Capital employed	368	211	247	288	288	350	268	305	339	339
NCC Construction Finland										
Orders received	1,552	1,777	1,328	1,919	6,576	1,223	2,050	2,652	1,844	7,768
Order backlog	6,187	6,211	5,631	5,667	5,667	4,449	5,093	6,312	5,998	5,998
Net sales	1,331	1,671	1,702	2,005	6,709	1,360	1,549	1,495	1,927	6,331
Operating profit/loss	–13	14	48	53	101	2	–11	6	17	14
Operating margin, %	–1.0	0.8	2.7	2.6	1.5	0.2	–0.7	0.4	0.9	0.2
Capital employed	212	199	228	267	267	251	196	201	223	223
NCC Construction Norway										
Orders received	1,945	3,165	1,923	1,053	8,086	781	1,727	1,077	1,415	5,000
Order backlog	4,812	6,690	8,193	7,265	7,265	3,565	4,262	4,157	3,931	3,931
Net sales	1,154	1,276	1,507	2,133	6,070	1,027	1,152	1,158	1,550	4,887
Operating profit/loss	–12	18	31	43	81	2	9	–28	23	6
Operating margin, %	–1.0	1.4	2.1	2.0	1.3	0.2	0.8	–2.4	1.5	0.1
Capital employed	587	613	970	976	976	279	367	335	495	495
NCC Roads										
Orders received	2,102	3,569	3,299	2,836	11,807	2,121	3,414	2,865	3,429	11,830
Order backlog	5,512	5,553	4,719	4,250	4,250	4,820	5,106	4,111	4,705	4,705
Net sales	1,292	3,510	4,056	3,354	12,211	1,162	3,204	3,853	3,549	11,766
Operating profit/loss	–395	248	441	119	413	–388	271	432	99	414
Operating margin, %	–30.5	7.1	10.9	3.5	3.4	–33.4	8.5	11.2	2.8	3.5
Capital employed	2,872	3,556	3,629	3,089	3,089	2,668	3,592	3,820	3,223	3,223
NCC Housing										
Orders received	1,972	1,798	2,154	3,455	9,380	1,847	3,544	1,339	2,756	9,485
Order backlog	12,100	12,217	12,678	11,932	11,932	10,197	12,355	12,413	11,217	11,217
Net sales	1,045	1,605	1,530	4,432	8,612	844	1,617	1,289	3,791	7,542
Operating profit/loss	81	104	77	573	835	3	84	–34	552	606
Operating margin, %	7.8	6.5	5.0	12.9	9.7	0.4	5.2	–2.6	14.6	8.0
Capital employed	9,050	10,038	10,400	9,977	9,977	7,003	7,376	7,567	8,339	8,339
NCC Property Development										
Net sales	1,043	392	317	1,093	2,847	124	441	344	457	1,366
Operating profit/loss	112	–4	–27	214	295	–41	19	–18	69	28
Capital employed	4,341	4,592	5,125	4,989	4,989	3,260	3,395	3,289	3,697	3,697

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 registered for trading on Nasdaq OMX Stockholm. NCC AB is governed in accordance with Swedish company law and with Nasdaq OMX Stockholm's regulations, which include the Swedish Code of Corporate Governance (for further information concerning the Code, refer to www.corporategovernanceboard.se). NCC AB has applied the Code since it was introduced in 2005. This report has been issued by the Board of Directors but is not part of the formal Annual Report documentation.

This is how NCC is governed

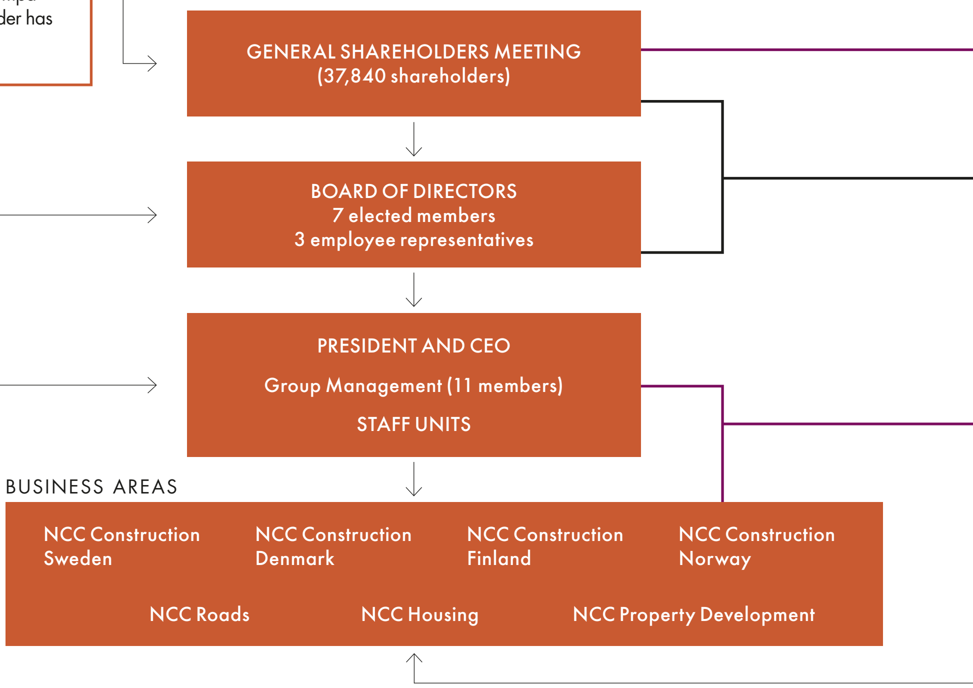
GENERAL SHAREHOLDER MEETINGS

The procedures for notifying shareholders of General Meetings are stipulated in the Articles of Association. Official notice of meetings shall be made in the form of an announcement in Post- and Inrikes Tidningar and on the company's website www.ncc.se. Confirmation that the Official notice has been issued will be announced in Dagens Nyheter and Svenska Dagbladet. According to the Swedish Companies Act, notice of the Annual General Meeting (AGM) 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 four weeks prior to the Meeting. Notice of other Extraordinary General Meetings 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.

SHARE 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. 110–111, 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 conversion matters. Following a conversion decision, the matter is reported to Euroclear Sweden AB for registration. Conversions become effective when the shares are registered.

NCC's control structure 2012



COMPOSITION OF THE BOARD

The Board shall consist of not fewer than five and not more than ten members elected by the AGM. The employees are represented on the Board. The Board Members are elected for a period of one year. During 2012, seven Board Members were elected by the AGM. The Board also included three representatives and two deputies for the employees. Information on individual Board Members is presented on pp. 106–107.

CHAIRMAN OF THE BOARD

The Chairman of the Board directs the work conducted by the Board and maintains continuous contact with the CEO, in order to continuously monitor the Group's operations and development. The Chairman represents the Company in ownership matters. The Chairman of the Board is a co-opted member of the Nomination Committee but has no voting right.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer of the company is Peter Wågström (for details concerning the CEO's age, professional experience, assignments outside the company and holdings of shares in the company, refer to p. 108). 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. 104, "Board of Directors' report on internal control").

DEPUTY CHIEF EXECUTIVE OFFICERS

The company has not appointed any Deputy Chief Executive Officers.

GROUP MANAGEMENT

In 2012, 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, the Senior Vice President for Corporate Communications (as of November 1, 2012), and the Senior Vice Presidents Human Resources and Corporate Legal Affairs. Further information on members of Group Management is presented on pp. 108–109.

Group Management mainly focuses on strategic matters and generally meets once per month.

NOMINATION COMMITTEE

The AGM elects a Nomination Committee whose task is to nominate candidates to the AGM for election as Chairman of the Meeting, Chairman of the Board and Board members, and to propose the fees to these officers. The Nomination Committee shall also nominate auditors and propose the fees to be paid to them.

The Nomination Committee complies with the instructions adopted by the AGM.

EVALUATION OF THE BOARD OF DIRECTORS AND AUDITORS

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. The Board also assists the Nomination Committee in evaluating the work of the auditors.

NOMINATION COMMITTEE
Nomination and remuneration of Board Members and auditors

EXTERNAL AUDIT
(Auditing firm)

INTERNAL CONTROL ENVIRONMENT

GOVERNANCE OF BUSINESS AREAS

The Group is composed of business areas. In all significant respects, the legal corporate structure matches the operational structure. Each business area is managed by a business area president and has a Board of Directors, of which, among others, NCC AB's CEO, CFO and Senior Legal Counsel are members. For certain decisions, the approval of the CEO, 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 and the heads of NCC's Housing units in Germany and St. Petersburg) 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, IT, and coordinating salary-setting and personnel policies.

AUDITORS

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 AGM 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 nominates auditors. Auditors are currently appointed for a period of one year. Until the close of the AGM in 2013, 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 further information on elected auditors see p. 107.

INTERNAL GOVERNANCE AND CONTROL

NCC's operations require a considerable amount of delegated responsibility. Procedures have been formulated within the Group in order to clarify exactly who is entitled to do what and at what 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 ongoing 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 business area President, the CEO, the CFO and the Senior Legal Counsel. 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 50 M must be approved by the CEO and such projects exceeding SEK 150 M must be authorized by NCC AB's Board. Decisions regarding investments corresponding to less than SEK 50 M are the responsibility of the particular business area.

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.

During 2012, NCC further developed its compliance program, entailing the launch in 2013 of a Group-wide and needs-based process within the Group. The process will focus on providing the organization with simple and tangible advice to prevent the risks of improprieties. NCC will also introduce systems support for the reporting of improprieties. Everything will fall within the framework of the value-driven and transparent corporate culture that NCC intends to preserve and further develop. NCC has conducted a comprehensive overview of its operations and has identified risk-exposed areas and processes. In 2013, NCC will launch new procedures and support to enable employees to have the courage to ask for advice in difficult situations, so that ignorance or thoughtlessness does not lead to improper behavior. The work methods include guidelines for handling the most common risk situations. The implementation of the new methods will commence with training courses and discussions with NCC's employees during 2013.

All NCC employees will be encompassed by the training. Employees who have suspicions of unethical or improper behavior must report this to their immediate manager, in the first instance. There is also a whistleblower procedure for anonymous tips. All tips containing sufficient information will lead to investigations and written reports prepared by a hired external official. Subsequently, disciplinary action is taken if the situation so requires.

IMPORTANT EXTERNAL RULES AND REGULATIONS

- Swedish Companies Act
- Listing agreement of NASDAQ OMX Stockholm
- Swedish Code of Corporate Governance
- Annual Accounts Act
- Bookkeeping Act

INTERNAL RULES AND REGULATIONS

- Articles of Association
- Operating procedures for Board work
- Division of work between the Board/CEO
- Decision-making procedures for Group and business areas
- NCC's Code of Conduct
- Policies, regulations, guidelines and instructions

Corporate governance at NCC in 2012

2012 ANNUAL GENERAL MEETING

The 2012 Annual General Meeting (AGM) was held in Stockholm on April 4 and was attended by 357 shareholders representing 48 percent of the share capital and 78 percent of the total number of voting rights. The minutes from the 2012 AGM and from previous AGMs are available at www.ncc.se/bolagsstyrning. The 2012 AGM passed the following resolutions, among others:

- Payment of cash dividend of SEK 10.00 (10.00) per share for the 2011 fiscal year.
- Re-election of Antonia Ax:son Johnson, Tomas Billing, Ulf Holmlund, Ulla Litzén and Christoph Vitzthum as Board Members. New election of Olof Johansson and Sven-Olof Johansson as Board Members. Re-election of Tomas Billing as Chairman of the Board.
- That director fees be payable in a total amount of SEK 3,300,000, distributed in the amount of SEK 750,000 to the Chairman of the Board and SEK 425,000 to each other AGM-elected member.
- Election of Viveca Ax:son Johnson (chairman), Thomas Eriksson and Johan Ståhl as members of the Nomination Committee (see “Nomination Committee 2012” on p. 103).
- Guiding principles for determining the salary and other remuneration of the President and other members of the company’s management were resolved. It was also resolved that a long-term, performance-based incentive plan (LTI) would be introduced for officers of the company and other key persons (see “Remuneration” on p. 48).
- In order to meet the obligations in accordance with LTI 2012, the AGM authorized the Board during the period up to the next AGM to buy back no more than 867,486 Series B shares and to transfer no more than 303,620 Series B shares to participants of the LTI 2012 program. The Board exercised this authorization during the year and bought back 415,500 Series B shares.
- Adoption of income statements and balance sheets for 2011 and discharge from personal liability granted for the Board of Directors and the President.

WORK OF THE BOARD OF DIRECTORS

In 2012, NCC’s Board held six scheduled meetings and two unscheduled meetings as well as the statutory meeting directly after the AGM. The Board’s work focuses primarily on strategic issues, the adoption and follow-up of operational goals, 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 a number of worksite visits in connection with Board meetings. In addition to the CEO and the Chief Financial Officer, 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 “Board of Directors’ report on internal control” on p. 104).

BUYBACK OF NCC SHARES

During the second quarter of 2012, NCC bought back 415,000 Series B shares to cover commitments resulting from the long-term incentive plan (LTI 2012) approved by the 2012 AGM. The shares

Board of Directors 2012

	Elected	Independent in relation to the company and executive management	Independent in relation to major shareholders	Fee, SEK	Board meetings and attendance 2012								
					Feb. 1	Apr. 4	Apr. 4[1]	Apr. 27	Jun. 26	Aug. 15	Sep. 7	Oct. 26	Dec. 14
Board Members elected by the Annual General Meeting													
Tomas Billing	1999	yes	no	724,000	✓	✓	✓	✓	✓	✓	✓	✓	✓
Antonia Ax:son Johnson	1999	yes	no	425,000	–	✓	✓	✓	✓	–	✓	✓	✓
Ulf Holmlund	2004	yes	yes	425,000	✓	✓	✓	✓	✓	✓	✓	✓	✓
Olof Johansson[2]	2012	yes	yes	314,000	–	–	✓	✓	✓	✓	✓	✓	✓
Sven-Olof Johansson[2]	2012	yes	yes	314,000	–	–	✓	✓	✓	✓	✓	✓	✓
Ulla Litzén	2008	yes	yes	425,000	✓	✓	✓	✓	✓	✓	–	✓	✓
Marcus Storch[3]	1998	yes	no	111,000	✓	✓	–	–	–	–	–	–	–
Christoph Vitzthum	2010	yes	yes	425,000	✓	✓	✓	✓	✓	✓	✓	–	✓
Regular employee representatives													
Lars Bergqvist	1991			–	✓	✓	✓	✓	✓	✓	✓	✓	✓
Karl G. Sivertsson	2009			–	✓	✓	✓	✓	✓	✓	✓	✓	✓
Karl-Johan Andersson	2011			–	✓	✓	✓	✓	–	✓	✓	–	✓

1) Statutory Board meeting.
2) Took office at AGM on April 4, 2012.
3) Stepped down at AGM on April 4, 2012.

were bought back at the prevailing market price. Following these buybacks, non-treasury shares in NCC amount to 108,020,322.

REMUNERATION OF EXECUTIVE MANAGEMENT

According to the Swedish Code of Corporate Governance (the Code), 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 full the duties of a remuneration committee. Guidelines for salary and other remuneration for the company's senior executives are resolved by the AGM. Remuneration paid to the CEO is proposed by the Chairman and established by the Board. The CEO does not participate in this decision. Remuneration of other senior executives is proposed by the CEO and approved by the Chairman of the Board. Remuneration of 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 variable remuneration potentially payable to the CEO and other senior executives is linked to predetermined and measurable criteria, which have also been designed to promote long-term value generation in the company. In addition, the maximum outcome of variable remuneration is subject to distinct limits. In the Code, it is stipulated that for agreements signed as of July 1, 2010, the total amount of pay during a period of notice and severance pay may not exceed a sum corresponding to two years of fixed salary. The Board of Directors follows up and evaluates application of the remuneration program applicable for senior executives. 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 on p. 70.

NOMINATION COMMITTEE' 2012

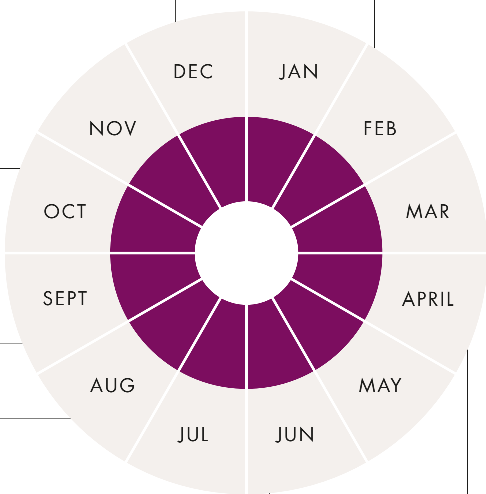
At the AGM on April 4, 2012, Viveca Ax:son Johnson (Chairman of the Board of Nordstjernan AB), Thomas Eriksson (former President of Swedbank Robur AB) and Johan Ståhl (new election, fund manager at Lannebo Fonder AB), were elected members of the Nomination Committee with Viveca Ax:son Johnson as chair. Chairman of the Board Tomas Billing is a co-opted member of the Nomination Committee, but has no voting right. No remuneration was paid to members of the Nomination Committee.

NOMINATION COMMITTEE'S PROPOSALS

The NCC Nomination Committee proposes that the 2013 AGM reelect the current members of the Board: Tomas Billing, who is also proposed to be reelected Chairman of the Board, Antonia Ax:son Johnson, Ulla Litzén, Olof Johansson, Sven-Olof Johansson and Christoph Vitzthum. After being a member of the NCC AB Board of Directors for nine years, Ulf Holmlund declined reelection. The Nomination Committee proposes Tomas Billing as Chairman of the 2013 AGM.

A report on the Nomination Committee's work and motions ahead of the 2013 AGM are available on NCC's website www.ncc.se under the "Corporate Governance" tab.

THE BOARD OF DIRECTORS' WORKING YEAR 2012 – IN ADDITION TO STANDING POINTS ON THE AGENDA SUCH AS BUSINESS PLANS, INVESTMENTS AND DIVESTMENTS, AS WELL AS FUNDING



BOARD MEETING DECEMBER 14
- Strategy
- Evaluation of the Board of Directors' work
- Audit
- Remuneration
- Budget for following year
- Compliance Program

BOARD MEETING OCTOBER 26
- Quarterly report
- Forecast for the year
- Strategy

UNSCHEDULED BOARD MEETING SEPTEMBER 27
- Strategy matters
- Divestment and investment issues

BOARD MEETING AUGUST 15
- Quarterly report
- Forecast for the year
- Work environment and sustainability issues
- Accounting issues
- Workplace visit St. Petersburg

BOARD MEETING FEBRUARY 1
- Year-end accounts 2011
- Annual Report
- Proposed distribution of profits
- Motions to the AGM
- Proposed guidelines for salary and other remuneration
- Corporate governance report
- Definitive audit report

BOARD MEETING APRIL 4
- Preparations for the AGM
- Dates set for Board meetings and 2012 AGM

ANNUAL GENERAL MEETING APRIL 4

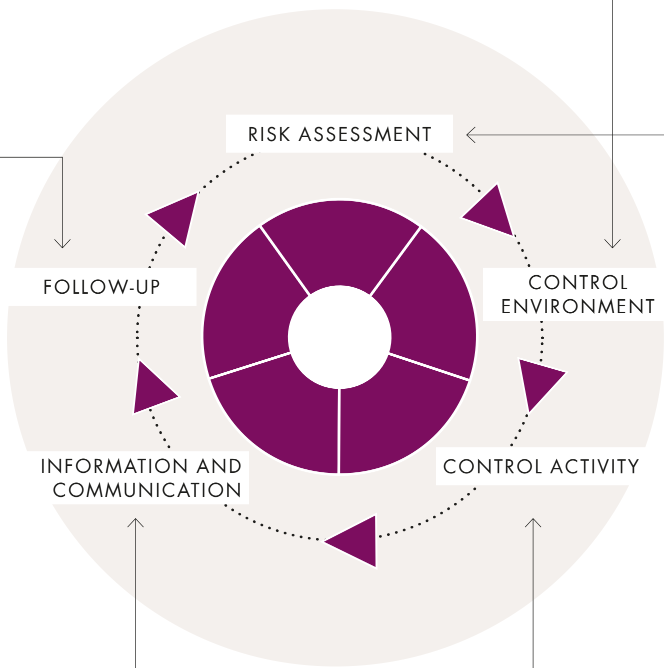
STATUTORY MEETING APRIL 4
- Company signatories appointed
- Rules of procedure
- Decision-making regulations
- Instructions for the CEO

BOARD MEETING APRIL 27
- Quarterly report
- Forecast for the year

UNSCHEDULED BOARD MEETING JUNE 26
- Divestment and investment issues

Board of Directors' report on *internal control*

The Board of Directors' responsibility for internal control is regulated in the Swedish Companies Act and in the Swedish Code of Corporate Governance. The Corporate Governance Report must contain disclosures concerning the principal features of the company's internal-control and risk-management systems in connection with the financial reporting and the preparation of the consolidated financial statements. Information on this is provided in this section.



FOLLOW-UP 5

Follow-ups to safeguard the quality of the internal controls are conducted in various ways within NCC. NCC has developed a system (framework) for documented self-evaluation of internal controls. Self-assessments are performed regularly for NCC's business areas and Group offices and comprise a component for the Board of Directors' assessment of the internal control.

Operational control systems, the very basis of NCC's operations, are evaluated through audits of the operations, following which any shortcomings are 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.

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, except for the operational audits.

As part of its audit of the financial statements and the administration, NCC's auditor, PricewaterhouseCoopers AB, also examines a selection of NCC's controls. The Board of Directors receives the auditors' reports as well as meeting the auditors twice annually, including one meeting 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. 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. NCC's auditor also reviews the company's nine-month report.

INFORMATION AND COMMUNICATION 4

Information and communication regarding the internal policies, guidelines, manuals and codes to which the financial reporting is subject are available on NCC's Intranet (Starnet Ekonomi). The information also contains methodology, instructions and supporting documentation in the form of checklists etc. as well as overall time schedules. 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 Economy, 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 regularly under the auspices of the Chief Financial Officer. In addition, regular training programs and conferences are arranged for management and financial control personnel in respect of joint principles concerning the requirements to which the internal control is subject. This is within the Chief Financial Officer's sphere of responsibility.

The status of the internal control set-up is reported annually at a meeting of the NCC AB Board. Such reporting also occurs at business area level.

RISK ASSESSMENT AND RISK MANAGEMENT 1

NCC applies a risk-assessment and risk-management method for ensuring that the risks to which the company is exposed, and that can impact the internal control and financial statements, are addressed within the processes that have been established. The material risks that have to be taken into account include market risks, operating risks and the risk of errors in financial recognition. With respect to the latter, systematic and documented updates occur once annually. The material risks that have to be considered mainly comprise the risk of errors in percentage-of-completion profit recognition and items based on assessments and estimates, such as valuations of land held for future development and ongoing property-development, goodwill and provisions.

Within NCC, risks are followed up in several different ways, including via:

- **Monthly meetings** with the president and financial manager of each particular business area. These meetings are always attended by the CEO and the CFO. 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 CFO, 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. Forecasts are formulated and are checked on three occasions: in connection with the quarters ending March, June and September, and in the following-year budget in November. The meetings also address tenders, investments and sales, in accordance with the decision-making regulations. Investments and divestments of real estate exceeding SEK 150 M must be approved by NCC AB's Board. All investments exceeding SEK 50 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 NCC's 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, that it must manage financial matters.

CONTROL ACTIVITIES 3

At NCC, the management of risks are based on a number of control activities that are conducted at various levels for the companies and business areas. The purpose of the control activities is to ensure the efficiency of the Group's processes and that the internal controls are adequate.

For the business operations, operational control systems form the basis for the control structure established and these focus on stages in the business operations, such as investment decisions, assessment of tenders and permission to start up projects, which occur 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. NCC attaches considerable weight to the follow-up of projects.

A strong focus is placed on ensuring the correctness of the business transactions included in the financial reporting. For a number of years, NCC has had a shared service center, NCC Business Services (NBS), which manages most of the transactions of the Nordic operations. A demand imposed on NBS is that its processes must include control activities that manage identified risks in a manner that is efficient for NCC in relation to the cost incurred. NBS systematically and continuously develops its processes.

CONTROL ENVIRONMENT 2

The Board has overall responsibility for the internal control of financial reporting. Each year, the Board establishes rules of procedure for the Board's work and an instruction concerning the division of work between the Board and the CEO. According to this instruction, the President and CEO is responsible for the internal control and for contributing to an efficient control environment. According to the Companies Act, the Board is obligated to establish an Audit Committee. If the Board finds it more appropriate, the entire Board of Directors may fulfill the duties of the Audit Committee, the method applied in NCC's case, since three independent Board members have accounting competencies. The fact that the Board is relatively small also facilitates this work.

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. At Board meetings, the CEO and, where applicable, subsidiary presidents present the matters that require treatment by the Board. 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 corresponding decision-making regulations and attestation regulations applying for the subsidiaries. What is documented and communicated in control documents such as internal policies, guidelines and manuals forms the basis for the internal control of financial reporting.

For more information concerning control and governance at NCC, visit the Group's website www.ncc.se, where such documents as the Articles of Association and the Code of Conduct are available.

AUDITORS' STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of NCC AB,
Corp. Reg. No. 556034-5174

It is the Board of Directors that is responsible for the 2012 Corporate Governance Report on pp. 100–105 and for its preparation in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Report has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company. This means that our statutory review of the Corporate Governance Report has a different orientation and a significantly more limited scope than the orientation and scope of an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practices in Sweden.

In our opinion, a Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and consolidated accounts.

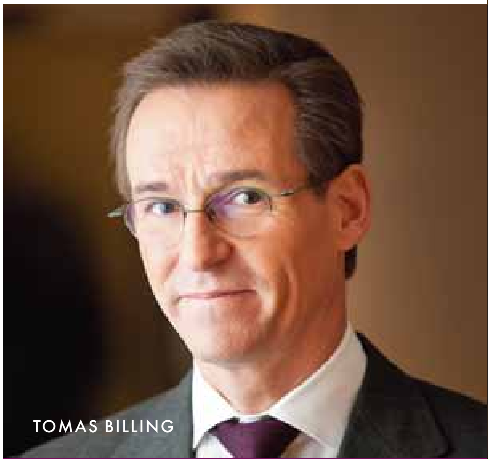
Stockholm March 8, 2013

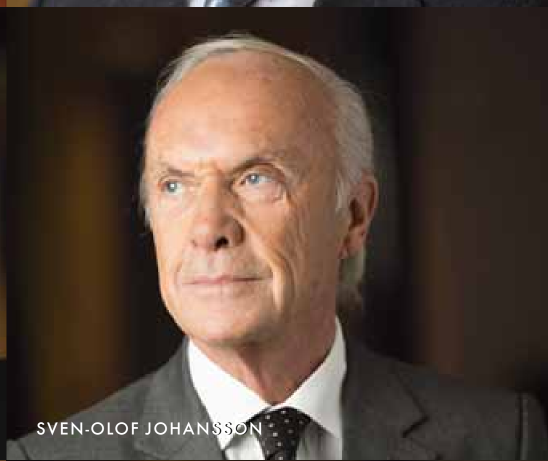
PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

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. Member of the Stena Sphere Advisory Board and Parkinson Research Foundation. Previous experience: President of Hufvudstaden AB and Monark Bodyguard AB, among other positions.
Shareholding in NCC AB: 20,600 Series A shares and 75,400 Series B shares.

ANTONIA AX:SON JOHNSON

Born 1943.
Board member since 1999. Chairman of the Board of Axel Johnson AB and the Axel and Margaret Ax:son Johnson Foundation. Deputy Chairman of the Board of Nordstjernan AB. Member of the Board of Axel Johnson Inc., Axfast AB, Axfood AB, Mekonomen AB and the Axel and Margaret Ax:son Johnson Foundation for Public Benefit.
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. 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.

OLOF JOHANSSON

Born 1960.
Board member since April 4, 2012. Chairman and partner in Pangea Property Partners. Active in the Skanska Group (1986–2002), in charge of Skanska's project-development operations (1996–2002).
Shareholding in NCC AB: 4,000 Series B shares.

ULLA LITZÉN

Born 1956.
Board member since 2008. Board member of Alfa Laval AB, Atlas Copco AB, Boliden AB, Husqvarna AB and AB SKF. Previous experience: President of W Capital Management AB (2001–2005) and Vice President of Investor AB (1996–2001), among other positions.
Shareholding in NCC AB: 3,400 Series B shares.

SVEN-OLOF JOHANSSON

Born: 1945.
Board member since April 4, 2012. President and principal owner of FastPartner AB since 1996. Member of the Board of Allenex AB and Autoropa AB. Previous experience: own business and entrepreneur.
Shareholding in NCC AB: 100,000 Series B shares via companies.

CHRISTOPH VITZTHUM

Born 1969.
Board member since 2010. Member of the executive management team of the Finnish industrial group Wärtsilä Oyj Abp and head of the business area Wärtsilä Services. Previous experience: VP Wärtsilä Power Plants (2006–2009), President of Wärtsilä Propulsion (2002–2006), CFO at Wärtsilä Oyj Abp, Ship Power (1999–2002), among other positions.
Shareholding in NCC AB: 0.


LARS BERGQVIST


KARL G. SIVERTSSON


KARL-JOHAN ANDERSSON


LIS KARLEHEM


MATS JOHANSSON

The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2012. 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.

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: President of Byggcheferna (union of construction managers).
Shareholding in NCC AB: 1,140 Series A shares and 200 Series B shares (including related-party holdings).

KARL G. SIVERTSSON

Born 1961. Carpenter.
Board member since 2009. Employed since 1986. Shop steward at NCC. Employee representative of Svenska Byggnadsarbetareförbundet (Swedish Building Workers' Union). Other assignments: Deputy Section Head of the Swedish Building Workers' Union in central Norrland, and deputy member of the central union.
Shareholding in NCC AB: 0.

KARL-JOHAN ANDERSSON

Born 1964. Paver.
Board member since 2011. Employed since 1984. Shop steward at NCC. Employee representative of SEKO (Union for Employees in the Service and Communication Sectors). Other assignments: Member of SEKO's Road and Rail Department in Skåne. Senior shop steward 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.

MATS JOHANSSON

Born 1955. Carpenter.
Deputy Board member since 2011. Employed since 1977. Construction carpenter and shop steward at NCC, as well as chief safety officer. Employee representative of Svenska Byggnadsarbetareförbundet (Swedish Building Workers Union). Other assignments: Regular Board member of Byggnadsarbetareförbundet in the Småland/Blekinge region.
Shareholding in NCC AB: 100 Series B shares.

AUDITORS – PRICEWATERHOUSECOOPERS AB

HÅKAN MALMSTRÖM

Auditor-in-charge. Born 1965. Other significant assignments: Auditor of Axel Johnson AB, Gambro AB, Karo Bio AB, Nordstjernan AB and Saab AB.

ULF WESTERBERG

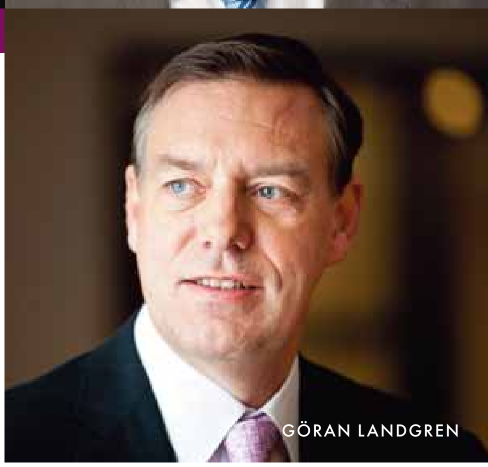
Born 1959.
Other significant assignments: Auditor of Home Properties AB, Landshypotek AB and Proventus AB.

SECRETARY OF THE BOARD

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



PETER WÅGSTRÖM

Born 1964. President and CEO of NCC since 2011. President of NCC Housing (2009–2010). Employed by NCC since 2004. Previous experience: President of NCC Property Development (2007–2008), Head of NCC Property Development's Swedish operations (2004–2006), various management positions in Drott (currently Fabege) (1998–2004) and various positions in Skanska's real estate operations (1991–1998), among other positions.
Shareholding in NCC AB: 8,360 Series B shares (including related-party holdings) and 18,095 call options on Series B shares.

SVANTE HAGMAN

Born 1961. President of NCC Construction Sweden as of November 1, 2012. Employed by NCC since 1987. Previous experience: President of NCC Housing (2011–2012), Head of Stockholm/Mälardalen Region at NCC Construction Sweden and Head of Market and Business Development at NCC Construction Sweden, among other positions. Other assignments: Chairman of the Board of the Swedish Association of Building Contractors Stockholm and the Swedish Construction Federation, Eastern region.
Shareholding in NCC AB: 6,786 call options on Series B shares.

KLAUS KAAE

Born 1959. President of NCC Construction Denmark since June 25, 2012. Employed by NCC since 1985. Previous experience: Deputy President of NCC Construction Denmark (2009–2012), among other positions. Corporate Director of NCC Construction Denmark (2002–2009). Member of the Board of Dansk Byggeri.
Shareholding in NCC AB: 0.

HARRI SAVOLAINEN

Born 1971. President of NCC Construction Finland since February 1, 2012. Employed by NCC since 2001. Previous experience: Regional Manager of NCC's residential construction in Helsinki and various executive positions at NCC Construction Finland since 2001. Other assignments: Member of the Board of the Ömsesidiga Pensionsförsäkringsbolaget Etera and Byggnadsindustri RT.
Shareholding in NCC AB: 800 Series B shares.

PETER GJÖRUP

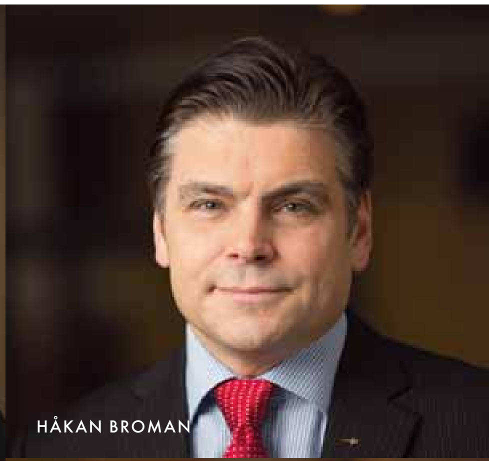
Born 1959. President of NCC Construction Norway since 2007. Employed by NCC since 1984. Previous experience: Manager of Norrland Region in NCC Construction Sweden, among other positions in both civil engineering and building.
Shareholding in NCC AB: 53 Series A shares, 2,000 series B shares and 13,571 call options on Series B shares.

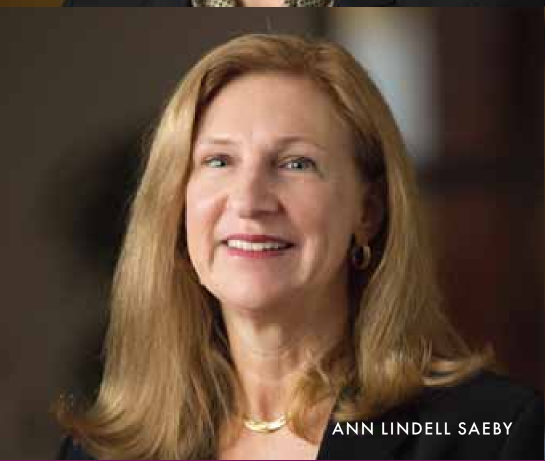
GÖRAN LANDGREN

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: 500 Series B shares (including related-party holdings).

JOACHIM HALLENGREN

Born 1964. President of NCC Housing since November 1, 2012. Employed by NCC since 1995. Previous experience: President of NCC Property Development (2009–2013), 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: 0.





CAROLA LAVÉN

Born 1972. President of NCC Property Development since May 2013. Employed by NCC since 2013. Previous experience includes Business Development Director at Atrium Ljungberg (2006–2013), Business Development Director at Ljungberg-Gruppen (2003–2006) and Property Manager for Stockholm/Uppsala at Drott (1998–2003). Other assignments: Board Member of BRIS and Credantia AB. 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) (2001–2010) and Member of the Board (2008–2010). 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 RNB Retail and Brands. Shareholding in NCC AB: 3,000 Series B shares.

ANN LINDELL SAEBY

Born 1962. Senior Vice President Corporate Communications since November 1, 2012. Employed by NCC since 2012. Previous experience: Senior Vice President Corporate Communications at Fortum, among other positions (2004–2013), communications consultant and partner at Kreab Gavin Anderson (1998–2004). Shareholding in NCC AB: 0.

MATS PETTERSSON

Born 1961. Senior 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). Shareholding in NCC AB: 1,000 Series B shares and 3,394 call options on Series B shares.

CHRISTINA LINDBÄCK

Born 1963. Senior Vice President Sustainability since March 1, 2013. Previous experience includes Senior Vice President Environmental Affairs at NCC AB 2010–2013, Quality and Environmental Manager, Ragn-Sells AB, 2002–2010, Assistant Under secretary, Acting Permanent Undersecretary of State, Deputy Assistant Undersecretary, etc. at the Ministry of the Environment (1991–2002). Other assignments: Chairman of the Board of Miljömärkning Sverige AB, Nordic Swan Ecolabel, Board member of MISTRA, (foundation for strategic environmental research), among other positions. Shareholding in NCC AB: 0.

OTHER SENIOR EXECUTIVES*

GREEG NORDQVIST

Born 1955. Senior Vice President Strategy and Mergers & Acquisitions (M&A). Employed by NCC since 1996. Previous experience includes Head of M&A at NCC AB 1996–2011, responsibility for M&A at Price Waterhouse 1991–1996, president/owner of a group of companies active in machine sales and service 1986–1993. Shareholding in NCC AB: 0.

* Reports directly to the Chief Executive Officer.

The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2012. For updated information about shareholdings, see the Group's website www.ncc.se, under investor relations/The NCC share, which includes information from the Swedish Financial Supervisory Authority's insider register.

The NCC share

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

During 2012, trends on stock markets worldwide were characterized by continued uncertainty, caused primarily by the financial problems in Europe, which led to market turmoil. During the second half of the year, stabilization occurred as indications became increasingly positive, whereby Nasdaq OMX Stockholm ended the year with an upswing of 12 percent. The price of the Series B NCC share tracked the general index with a rise of 13 percent, which may be compared with the OMX sector index, which increased 14 percent. The year-end price of the NCC share corresponded to market capitalization of SEK 14.7 billion.

During the year, a total of about 161 million (214) NCC shares were traded in a total of 572,405 (582,840) completed transactions at a total value of SEK 21.1 billion (29.1). Nasdaq OMX Stockholm accounted for 83 percent (82) of trading in Series A NCC shares. For Series B shares, Nasdaq OMX Stockholm accounted for 59 percent (59) of trading, which means that other marketplaces[1] accounted for 41 percent (41) of trading. The turnover rates for Series A NCC shares were 6 percent (12) in total and 5 percent (10) on Nasdaq OMX Stockholm. The turnover rates for Series B shares were 204 percent (272) in total and 119 percent (160) on Nasdaq OMX Stockholm. The turnover rate for Nasdaq OMX Stockholm as a whole was 74 percent (96).

OWNERSHIP STRUCTURE

Nordstjernan AB is the largest NCC shareholder. During the year, AMF, Länsförsäkringar Fondförvaltning and the Second AP Fund joined the list of the ten largest shareholders. The proportion of foreign shareholders declined slightly to 16 percent (17) of the share capital, with the US and Norway accounting for the largest holdings. The current list of shareholders is available on www.ncc.se.

[1] Following deregulation of stock markets, shares can be traded on marketplaces other than the market on which the shares are listed. More players have established positions, whereby trading has become more fragmented. Common trading places for Swedish shares are BATS Chi-X, Burgundy, Turquoise and London.

SHARE BUYBACKS AND CONVERSIONS

During the year, 415,500 shares were bought back and were held in treasury by NCC at year-end. In 1996, holders of Series A shares were provided with the opportunity to convert their Series A shares to B shares. During 2012, 999,939 shares were converted. A total of 33.7 million shares have been converted since 1996. 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 10.00 (10.00) per share for 2012. The proposed dividend amounts to SEK 1,080 M (1,084), corresponding to 57 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 2012 was approximately 21 percent (minus 11) for Series B NCC shares. The Nasdaq OMX Stockholm average, according to Six Return Index, was 17 percent (minus 14).

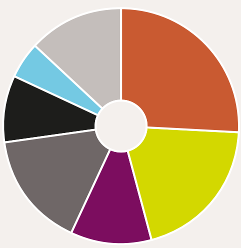
THE NCC SHARE IN 2012

	Series A shares	Series B shares
Total number of shares[1]	30,133,886	77,886,436
Voting rights	10 votes	1 vote
Total share turnover, including late entries	1,844,362	159,100,954
– of which, on Nasdaq OMX Stockholm	1,541,728	93,489,679
Total value of share turnover, SEK M	248.1	20,847.8
– of which, on Nasdaq OMX Stockholm	207.1	12,206.0
Turnover rate, %		
– all marketplaces	6	204
– of which, on Nasdaq OMX Stockholm	5	119
Share price at start of year, SEK	121.50	121.00
Share price at year-end, SEK	136.00	136.20
Highest price paid, SEK	153.10	152.00
Lowest price paid, SEK	110.50	110.30
Beta value	0.84	1.03
Paid-out dividend, SEK	10.00	10.00
Total return, including dividend, %	20.00	20.70

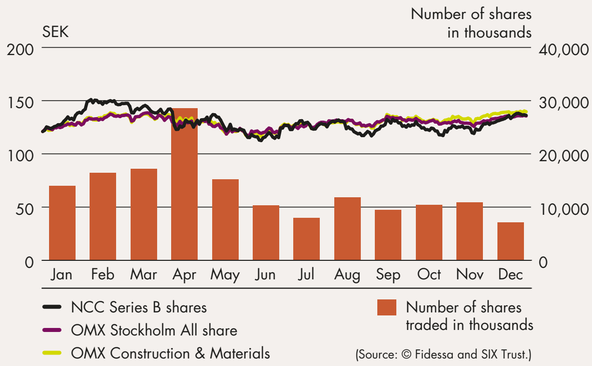
[1] Excluding bought back shares.

SHAREHOLDER CATEGORIES, PERCENTAGE OF SHARE CAPITAL

Ownership by Swedish mutual funds declined during the year, while ownership by pension funds increased. Foreign ownership was virtually unchanged.



SHARE PRICE TREND AND TURNOVER IN 2012



(Source: © Fidessa and SIX Trust.)

FIVE-YEAR TREND IN NCC SHARES

	2008	2009	2010	2011	2012
Market price at year-end, NCC B share, SEK	49.50	118.25	147.80	121.00	136.20
Market capitalization, SEK M	5,209	12,809	16,005	13,136	14,706
Earnings per share, SEK[1]	16.69	11.63[4]	14.05	12.08	17.51
Ordinary dividend, SEK	4.00	6.00	10.00	10.00	10.00[2]
Dividend yield, %	8.1	5.1	6.8	8.3	7.3
Total return, %[3]	–49	147[4]	30	–11	21
Number of shares outstanding at year-end (millions	108.4	108.4	108.4	108.4	108.0

Key figures per share are presented in the Multi-year review on p. 98.

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.

4) Not restated according to IFRIC 15.

DISTRIBUTION OF SHARES BY HOLDING, DECEMBER 31 2012[1]

	No. of share-holders	Percentage of total no. of share-holders	No. of shares	Percentage of share capital
1–500	27,815	73.5	4,880,357	4.5
501–1,000	5,362	14.2	4,504,449	4.2
1,001–10,000	4,163	11.0	11,524,426	10.6
10,001–100,000	393	1.1	12,228,003	11.3
100,001–1,000,000	91	0.2	27,622,907	25.8
1,000,001–	15	0.1	47,260,180	43.6
Total	**37,840**	**100.0**	**108,020,322**	**100.0**

1) Excluding bought back shares.
(Source: Euroclear Sweden AB.)

SERIES A AND B SHARES

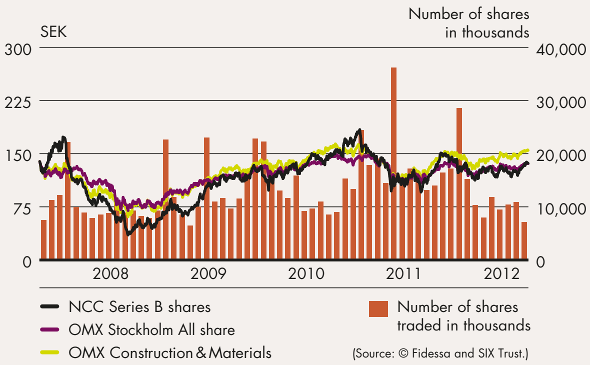
	No. of Series A shares	No. of Series B shares	Total Series A and Series B shares
No. of shares on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares 2000–2011	–31,977,857	31,977,857	
Share buybacks 2000–2003		–6,035,392	–6,035,392
Sale of treasury shares 2005–2011		6,035,392	6,035,392
Number of shares outstanding at December 31, 2011	**31,133,825**	**77,301,997**	**108,435,822**
Conversion of Series A to Series B shares 2012	–999,939	999,939	
Shares bought back 2012		–415,500	–415,500
Number of shares outstanding at December 31, 2012	**30,133,886**	**77,886,436**	**108,020,322**
Number of voting rights	301,338,860	77,886,436	379,225,296
Percentage of voting rights	79	21	100
Percentage of share capital	28	72	100
Closing price Dec. 31, 2012, SEK	136.00	136.20	
Market capitalization, SEK M	4,098	10,608	14,706

OWNERSHIP STRUCTURE AT DECEMBER 31, 2012[1]

	No. of Series A shares	No. of Series B shares	Percentage of Share capital	Percentage of Voting rights
Nordstjernan AB	25,000,000		23.1	65.9
Swedbank Robur funds	1,254,274	4,454,277	5.3	4.5
SEB funds		4,267,592	3.9	1.1
Lannebo funds		3,663,254	3.4	1.0
AFA Försäkring		3,332,333	3.1	0.9
AMF Försäkring & Fonder		2,291,300	2.1	0.6
Länsförsäkringar fondförvaltning		2,259,107	2.1	0.6
Fourth AP Fund		2,111,938	1.9	0.6
Second AP Fund		1,856,847	1.7	0.5
SHB funds		1,774,669	1.7	0.5
Total ten largest shareholders	**26,254,274**	**26,011,317**	**48.3**	**76.2**
Other shareholders in Sweden	3,570,030	34,377,310	35.3	18.4
Shareholders outside Sweden	309,582	17,497,809	16.4	5.4
Total number of shares	**30,133,886**	**77,886,436**	**100.0**	**100.0**

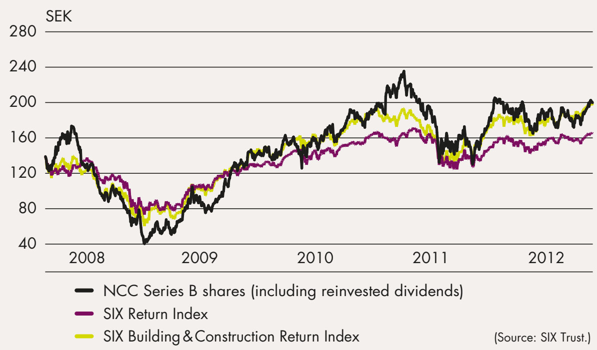
1) Excluding bought back shares.
(Source: Euroclear Sweden AB.)

SHARE-PRICE TREND AND TURNOVER 2008–2012



(Source: © Fidessa and SIX Trust.)

TOTAL RETURN 2008–2012



(Source: SIX Trust.)

Financial information/*contacts*

NCC will publish financial information regarding the 2013 fiscal year on the following dates:

April 9	Annual General Meeting
May 3	Interim report, January–March
August 16	Interim report, January–June
October 25	Interim report, January–September
January 2014	Year-end report 2013

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. NCC does not print or distribute its interim reports. The printed Annual Report is sent to those who request it.

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, by e-mailing ir@ncc.se, writing to NCC AB, SE-170 80 Solna, Sweden, or calling NCC AB at +46 8 585 510 00. 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 9, 2013. Venue: Grand Hôtel, Vinterträdgården, Royals entrance, Stallgatan 6, Stockholm, Sweden. Notification can be made by post to the following address: NCC AB, Agneta Hammarbäck, SE-170 80, Solna, Sweden; or by the NCC Group's Internet website www.ncc.se; or by telephone to +46 8 585 521 10; or e-mail to agneta.hammarback@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 Post- och Inrikes Tidningar on March 6, 2013. Confirmation that the official notification had been issued was announced the same day in Dagens Nyheter and Svenska Dagbladet.

NCC AB (publ) Corp. Reg. No: 556034-5174.
Registered Head Office: Solna.
Addresses of the companies included in the NCC Group are available 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.
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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 recognized in accordance with the percentage-of-completion principle. These revenues are recognized 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.

Buildings/other buildings: In descriptions of operations, this term pertains in part to commercial buildings, mainly offices, retail outlets, shopping malls, garages, hotels and industrial buildings and in part to public premises and buildings such as hospitals, schools, healthcare and care facilities and public administration buildings.

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.

Detailed development plan: Municipal plan for the use of land in a certain area, which is legally binding and can form the foundation for the granting of building permits.

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.

Function contract: Usually a multi-year contract in which the customer imposes functional requirements rather than detailed requirements concerning materials and design.

General plan: Municipal plan for the use of land in a certain area, which is not legally binding and normally necessitates being followed up and defined in greater detail in detailed development plans.

Leasing rate: The percentage of anticipated rental revenues that corresponds to signed leases (also called leasing rate based on revenues).

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 yield required by a purchaser in connection with the sale of property and housing projects. Operating revenues less operating and maintenance expenses (operating net) divided by the investment value.

VDC: Virtual Design and Construction.

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The emission of greenhouse gases from the production of this printed document, including paper, other materials and transportation, has been compensated by means of investment of a corresponding amount of certified reduction units in the Kikonda Forest Reserve Project in Uganda.

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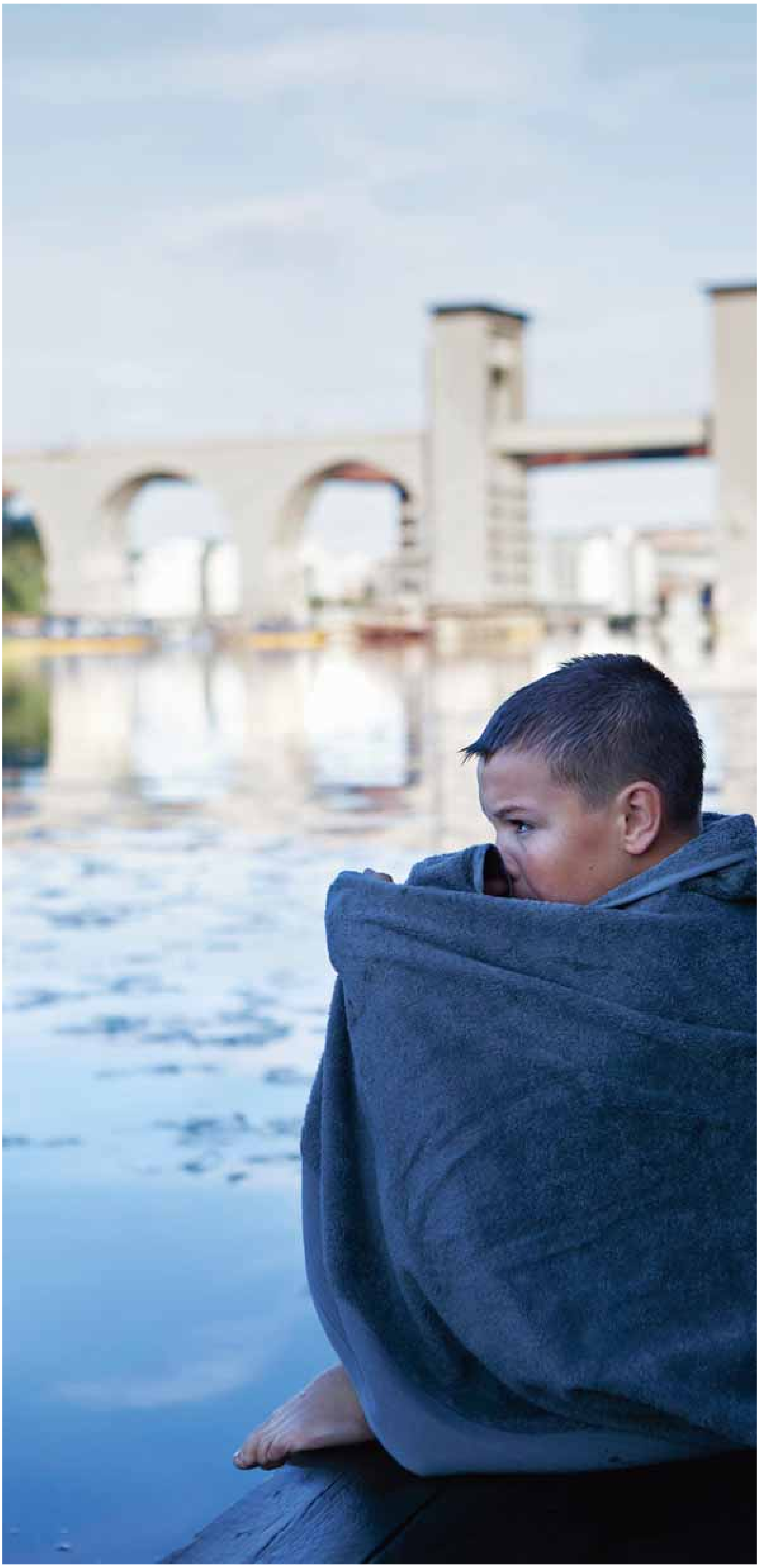
NCC is one of the leading construction and property development companies in Northern Europe, with sales of SEK 57 billion and 18,000 employees. With the Nordic region as its home market, NCC is active throughout the entire value chain – developing and building residential and commercial properties, 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:

NCC has refurbished the old Årsta Bridge in Stockholm, Sweden. Positive environmental effects were achieved by using concrete crack injections. The total cement content was lowered by 50 percent, thus reducing carbon emissions by about 200 kg per cubic meter of concrete.

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