NCC
ANNUAL REPORT 2008

NCC creates future environments for working, living ar
operations that result in sustainable interaction betweer
leading Nordic construction and property development
20,000 employees. With the Nordic region as its home r
developing and building residential and commercial pro
public buildings, roads, civil-engineering structures and
materials used in construction and accounts for paving a

CONSTRUCTION

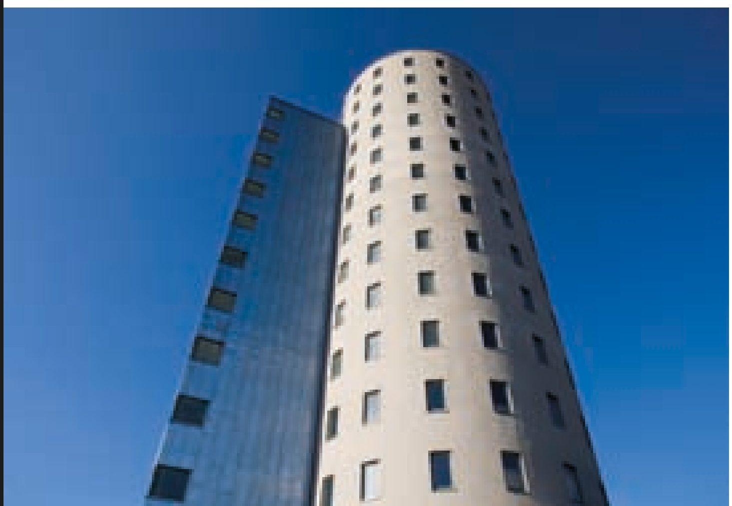
HOUSING, BUILDING AND CIVIL ENGINEERING

NCC's Construction units construct residential and office properties, other buildings, industrial facilities, roads, civil-engineering structures and other types of infrastructure. The core business is conducted in the Nordic region and the Baltic countries. As of January 1, 2009, housing development operations constitute a separate business area, NCC Housing.

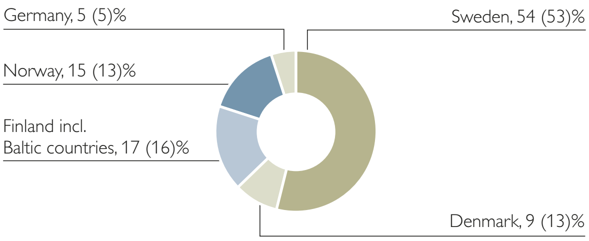
HOUSING

HOUSING DEVELOPMENT

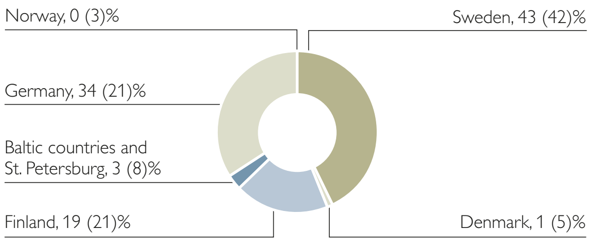
NCC Housing develops and sells housing in selected markets in the Nordic region, the Baltic countries and Germany. NCC is a leading player in several Nordic markets. The business area became operational on January 1, 2009. Up to the end of 2008, these operations were included in NCC's Construction units.



Net sales of NCC's Construction units, per geographical market



Housing units under construction, number per geographical market



nd communication based on responsible construction n people and the environment. NCC is one of the companies, with sales exceeding SEK 57 billion and market, NCC is active throughout the value chain – perties, and constructing industrial facilities and other types of infrastructure. NCC also offers input and road services.

PROPERTY DEVELOPMENT

DEVELOPMENT OF COMMERCIAL PROPERTIES

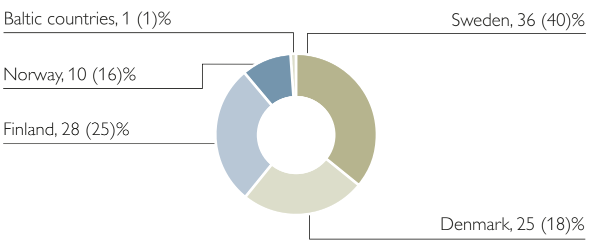
NCC Property Development develops and sells commercial properties in defined Nordic growth markets.

ROADS

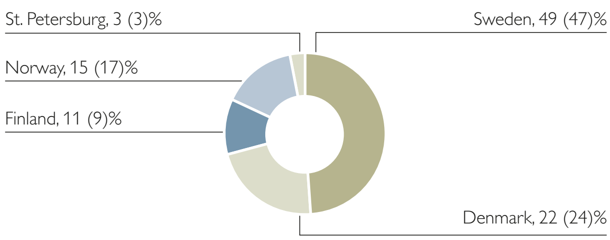
AGGREGATES, ASPHALT, PAVING AND ROAD SERVICES

NCC Roads' core business is the production of aggregates and asphalt, paving operations and road services. NCC is the leading company in the Nordic market.

Investment value and land holdings, per geographical market



Net sales, per geographical market



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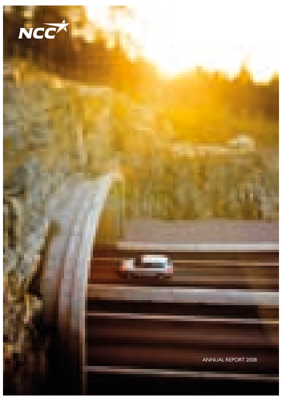
Cover photo:
The Norrortsleden link
in Stockholm.
Read more about the
project on pp. 22–23.



YEAR IN BRIEF

- Demand was favorable in the Nordic construction market during the first half of 2008 but weakened during the second half. The downturn came rapidly and was aggravated by the global financial crisis. The deceleration was particularly noticeable in the housing market.
- In terms of earnings, NCC was successful during the 2008 fiscal year and achieved all of its financial objectives.
- Profit after financial items amounted to SEK 2,385 M (2,608), one of the highest levels in NCC's history.
- Contracting operations within NCC's Construction units developed well during 2008 and their profitability improved in all markets. Earnings from housing operations declined as a result of lower sales and impairment losses on land and completed unsold housing.
- In order to enhance the conditions for and increase the efficiency of the housing business, NCC's housing operations have been concentrated in a separate business area, NCC Housing, as of January 1, 2009.
- Following a strong final quarter, NCC Property Development's earnings were virtually in line with the high earnings reported in 2007.
- NCC Roads' earnings, excluding the Polish asphalt and aggregates operations divested in 2007, were higher than in 2007. Earnings were boosted by increased sales of asphalt and aggregates and an improvement in profitability within road services.
- NCC's Board of Directors proposes that the Annual General Meeting approve an ordinary dividend for 2008 of SEK 4.00 (11.00) per share. Previous year, an extraordinary dividend of SEK 10.00 per share was also paid.

FLIK 195 mm

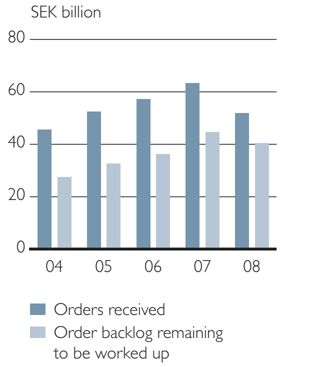
FINANCIAL OVERVIEW 2008

Key figures

SEK M	2004	2005	2006	2007	2008
Orders received	45,624	52,413	57,213	63,344	51,864
Order backlog	27,429	32,607	36,292	44,740	40,426
Net sales	46,534	49,506	55,876	58,397	57,465
Operating profit	1,147	1,748	2,392	2,790	2,219
Profit after financial items	945	1,580	2,263	2,608	2,385
Net profit for the year	876	1,187	1,708	2,252	1,820
Earnings per share after dilution, SEK	8.05	10.86	15.74	20.73	16.69
Ordinary dividend per share, SEK	4.50	5.50	8.00	11.00	4.00[1]
Extraordinary dividend per share, SEK	10.00	10.00	10.00	10.00	–
Cash flow before financing	5,244	2,115	1,657	1,165	–178
Cash flow per share after dilution, SEK	48.38	19.52	15.29	10.75	–1.64
Return on shareholders' equity, %	14	18	27	34	27
Equity/assets ratio, %	24	25	22	21	19
Net indebtedness	1,149	496	430	744	3,207
Average number of employees during the year	22,375	21,001	21,784	21,047	19,942

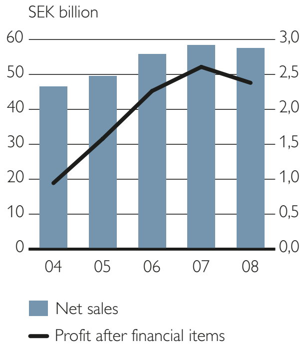
[1] Proposed dividend.

Orders received and order backlog



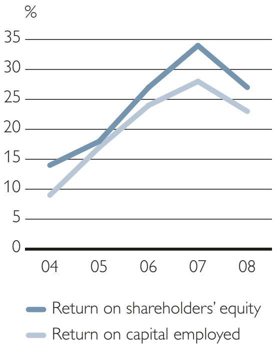
Orders received declined 18 percent and the year-end order backlog amounted to SEK 40.4 billion (44.7). Following several years of growth, a reversal of trend occurred in 2008, particularly in residential construction. Orders within other building also declined towards the end of the year. The ongoing projects continued to be produced at a fast pace, which resulted in a decrease in the order backlog.

Net sales and earnings



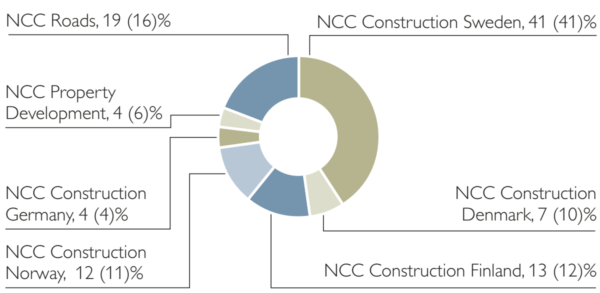
Net sales have risen steadily in recent years, primarily as a result of favorable conditions in the Nordic Construction sector. In 2008, however, sales decreased by 2 percent, due to weaker conditions for sales of housing and commercial properties. Despite lower earnings from housing operations, earnings were almost as high as the historically strong level reported in 2007.

Profitability

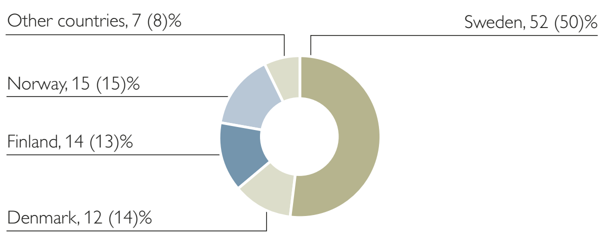


Profitability increased steadily up to the end of 2007. Profitability in 2008 exceeded the financial objective of 20 percent. The downturn in 2008, from the historically high level noted in 2007, was due to an increase in tied-up capital combined with decreasing profit margins in housing operations.

Net sales per business area, share of Group total



Net sales per geographical market, share of Group total



REVIEW BY THE PRESIDENT

FORMING THE NCC OF THE FUTURE TODAY

Navigating through various economic climates requires charting a course based on changes in the operating environment, without losing sight of our long-term objectives. In 2008, the journey was more turbulent and unpredictable than at any time during my approximately 30 years in the industry.

During the first half of the year, an economic boom of improbable proportions peaked, while toward the end of the year we were on the way down into a valley that seemed deeper than any recession I have ever experienced. Shareholders in the company also felt the impact of the economic climate. Despite paying a dividend of SEK 21 per share paid in April, the total return – share performance plus dividend – was a negative 49 percent in 2008.

One of NCC's strengths in extreme economic fluctuations is our diversification, both geographically and in various segments. To some extent, the weakening trend in the housing market was offset by continued demand in infrastructure and civil engineering. NCC is also a leading player in aggregates, asphalt and paving, a segment that is less sensitive to economic fluctuations.

My experience is that now we should not just put on the brakes and trim costs, but also utilize our strong position in various segments, dare to take structural action and fine-tune the organization and our customer offering so that we are ready to act when the economy recovers. Throughout the Nordic countries, the economic clouds are thick and dark, but there will be a change for the better, and NCC must be prepared for it in the best possible way.

NCC's long-term goals are to be the best construction and property development company in the markets where we operate, have the most attractive customer offering and the highest production efficiency, and be the best company to work for. These goals also harmonize with our endeavors for sustainable development – financially, environmentally and socially. They also gel well with our values – focus, simplicity and responsibility.

SUSTAINABLE DEVELOPMENT – IN ALL ITS FORMS

Financially, NCC is now in balance, with healthy profitability in its operations. In 2008, earnings were the second-highest in NCC's history, and we reached all of our financial objectives. Despite the SEK 741 M in impairment losses and restructuring costs that resulted primarily from the declining housing market, we achieved earnings of SEK 2,385 M, corresponding to SEK 16.69 per share. NCC Construction Norway and NCC Roads reported higher earnings than in 2007, and the earnings in NCC Property Development were almost in line with the preceding year, when they were highly favorable. The return on shareholders' equity was 27 percent, well above the target of 20 percent. Indebtedness was lower than equity, and cash flow before investments was positive. However, a significant decline in orders received occurred during the fourth quarter, and while the order backlog at year-end remained high, we entered 2009 with a substantially weakened market outlook. Although the civil engineering market is expected to display certain growth, it is not expected to be able to offset an increasingly weaker market for other buildings, housing and commercial properties. NCC's financial risk should be limited, and we are dealing with the recession by making profitability a top priority but also by focusing on cash flow and tied-up capital. The sale of NCC's share of the jointly owned company AWSA, which has a concession to operate highways in Poland, strengthened the balance sheet and contributed SEK 493 M to cash flow. It also fulfilled our strategic decision to leave the Polish market.

As part of its environmental efforts, NCC is focusing on limiting energy consumption in our sectors. That is where we can do the most good and where we see future business opportunities. In 2008, we took a strategic decision to work toward being the leader in this area and strive to develop CO_2-neutral products and services. We have made a great deal of progress, through our experience of constructing various types of energy-efficient buildings, but also through alternative energy use in such areas as asphalt production.

In terms of taking social responsibility, our top priority is to maintain a safe and secure working environment at our worksites, for both our own employees and subcontractors. Our vision is a zero accident rate, and our values – in which responsibility is a key concept – are crucial to our success.

STRATEGY AND EFFICIENT ORGANIZATION

NCC's strategic direction, in both good economic times and bad, can be summarized in three areas of focus: *customers, costs* and *competence*.

My view is that we advanced our positions in these and other areas in 2008:

Business in close cooperation with *customers* is developing well. NCC Partnering is now a concept in our industry that indicates open, trusting cooperation between contractor and customer. In 2008, partnership assignments amounted to SEK 10 billion (10) in net sales. Design-and-build contracts combined with long maintenance contracts are another way to increase cooperation with customers.

Costs are our principal competitive tool. Weaker demand increases our ability to reduce our purchasing costs. In 2008, we doubled our purchasing through NCC's international purchasing office to approximately SEK 1 billion, with average cost savings of 18 percent. Industrial construction continued to develop, in that we used technical platforms in offices, housing, retail projects and bridges. An increasing number of projects are carried out with the help of virtual project engineering methods. Three-dimensional drawings, for example, reduce the amount of installation work.

Due to the recession, we were unfortunately forced to initiate personnel cutbacks to adapt to the prevailing market

conditions. An efficient organization means not only fewer employees, but also that we use our *competence* in a way that strengthens our competitiveness. Gathering experience and knowledge in specific areas is a way to sharpen NCC's resources in a tougher market. In recent years, NCC has developed into one of the largest housing builders in the Nordic countries. The establishment of a Group-wide business area, NCC Housing, is one way to benefit from our experience from NCC Roads, and from NCC Property Development in terms of generating development operations in several markets. In Sweden, we are meeting demand from customers requiring infrastructure work for both roads and railways by gathering our knowledge into a specialist unit: NCC Infra. In Denmark, the organization has been converted from housing construction to contracting operations in recent years.

PRIDE AND PERSONAL RESPONSIBILITY

With the long-term objective established, we know where we want to go. We want to be the leader. At the same time, it is sometimes also beneficial to look back and reflect on what we have achieved. In 2008, we spent considerable time and energy on discussing pride and values in the organization. We can easily emphasize examples of projects that we developed and built and can be proud of, but we should not forget to be proud of our entrepreneurship, the personal involvement in every project and the proud employees who stand for and guarantee quality. That is the true meaning of taking responsibility. NCC contributes to social development by creating permanent value and environments for working, living and communication.

Our actions today will form the NCC of the future. It's a major – and a challenging – responsibility.

Solna, February 2009

Olle Ehrlén

STRATEGIC ORIENTATION

CUSTOMERS, COSTS AND COMPETENCE

NCC's vision is to be the leading company in the development of future environments for working, living and communication. NCC's overriding goal is to have the industry's highest production efficiency and the best employees and thereby be able to develop the most attractive customer offerings. Strategic focus areas are customers, costs and competence.

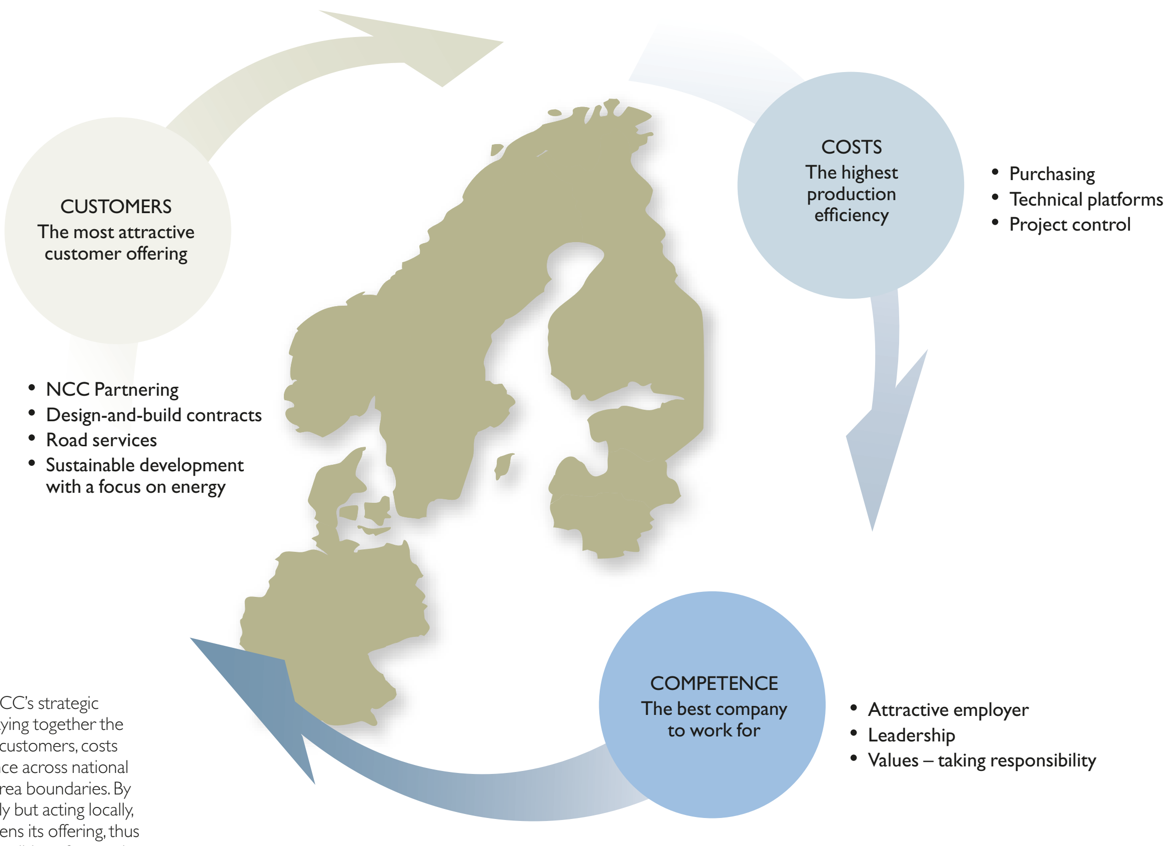
BUSINESS CONCEPT – RESPONSIBLE ENTERPRISE

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

STRATEGIC ORIENTATION

NCC's strategic orientation is to focus on products and services in which the Group has a competitive edge in relation to its competitors. An example of the areas involved is the infrastructure segment, in which NCC offers customers the entire value chain from project engineering to, for example, maintenance of a completed road. Other areas are contracts in which NCC can be active at an early stage of the process, construction of proprietary housing, proprietary property development, aggregates, asphalt, paving and road services.

NCC's geographical focus is on the Nordic region and neighboring areas around the Baltic Sea, such as the Baltic countries and St. Petersburg. NCC has for some time conducted operations in selected regions of Germany, where it primarily builds housing.



The core of NCC's strategic orientation is tying together the focus areas of customers, costs and competence across national and business area boundaries. By thinking globally but acting locally, NCC strengthens its offering, thus creating the conditions for continued profitable growth.

STRATEGIC FOCUS AREAS

NCC's competitive edge derives from its size combined with local presence and expertise, as well as the financial strength to develop production, processes, forms of cooperation and customer offerings. NCC's strategic focus areas are customers, costs and competence.

CUSTOMERS

Due to the increasingly intense competition, understanding the needs of customers has become a strategic success factor. NCC's goal is to have the most attractive customer offerings in the market. As of 2009, all housing development is concentrated in one business area, NCC Housing, in order to fully utilize the combined experience and competencies that have been established in the various Construction units in recent years. As of 2009, NCC Infra, a specialist unit for infrastructure projects, is being established in Sweden.

In recent years, growing demand has been noted for energy-efficient solutions, both in the actual production process and in the energy consumption of the end product. This is primarily true of housing, office premises and other commercial properties, as well as asphalt products. Consequently, NCC attaches great importance to offering solutions that reduce energy consumption. NCC's goal is to be the leader in energy-efficient construction, and its vision is to develop CO_2-neutral products and services.

New forms of cooperation have been successful in recent years. Within contracting operations, this cooperation occurs primarily through NCC Partnering. This is a form of cooperation in which, early in the process, the future proprietor, consultants and contractors establish open and trusting collaboration based on shared goals, activities and financial interests so that the project can be optimized. Since 2003, NCC has implemented more than 500 partnering projects, and net sales from partnering in 2008 totaled SEK 10 billion (10). In aggregates, asphalt, paving and road service operations, partnering is pursued primarily through function contracts, which can entail long-term maintenance contracts for national and municipal road networks, for example.

Kungsbron office building, Stockholm.

COSTS

Having the highest production efficiency in the industry and thus being able to offer competitive prices is a crucial success factor. The keys to enhancing productivity are an organization adapted to market conditions, efficient purchasing, utilizing the opportunities presented by industrial construction and effective project control.

Adapting the organization

An organization adapted to market conditions means better offerings but also lower costs. NCC continuously adapts its organization to prevailing demand, and in 2008, the number of employees in the Group was reduced by approximately 1,200. The establishment of the NCC Housing business area strengthens the coordination and exchange of international experience pertaining to, for example, platforms, techniques and marketing.

Purchasing

Approximately 65 percent of the Group's costs are related to purchasing. NCC's goal is to have the industry's lowest purchasing costs. This will be achieved by continuing the work on coordinating purchasing volumes, increasing international purchases and developing purchasing together with the most cost-effective suppliers. High quality, environmental commitment and social responsibility are self-evident parameters in purchasing efforts.

NCC's purchases are largely unique to specific projects. In 2008, slightly more than one third of the purchases were coordinated through various purchasing agreements on a Group, national or regional basis. Purchasing efforts are closely tied to technical design, while production in construction projects is harmonized through special competence centers.

Industrial construction

For several years, NCC has worked on industrializing the construction process in various ways. The first step is to think more industrially as early as the project engineering phase through design, planning and logistics – what we call technical platforms. Through design, economies of scale can be achieved, as can volumes in the purchasing process. Planning is a prerequisite for an industrialized process and, in major projects for example, logistical solutions are critical for the project to be implemented at all. Technical platforms are used in various parts of the Group for apartment blocks, single-family homes, offices and logistics buildings. Specialized platforms are also used in the production of bridges, indoor sports arenas, bathrooms and engineered services cores. Three-dimensional, virtual construction models are increasingly used and are linked to the technical platforms.

Project control

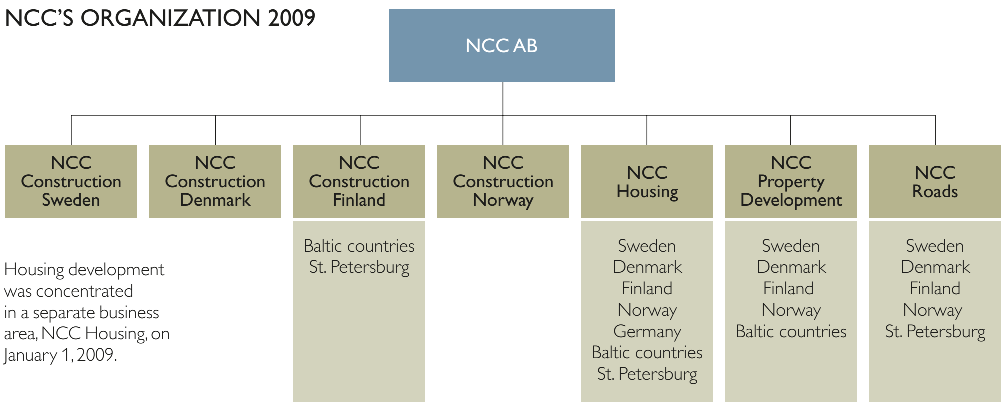
NCC's greatest opportunities and risks lie in its project control. The success of both major and minor projects largely derives from planning, management, control and follow-up. Since experience indicates that project losses often result from insufficient project control, continuously improving systems and procedures in project control is a strategic success factor. In 2008, a number of major projects were analyzed, and a model for control and follow-up in major projects was created. Human skills, such as leadership, are absolutely vital. Efficient purchasing, technical platforms and competence centers strengthen project control by creating greater control of all elements in the construction process.

COMPETENCE

Achieving the highest production efficiency in the industry and the most attractive customer offerings requires the best employees and having the right employees in the right place. NCC thus aims to be the best company to work for and, in recessionary conditions, NCC also aims to act responsibly in relation to the employees who must leave the company.

To strengthen NCC's competitiveness as an employer, the efforts of the Human Resources department focus on continued work on the Group's values, strengthening and developing management, career planning and remuneration issues, and long-term work to attract and recruit employees. Despite extensive personnel cutbacks in 2008 and 2009, the Group will need to recruit over the long term, particularly in Sweden, where a substantial generation shift will occur in the years ahead. The overriding goals are to maintain employee turnover at a constant low level, strengthen human capital (as measured in the Human Capital Index, see also p. 16) and reduce the number of workplace accidents.

NCC'S ORGANIZATION 2009



Housing development was concentrated in a separate business area, NCC Housing, on January 1, 2009.

Agro Ethanol, Norrköping, Sweden.

FINANCIAL OBJECTIVES AND DIVIDEND POLICY

The aim of the NCC Group's strategy is to generate a healthy return to shareholders under financial stability. This is reflected in the financial objectives of a return on equity of 20 percent after tax, a positive cash flow before investments in properties classed as current assets and other investment activities and net indebtness that is less than shareholders' equity.

FINANCIAL OBJECTIVES

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

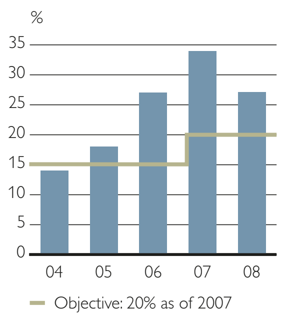
To ensure that the return target is not reached by taking financial risks, net indebtedness – defined as interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables – must be less than shareholders' equity. As a complement to the return requirement, cash flow before investments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

Proprietary housing and property-development projects, as well as investment-heavy NCC Roads, account for most of the capital requirement and thus also the financing requirement. The contracting operations have limited capital requirements but are subject to major seasonal and, to some extent, cyclical changes in working capital. In order to take these fluctuations within large parts of the Group operations into account, the return requirement has to be reached on a calendar-year basis, as must the target of a positive cash flow. The goal that net indebtedness should not exceed shareholders' equity also applies to the close of each quarterly period.

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

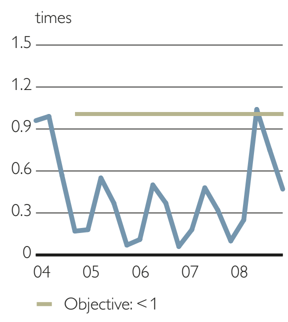
Within the various business areas, business operations are followed up on a local basis with the aim of steering them towards the Group's financial objectives. Thus, from an operational viewpoint, the main financial key figures are the operating margin, return on capital employed and cash flow. In addition,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

Return on shareholders' equity



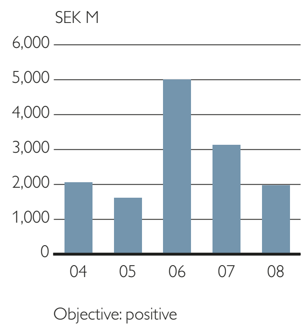
In 2008, return on shareholders' equity exceeded the financial objective of 20 percent.

Debt/equity ratio



The debt/equity ratio is affected by seasonal variations. During the second and third quarters, more capital is tied up due to a high pace of activity in paving and civil engineering activities. During recent years, capital tied up in property and housing development operations has increased. The debt/equity ratio is in line with NCC's financial objective.

Cash flow



Cash flow from operating activities, before investments in properties classed as current assets and other investment activities, was positive, even if other changes in working capital are taken into account.

FULFILLMENT OF OBJECTIVES

In 2004, NCC did not fulfill the 15-percent return on equity after tax objective, because the margins from contracting operations were insufficient and the contribution from both commercial development and the NCC Roads business area was too low. Continuous improvement efforts and strong business conditions led to higher margins and lower tied-up capital, as a result of which the return on equity objective was achieved and exceeded in 2005. The objective was comfortably exceeded in 2006, and, thanks to the stability and financial strength that had been attained, the return objective was increased in December 2007 to a 20-percent return on equity after tax. At the same time, the objective for cash flow was adjusted from one applying before financing to one applying before investments in properties classed as current assets and other investment activities. This cash flow objective provides NCC with greater flexibility in its efforts to implement investments even in periods of weak business conditions. In 2007, NCC achieved and exceeded all financial objectives. Earnings in 2008 were somewhat lower, but all financial objectives were achieved. The return on equity was 27 percent, well above the objective. The net indebtedness objective was reached for all quarterly periods. At the end of the second quarter, net indebtedness amounted to 1.0, meaning that the objective was achieved exactly. Because of seasonal variations, net indebtedness peaks at the end of the second quarter. Cash flow before investments in properties classed as current assets and other investment activities amounted to SEK 1,974 M.

DIVIDEND POLICY

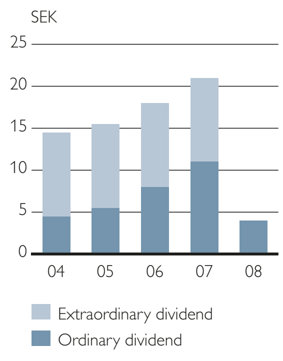
NCC's policy with respect to the ordinary dividend is to distribute at least half of profit after taxes to the shareholders. The reason for establishing this level is to generate a healthy return for NCC's shareholders and to provide NCC with the potential to invest in core business and thus to ensure that future growth can be created while maintaining financial stability. For 2008, the Board of Directors proposes an ordinary dividend of SEK 4.00 per share (11.00). In 2007, an extraordinary dividend of SEK 10.00 per share was also paid. The proposed dividend corresponds to 24 percent of profit after taxes, which falls short of the aim established in NCC's dividend policy. The dividend proposal for 2008 should be viewed in the light of the turmoil prevailing in financial systems in combination with expectations of a weaker market in 2009.

Financial objectives and dividend

	Target	Result 2004	2005	2006	2007	2008	Average 5 year
Return on shareholders' equity, %[1]	20%	14	18	27	34	27	24
Debt/equity ratio, times[2]	<1	0.2	0.1	0.1	0.1	0.5	0.2
Cash flow before investments in properties classed as current assets and other investment activities, SEK M[3,4]	Positive	2,063	1,613	5,005	3,131	1,974	2,193
Ordinary dividend, %	>50%[5]	56	51	51	53	24	46
Ordinary dividend, SEK		4.50	5.50	8.00	11.00	4.00[6]	6.60
Extraordinary dividend, SEK		10.00	10.00	10.00	10.00	–	8.00

1) New objective, as of 2007: 20 percent; previous objective: 15 percent.
2) New objective, as of 2005: Net indebtedness/Shareholders' equity.
3) New objective, as of 2007: cash flow shall be positive before investments in properties classed as current assets and other investment activities. Previous objective: positive before financing.
4) As of 2005, includes unsold shares of ongoing proprietary housing projects.
5) Policy as of 2005: at least 50 percent of profit after tax.
6) Proposed dividend.

Dividend



NCC's dividend policy, pertaining to the ordinary dividend, is that at least 50 percent of after-tax profit should be distributed to shareholders. The proposed dividend for 2008 falls short of the aim reflected in this policy and should be viewed in the light of the turmoil prevailing in financial systems in combination with expectations of a weaker market in 2009. From 2004 to 2007, NCC paid an extraordinary dividend of SEK 10 per share annually.

MARKET AND COMPETITORS

ECONOMIC DOWNTURN AND FINANCIAL TURMOIL

The Nordic construction and property market was characterized by strong business conditions in the first half of 2008, but the market climate declined in the second half of the year. The slowdown was particularly apparent in the housing market. The weakened economic climate was reinforced by the global financial crisis that began in the autumn. For 2009, the market outlook is bleak – the Nordic construction and property market is expected to decline. However, the civil engineering market is forecast to expand.

As a rule, the construction market tracks the general economic trend but with a time lag of at least one year. The housing market reacts the fastest to economic cycles, since sales are made directly to consumers. The housing market is also particularly sensitive to changes in interest rates and employment. Interest in leasing commercial premises is also determined by economic trends and employment.

Demand for investments in property projects is controlled to a large extent by the leasing rate, market transparency and access to funds in the financial system. In recent years, the Nordic real estate market has been attractive to institutional investors seeking alternatives to investment in bonds and shares. Demand for commercial property projects weakened during the second half of 2008. Competition for investors is expected to increase in 2009, and price levels are forecast to decline.

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

MARKET DEVELOPMENT

In 2008, overall construction investments in the Nordic region declined by approximately 1 percent. NCC's assessment is that the market will weaken further in 2009.

Housing

Demand for housing remained favorable during the first half of 2008, primarily in Sweden and Finland. In Norway and the Baltic countries, demand was weaker, and in Denmark, where the housing market has been declining since 2006, conditions remained weak. As a result of the global financial crisis that began in autumn 2008, the housing market came to a sudden halt in the Nordic and Baltic countries, and demand was low during the remainder of the year. For 2009, market conditions are expected to be weak for housing, and construction investments in the Nordic housing market are forecast to decline.

NCC builds housing on assignment and on a proprietary basis (from concept and purchase of land to development and sale). In total, NCC began proprietary production of 1,568 (4,428) housing units and sold 2,416 (3,708) in 2008. At year-end, NCC had 4,065 (6,270) proprietary housing units in production, of which 48 percent were sold. In recent years, NCC's position as a residential builder has been strengthened in all Nordic markets. Outside the Nordic countries, NCC is active in Germany, the Baltic countries

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

	Sweden		Denmark		Finland		Baltic countries and St. Petersburg		Norway		Germany		Group total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Development rights	14,200	11,300	1,086	1,115	5,895	6,130	5,992	3,762	2,089	2,235	1,920	2,416	31,182	26,958
Housing starts during the year	202	1,586	27	234	489	1,116	–64	307	0	78	914	1,107	1,568	4,428
Housing units sold	591	1,131	39	170	757	1,029	99	292	8	84	922	1,002	2,416	3,708
Housing units under construction	1,753	2,636	13	325	785	1,311	131	475	0	223	1,383	1,300	4,065	6,270
Sales rate, %	39	40	100	53	36	40	14	14	0	88	69	65	48	46
Worked-up rate, %	64	44	77	54	67	49	91	50	0	83	82	77	71	55
Unsold housing units	137	13	194	61	295	220	133	45	20	1	52	31	831	371

Nordic construction market 2009

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

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

Office markets in the Nordic region 2008–2009

	Vacancy rate, %[1]	Rent, m^2/per year[2]	Yield, %[2]
Stockholm	9 ↗	4,000 (SEK) ↘	5.25 ↗
Copenhagen	5 ↗	1,900 (DKK) ↘	5.35 ↗
Helsinki	9 ↗	300 (EUR) ↘	6.25 ↗
Oslo	4 ↗	3,600 (NOK) ↘	6.25 ↗

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

and St. Petersburg. NCC implemented cutbacks in Germany in 2008, following which production took place in eight metropolitan regions. Operations are relatively small in the Baltic countries and St. Petersburg.

Civil engineering

The Nordic market for civil engineering was favorable in 2008 and is expected to remain healthy in 2009. Government infrastructure investments are being made in Sweden, Denmark and Norway.

An expansive civil engineering market is positive for NCC's Construction units and for NCC Roads' sales of asphalt and aggregates.

Other buildings

Demand for office, industrial and retail premises and public buildings was favorable during most of 2008 but is expected to weaken in 2009.

Commercial property development

Market conditions for starting commercial property projects weakened in the second half of 2008, in part due to sluggishness in the leasing market for commercial premises. Vacancy rates in the Nordic capitals increased during the year.

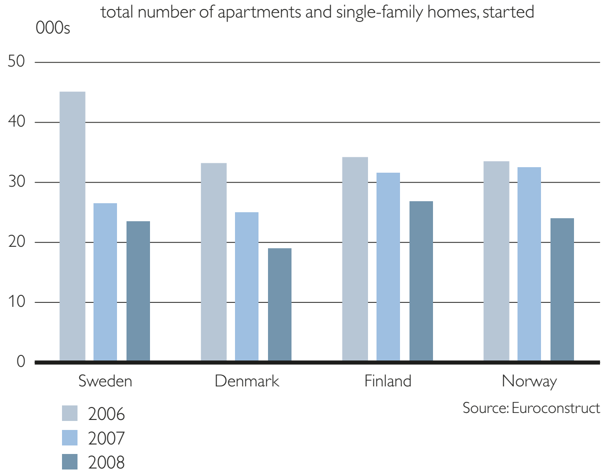
Interest from investors in property projects diminished in autumn 2008, in part due to the financial crisis. Opportunities for selling attractive property projects continue to exist in 2009, but the required yield of investors has increased. A competitive advantage is the high degree of transparency in the market, particularly in Sweden, which attracts foreign investors, such as managers of pension capital, seeking low-risk alternative investments.

Outside the Nordic countries

Outside the Nordic region, NCC primarily engages in operations in Germany and the Baltic countries.

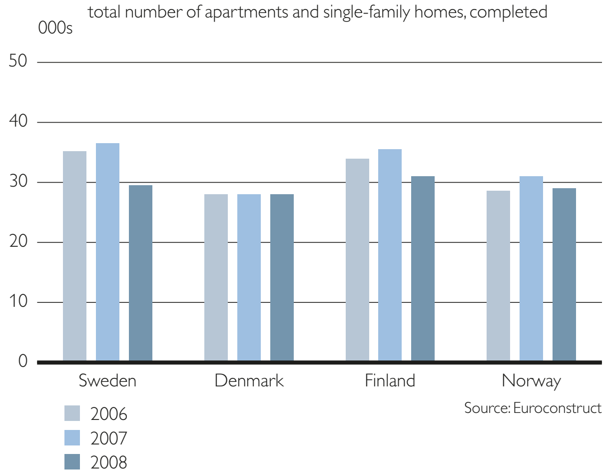
In Germany, where NCC mainly develops housing, the construction market was generally weak. In the Baltic countries, where NCC constructs housing and buildings, the market weakened early, in spring 2008. NCC also established property development operations in Riga, although on a small scale. The outlook for 2009 is weak with regard to the

Residential construction in the Nordic region,
total number of apartments and single-family homes, started



In 2008, there was a decline in housing starts, primarily toward the end of the year. In Sweden in 2007, the decline was largely attributable to the temporary impact of amended regulations for subsidizing rented apartments.

Residential construction in the Nordic region,
total number of apartments and single-family homes, completed



The number of completed housing units showed a declining trend in 2008 in all markets except Denmark.

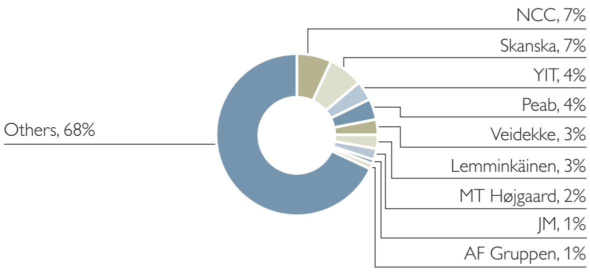
Baltic countries. In the St. Petersburg region of Russia, NCC invested in land areas for residential construction and limited operations were already in place within asphalt and paving.

COMPETITORS

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

At the Nordic level, NCC's main competitors are Skanska and Peab of Sweden, MT Højgaard of Denmark, Veidekke of Norway and YIT and Lemminkäinen of Finland. In Sweden, JM is a major competitor in residential development. Within 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 (formerly the Production division of the Swedish Road Administration) in Sweden, Mesta in Norway and Destia in Finland, are other significant competitors. In Denmark and Finland, Colas and CRH are competitors in asphalt and aggregates.

Market shares in 2008, percent



The Nordic construction market is highly fragmented. NCC is one of the two largest companies in the Nordic region, with a market share of 7 percent. The construction market in the Nordic region generated sales of approximately SEK 866 billion (excluding residential renovation) in 2008. (Source: Euroconstruct)

From a Nordic perspective, the property development market comprises a few major players and NCC is one of the larger ones. Other major players include Skanska of Sweden, YIT, Hartela and SRV of Finland as well as the Själsögruppen of Denmark. In local markets, other players may also be significant competitors, such as Wihlborgs in southern Sweden and ROM Utveckling in Oslo.

Major competitors in the Nordic region 2008

Key figures and products	NCC	Skanska[1]	Peab	MT Højgaard[2]	Veidekke	YIT	Lemminkäinen	AF Gruppen	JM	Colas[2]	CRH[3]
Sales (SEK billion)	57	144	34	15	23	38	24	7	12	122	202
Number of employees (thousands)	20	58	14	5	6	26	10	2	2	67	92
Housing	●	●	●	●	●	●	●	●	●		
Building	●	●	●	●	●	●	●	●	●		
Civil engineering	●	●	●	●	●	●	●	●		●	
Asphalt, aggregates, concrete	●	●	●		●		●			●	●
Property development	●	●	●	●	●	●	●	●	●		
Machinery operations		●	●	●							
Market share, Nordic region, total (%)	**7**	**7**	**4**	**2**	**3**	**4**	**3**	**1**	**1**	**–[4]**	**–[4]**

[1] NCC estimates that approximately SEK 60 billion of Skanska's sales derives from Nordic construction operations.
[2] Pertains to the period October 2007–September 2008.
[3] Pertains to the period July 2007–June 2008.
[4] No information available.

Falcon Business Park, Espoo, Finland.

NCC'S GEOGRAPHICAL MARKETS

NCC IN SWEDEN

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

Net sales: SEK 29,844 M
Number of employees: 10,751

NCC IN NORWAY

In Norway, NCC is the third largest player in the construction and civil engineering market. NCC has developed many large property projects, built several sports arenas and has significant operations within aggregate, asphalt, paving and road services. The Norwegian central, local governments and property developers are major customers, as are the oil and gas industry.

Net sales: SEK 8,378 M
Number of employees: 2,032

NCC IN FINLAND

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

Net sales: SEK 8,317 M
Number of employees: 2,849

OPERATIONS

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

NCC IN THE BALTIC COUNTRIES

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

NCC IN DENMARK

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

Net sales: SEK 6,808 M
Number of employees: 2,878

NCC IN GERMANY

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

Net sales: SEK 2,470 M
Number of employees: 774

NCC IN ST. PETERSBURG

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

Net sales: SEK 1,174 M
Number of employees: 541

EMPLOYEES

WEAKENED MARKET CONDITIONS INCREASE FOCUS ON COMPETENCE

In a weakened market climate, it is even more important to have the best employees and an efficient organization. NCC's ambition is to be the best company to work for and, during a recession, NCC also aims to act responsibly in relation to the employees who must leave the company.

NCC works toward having the most attractive customer offering and the highest production efficiency in the industry. To achieve this goal, NCC has to attract the best employees, but also make use of the organization's competence and experience.

Despite extensive personnel cutbacks in 2008 and 2009, the Group will need to recruit over the long term, particularly in Sweden, where a substantial generation shift will occur in the years ahead.

To strengthen NCC's competitiveness as an employer, the efforts of the Human Resources department focus on continued work on the Group's values, strengthening and developing management, career planning and remuneration issues, and long-term work to attract and recruit employees. The overriding goals are to maintain employee turnover at a constant low level, strengthen human capital and reduce the number of workplace accidents.

VALUES SHOW THE WAY

The company's values are among the most important foundations for showing how leadership is carried out and received. In a decentralized organization such as NCC, it is important for all employees to be familiar with and act on the basis of the Group's values. Values guide all decisions that are taken, including both everyday and strategic issues. NCC's values are Honesty, Respect and Trust. The key characteristics of NCC's business operations must be focus, simplicity and responsibility.

The work on values includes particular emphasis on ensuring that managers in the organization always base their actions and work on NCC's values. This is particularly important in times of cutbacks. During the year, several programs focusing on values were held in the Group. For example, NCC Roads Finland held a values seminar for all managers. In addition, NCC Construction Sweden Southern Region arranged a half-day training program for all personnel at which employees discussed values based on various everyday situations. Similar training will be held in various regions in NCC Construction Sweden in 2009. Pride in working for NCC is an important measure of how employees view their

own organization, and proud employers are generally more inclined to remain with the company. This was among the starting points for an internal dialog held throughout the Group in 2008, which pertained to NCC's proudest projects over time and used values as a point of departure. Pride in working for NCC is measured in the annual HCI survey and the figures for 2008 showed an increase in pride.

WORK ENVIRONMENT – A PART OF CORPORATE CULTURE AND VALUES

To a great extent, the work environment is linked to NCC's values. A safe and secure workplace does not exist in isolation, but is instead a part of the corporate culture and thus also part of NCC's values, because it comprises the basis of the way of being for employees and management. NCC regards the ability to offer a safe and secure workplace to its employees and subcontractors as an obvious social responsibility. NCC's vision is zero accidents. The goal is to continuously reduce the number of workplace accidents.

In 2008, NCC Construction Sweden conducted a review of training needs for all functions that impact on the work environment, including managers, purchasers, project managers and others. The purpose of the review was to increase awareness and to ensure the ability to address work environment issues at an early stage. A review of the system and procedures for work environment efforts was also conducted.

In 2008, NCC Construction Sweden completed a cooperative project with Stockholm University and the Stress Research Institute at Karolinska University Hospital. The purpose of the project was to identify leadership factors among site managers with the potential to promote good health and low stress levels in the managers themselves and in their employees, and that also promote productivity. The study identified six factors, including communication and effective delegation, which contribute to a more efficient production process, good health and improved recovery for site managers. Experience from the research project is being incorporated into NCC's leadership development efforts.

DIVERSITY FOR INCREASED PROFITABILITY

Organizations that incorporate diversity often perform better than those that do not, and studies indicate that work groups characterized by diversity are more profitable. For several years, NCC has been working to increase diversity,

MORNING WARM-UPS PREVENT WORKPLACE ACCIDENTS

A reduced short and long-term risk of physical strain disorders, fewer workplace injuries and improved group cohesion at the workplace: the morning warm-ups that start the workday at many of NCC's construction sites offer many benefits. Employees begin work early in the morning, and stiff joints are easily injured. Daily warm-ups prevent injuries.

Many of NCC's employees agree that the ten-minute session helps them start their workday and that their bodily mobility has increased significantly. The morning warm-ups have also turned out to be excellent meeting points and social gatherings. In 2008, interested morning commuters could watch NCC employees' morning warm-ups at such sites as Kungsbron in Stockholm, where the worksite is near the railway line.

Sickness absence and occupational accidents in Sweden

	2006		2007		2008
Total sickness absence as a percentage of regular working hours, %	4.2	↘	4.0	↘	3.6
Percentage of the total sickness absence pertaining to uninterrupted sickness absence of 60 days or more, %	53.1	↘	49.4	↘	45.5
Sickness absence by gender, %:					
– Men	4.3	↘	4.1	↘	3.8
– Women	2.3	↗	2.7	↘	2.3
Sickness absence by age category, %:					
– 29 years or younger	3.5	→	3.5	↘	3.3
– Between 30 and 49 years	2.9	→	2.9	↘	2.6
– 50 years or older	5.7	↘	5.3	↘	4.9
Occupational accidents per one million worked hours:					
Blue-collar workers	14.9	↘	13.4	↘	12.5
Total (blue-collar workers + white-collar workers)	9.5	↘	8.8	↘	8.1

The long-term trend in occupational accidents is declining and the figures for 2008 are in line with the lowest result historically. Sickness absence declined additionally from an already low level.

and, in Sweden, the goal is that half of recruits from universities and colleges should be women. The Swedish network Stella, which celebrated its tenth anniversary in 2008, is an important internal initiative to support female university graduates at NCC in their profession.

Several years ago, NCC became the first construction company in Sweden to be active in the Swedish network "Fritt fram", which works to ensure that those who want to be open about their sexual orientation are able to be so.

ATTRACTIVE EMPLOYER

Being profitable and successful is the most important factor that makes a company an attractive employer. Favorable career opportunities, good managers, stimulating work tasks and development opportunities are other factors that distinguish attractive employers. In Sweden, NCC became the best in the industry in Universum's Career Barometer, which measures graduate engineers' attitudes to various employers one to eight years after graduation. NCC was also the best in the business in terms of young graduate engineers' satisfaction with their employers.

The Children's Construction School, a Group-wide project aimed mainly at schoolchildren, is designed to display NCC as an attractive employer and to stimulate interest in construction careers among children. During 2008, construction schools were conducted at 13 locations throughout the Nordic region.

HCI SURVEY 2008

NCC is a learning organization. Since 1997, annual surveys have been conducted to find out whether employees have the right prerequisites to do a good job. The Human Capital Index (HCI) creates a dialog with employees and measures such criteria as leadership, guidance and values. The results are used for purposes including the planning of employee development activities.

Overall, the response rate for the HCI survey was high, although response was higher from white-collar workers than blue-collar workers. In 2008, nearly 90 percent of white-collar workers responded to the survey, while slightly less than 70 percent of blue-collar workers responded.

Following several years of a positive trend in HCI surveys, the results declined in some business areas in 2007. However, in 2008 the survey once again showed improved figures. The following table displays the results for training and knowledge development, leadership style, management by objectives and values.

Training and knowledge development

%	2007	2008
I am able to develop my knowledge and my skills at work	62	↗ 65
I feel responsible for and am concerned about my development	80	↘ 79
My manager cares about my development	57	↗ 60

NCC works continuously to raise the level of specialist competence in various areas of operation. The HCI survey measures learning using the above questions, for which the response pertains to NCC Construction Sweden. This factor developed positively.

SUCCESSFUL VALUE-ORIENTED EFFORTS

In a decentralized organization with motivated employees who take responsibility, values and strategic guidelines are often a better solution than detailed regulations. This is exemplified by NCC Roads where, for many years, strategic leadership has gone hand in hand with values. Training and getting managers involved in values issues has proven to be an efficient way of spreading the approach further and, in the long run, increasing profitability. In 2008, NCC continued its values-promoting seminars. When the values tour is completed, 500 managers will have received the training. During the year, NCC Roads also implemented two sessions of the "values-based leadership" program, in which discussions about the values are central.

In NCC Construction Finland, values-oriented discussions are used as guidance in decision-making situations that have not been regulated in advance. It is considered important to discuss values with a view to illustrating how they should function in each situation. Accordingly, in the new introductory program, values and ethics are discussed between manager and employee at an early stage, after just 40 days. Values are also an important part of "Being a leader at NCC," the new leadership program. All managers will complete this program during the next three years. As a reminder of NCC's values, NCC Construction Finland also used some unconventional methods in 2008. For example, the company distributed T-shirts displaying the values at all construction sites during the summer.

Percentage of NCC employees who think that…

	… I have great confidence in my manager		… we have clear objectives	
	2007	2008	2007	2008
NCC Construction Sweden	68	↗ 70	63	→ 63
NCC Construction Denmark	82	↘ 78	70	↗ 74
NCC Construction Finland	79	↗ 82	78	↗ 80
NCC Construction Norway	85	→ 85	82	→ 82
NCC Construction Germany	59	↗ 61	83	↘ 82
NCC Property Development	81	↗ 88	85	–[1]
NCC Roads	72	↗ 76	67	↗ 70

[1] The question was not included in the business area's HCI survey in 2008.

NCC's leadership development efforts have had an impact – confidence in leadership style and management-by-objectives increased in 2008. Work on a values-based leadership style is performed continuously in the form of improved recruitment methodology and introductions, various management training programs and values-based communication.

Values in reality

	NCC's Construction units					NCC PD[1]	NCC Roads
	Se	Dk	Fi	No	Ge		
Percentage who think that NCC's corporate culture is characterized by…							
... honesty	66	72	83	82	50	–	68
... trust	63	74	82	83	51	–	69
... respect	64	73	76	82	55	–	66
Percentage who think that NCC's business is characterized by…							
... focus	63	69	78	80	55	–	61
... simplicity	47	57	71	64	38	–	49
... responsibility	67	75	78	84	68	–	71

[1] The questions were not included in the business area's HCI survey in 2008.

The table describes how NCC's values were reflected in reality in 2008. Trust increased in all business areas except NCC Construction Germany. The lower figure in Germany can be explained by the uncertainty experienced in connection with extensive restructuring/rationalization measures.

Percentage that have had career-development talks

	2007	2008
NCC Construction Sweden	75	↘ 73
NCC Construction Denmark	59	–[1]
NCC Construction Finland	60	↗ 62
NCC Construction Norway	73	↘ 72
NCC Construction Germany	59	↘ 47
NCC Property Development	92	↗ 98
NCC Roads	67	↘ 60

[1] The question was not included in the business area's HCI survey in 2008.

The annual employee career-development talk is the single most important tool for developing the employees' learning as well as drafting guidelines on an individual level. It is also a tool for the continuous follow-up of operations. The objective is for all employees to have a constructive annual career-development talk with their manager.

A HEALTHY WORK ENVIRONMENT AT ST. OLAV'S HOSPITAL IN TRONDHEIM

NCC Construction Norway attracted attention for its successful work environment efforts during the second phase of construction at St. Olav's Hospital in Trondheim in 2008. Safety issues are top priority for project management at St. Olav's Hospital. The responsibility is linear, as individual managers ensure the quality of the work and are advisors on work environment issues.

Work environment efforts occur systematically, which is a requirement for a safe workplace. For example, risk assessment takes place early in the process, at the planning stage. Specific job security analyses are completed for each new action and for each new individual added to the project. This applies particularly to work performed at great heights.

Serious incidents and accidents are reviewed by designated managers who carefully describe what happened, what caused the incident and what should be done to prevent the situation from being repeated. An important policy at St. Olav's Hospital is to maintain more stringent requirements for a clean, dry and thus safer work environment. Training and certification are other areas that are prioritized in the project. The fire department's course on the use of safety equipment was particularly successful. Employees from outside Norway were trained in Norwegian language and culture, and information was translated as required.

NCC acted in a socially responsible manner by checking working hours, accommodation and salaries to avoid social dumping – a necessity given the high number of subcontractors. Project managers maintained continuous contact with the Labor Inspection Authority and the union.

ENVIRONMENT AND SOCIETY

SUSTAINABLE DEVELOPMENT – FOCUS ON ENERGY

Buildings, infrastructure and civil engineering works are important elements of the construction of communities. At the same time, all construction affects the environment for a long time. As a community builder, NCC's responsibility includes developing and building with the minimum impact on the climate and environment, and creating favorable environments that provide people with sound conditions for living a healthy life. NCC's objective is to be a leader in terms of responsible enterprise and sustainable construction.

NCC has a long tradition of working with various environmental issues in an integrated manner. The Group has defined four overriding environmental goals, and environmental thinking is well established at all levels throughout the organization. In recent years, customers have shown increased interest in energy-efficient construction and more environmentally sound solutions, as a result of a desire to reduce their impact on the climate, but also to reduce energy costs.

Construction and operation of buildings account for about 40 percent of total energy consumption in Europe, and most of the energy is consumed during the operation stage. Accordingly, increasing the energy efficiency of various buildings is the main way in which NCC can contribute to reducing climate impact. As a responsible community builder, NCC strives to be the benchmark company for climate issues in the construction and property development sector. To achieve this objective, NCC has decided to develop new business opportunities involving energy-efficiency enhancement in the industry and strive to develop CO_2-neutral products and services. NCC has already noted evidence that an environmental approach both lowers costs and raises the quality of products. Accordingly, a clearer environmental profile can establish the basis for sustainable profitability as society changes.

SYSTEMATIC APPROACH TO THE CLIMATE ISSUE

NCC's work is based on an integrated approach to managing construction processes from an early stage, when there is the greatest opportunity to impact the process. Technical platforms and environmental analyses are examples of tools for environmental work. Technical platforms make it possible to systematically build favorable environmental qualities into construction projects. A challenge for the future is to further develop the platforms from an energy perspective.

The technical platform Svenskt Kontorshus (Swedish Office Building) is an example of how NCC combines requirements for cost savings with quality and built-in environmental thinking. The platform is based on standardized, tested solutions that result in fewer defects and sustainable quality, which is an environmental benefit in itself. Swedish Office Building meets the GreenBuilding requirement, which entails that a building must consume at least 25 percent less energy than the norm for a conventional office building and accordingly generate lower carbon dioxide emissions. The environmental classification is the result of demands from customers, in combination with NCC's competence in energy-efficient construction.

RESEARCH AND DEVELOPMENT IN 2008

The environmental and energy perspective is a feature of almost all research in the construction and civil engineering sector. In 2008, NCC Construction Sweden and NCC Roads together had five industrial PhD students at Swedish universities and one in Denmark. Energy performance for apartment blocks and industrial construction of passive homes are two examples of areas of research.

NCC'S ENVIRONMENTAL GOALS:

The NCC Group has defined four overriding goals for its environmental work:

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

Kaggen office property, Malmö, Sweden.

HEALTHY DEVELOPED ENVIRONMENTS

A healthy environment is characterized by good quality air and water and the absence of harmful substances and contaminated soil, but the concept is more extensive than that. Limiting the impact of construction on biodiversity and ecosystems makes a major contribution to a sound environment, as does low-noise paving.

Demand for noise-reducing asphalt is increasing. In 2008, for example, NCC Roads in Sweden signed an agreement for a function contract with Stockholm's City Planning and Traffic Division. During the summer, noise-reducing asphalt was applied on Renstiernas gata in Stockholm and on Spångavägen in Bromma.

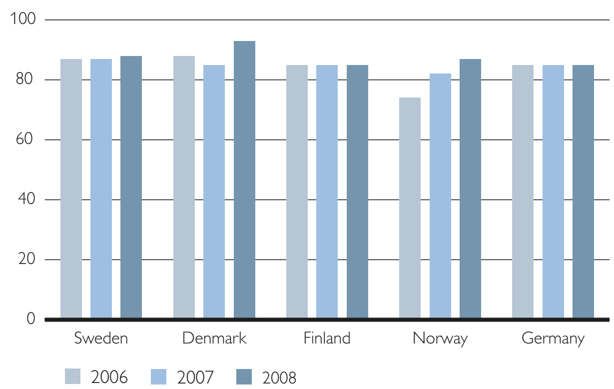
In autumn 2008, the Norrortsleden Link was inaugurated. NCC Construction and NCC Roads built slightly more than half of this section of road. NCC's assignment included the construction of ecoducts and overpasses for small mammals, in order to safeguard biodiversity.

REDUCED CLIMATE IMPACT

NCC's greatest opportunity to reduce its impact on the climate is by developing energy-efficient buildings. In recent years, considerable progress has been made in this area.

In Sweden, NCC's goal is for the energy consumption of all of its proprietary housing units to be 20 percent lower than the level required by law. Efficient heat recovery and energy-efficient windows and white goods are among the measures that will be used to achieve this goal. Climate declarations are prepared for housing and, in Sweden, the requirements reflected in NCC's declarations surpass those specified in the Building Regulations (BBR) of the Swedish National Board of Housing, Building and Planning, since the entire lifecycle of NCC's buildings is to be taken into account. Climate declarations are also prepared for NCC's housing in Denmark and, in Finland, a development program for increasing the energy efficiency of buildings and renovation projects is under way. It is also possible to achieve increased energy efficiency by teaching residents how to reduce their energy consumption. This has been done successfully in primarily Finland.

Recycled construction waste, percent



During 2008, the operations achieved an average recycling rate of 87.6 percent. In five years, the average improved by 10 percentage points.

In recent years, NCC has broadened its competence and experience of passive buildings in the Swedish market. Passive buildings have a well-insulated design and do not have traditional heating systems. They are heated mainly by the heat emitted by residents, solar heat and household appliances, which reduces energy consumption by 50 to 60 percent. In 2007, there were approximately 120 passive homes in Sweden and the number is expected to increase manifold during 2009. NCC has constructed passive buildings in Gothenburg and Värnamo, and construction of Sweden's largest wooden passive building commenced in Växjö in 2008.

In the field of commercial property development, NCC has been focusing on the development of energy-efficient buildings for several years. In this area, the NCC Property Development business area has a prominent position in the Nordic region and is one of Europe's first GreenBuilding partners and the first one in Sweden. As a GreenBuilding partner, NCC undertakes to produce properties whose energy consumption is at least 25 percent lower than the prevailing norm. To date, NCC has developed six GreenBuilding-certified buildings: two in Denmark, one in Finland and three in Sweden. In late November, Coop in Kungsbacka was inaugurated as the first GreenBuilding-certified retail building in the Nordic countries. In Norway, NCC is building Stavanger Business Park, which will meet the GreenBuilding requirements. NCC also applies Green Light labeling, with the aim of creating effective, energy-saving lighting in offices.

In the field of aggregates, asphalt and paving operations, NCC has taken a number of initiatives to reduce energy consumption and thus ease the climate impact. In 2008, NCC Roads in Norway tested replacing fuel oil with climate-neutral fish oil in 25 percent of its asphalt production. A number of asphalt plants were adapted for the purpose, and the result was that carbon dioxide emissions were reduced by nearly 8,000 tons. In Sweden, NCC Roads strengthened its position in energy-efficient asphalt paving by applying low-energy asphalt in such locations as Sundsvall. Thanks to NCC's technical solutions and changed manufacturing and mixing methods, this type of asphalt can be heated at lower temperatures, which reduces carbon dioxide emissions by up to 40 percent and emissions of nitrogen oxides by 70 percent.

HARMFUL SUBSTANCES

BASTA, a cooperative project among the major players in the Swedish construction industry, is used in product selection and included in technical platforms. BASTA goes further than the EU chemical legislation REACH in terms of phasing out hazardous substances. In Denmark, NCC uses the national chemicals database, while Norway and Finland have phase-out lists.

RECYCLING

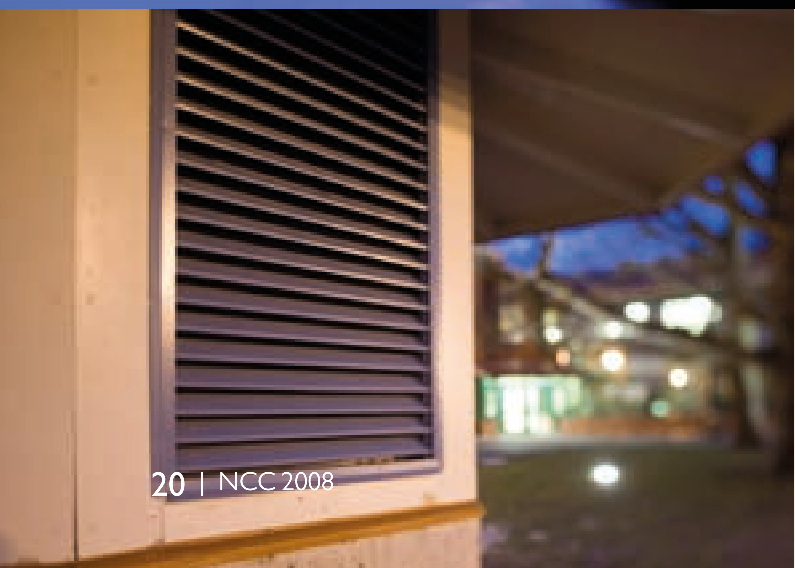
NCC Roads increased the extent of its recycling in 2008, primarily its asphalt recycling, but road sand was also collected, recycled and used in asphalt production.

The average recycling rate for construction waste in the Group has improved by 10 percentage points during the past five years, and amounted to approximately 88 percent in 2008.

ENERGY-EFFICIENT SOLUTIONS THAT BENEFIT THE CLIMATE AND BUSINESS

Increased energy efficiency benefits both customers and the climate, and creates business opportunities for NCC. Higher energy prices and the public's increased interest in the environment have contributed to rising demand for energy-efficient buildings. NCC is working on a broad scale to develop energy-efficient buildings. In 2008, several projects focusing on energy conservation and reduced CO_2 emissions were carried out.

ACTIVE DEVELOPMENT OF PASSIVE BUILDINGS. In 2008, NCC broadened its development of passive buildings. Hamnhuset in Gothenburg is Sweden's first major passive apartment block, with a total of 115 rental apartments. Passive buildings have an well-insulated design and do not have traditional heating systems. Instead, their main heat sources include household appliances, lighting and the heat emitted by residents. About 80 percent of Hamnhuset's heat is recycled by three heat exchangers. Tap water is heated by solar panels and district heating. Any extra heating that may be required on the coldest days of the year is supplied by district heating.



◀ VARGBRO SCHOOL – NEARLY SELF-SUFFICIENT IN HEATING. Slightly more than a year after NCC completed the construction of the new Vargbro School in the municipality of Storfors, the school's annual energy consumption amounted to approximately 50 to 60 kWh per square meter. This is in line with the energy consumption of a passive building. The building is super-insulated and has hybrid ventilation, which comprises natural ventilation with auxiliary fans. Solar panels have been installed on the roof. District heating is needed only on the coldest days of the year and when the school is empty.

EUROPE'S MOST CLIMATE-FRIENDLY OFFICE? In 2008, detailed planning continued on NCC Property Development's flagship, Kristinebergshöjden in northwest Stockholm. Kristinebergshöjden is a very unusual office building. On the roof, wind turbines rotate, and rotatable solar panels on the façade follow the sun and generate energy, while protecting against direct solar radiation. The goal is for the building's energy consumption to be 50 percent lower than the current standard requirements. Construction of Kristinebergshöjden is planned to begin in 2010.

GREEN BUILDING-CERTIFIED BUILDINGS REDUCE CO_2 EMISSIONS. As one of Europe's first GreenBuilding partner, NCC's objective is to produce properties with at least 25 percent lower energy consumption than the prevailing norm. GreenBuilding is a relatively new system launched in 2004 by the European Commission to rate the quality of energy-efficient buildings. At year-end 2008, NCC had developed six GreenBuilding-certified buildings: two in Denmark, one in Finland and three in Sweden.

A SUSTAINABLE ROAD PROJECT CLOSE TO NATURE

In autumn 2008, the Norrortsleden Link was inaugurated in Stockholm. NCC built a total of seven kilometers of divided road along the 16-kilometer section. Great care was taken to protect the surrounding natural and cultural landscape, which includes a rich wildlife population.

A road section close to nature

One of the requirements of the customer, the Swedish Road Administration, was to minimize the Norrortsleden Link's visual and sound impact. To meet this requirement, NCC worked to lower the section of road into the surrounding landscape, to the extent possible.

Tunnels – good for noise and wildlife

Building tunnels is an effective way to reduce the noise level from the traffic on the Norrortsleden Link and to facilitate the passage of wildlife and people enjoying outdoor life. Tunnel construction comprised one kilometer of the seven kilometers of road built by NCC.

▲

A WINNING CHOICE FOR ALL. NCC's responsibility for the Norrortsleden Link did not end with the inauguration. In addition to project engineering and construction, a 15-year function contract for operation and maintenance was signed to guarantee navigable roads during the entire contract. A function contract is favorable from an environmental viewpoint because it creates incentives for NCC to select the most beneficial solutions from a lifecycle perspective.

TUNNELS SECURE FROG POPULATION. The natural environment near the Norrortsleden Link is rich in moor frogs, toads and small newts. There were fears that the new road would have a negative impact on the frog population when the frogs migrated to their breeding grounds at nearby Lake Gullsjön. To address this issue, NCC built three frog tunnels under the road. Guide rails along the road prevent the frogs from accessing the highway.

ASPHALT WITH A LONG LIFESPAN. NCC Roads decided to build the highway using an asphalt product from the VIACO series developed by NCC. This type of asphalt has stable surfaces that resist both wear from studded tires and heavy traffic. From a lifecycle perspective, the asphalt is a smart choice because it has a documented long lifespan.

ENERGY-SAVING PRODUCTION METHODS. NCC Roads produces low-energy asphalt with 30-percent lower energy consumption, entailing a 40-percent reduction in CO_2 emissions. The secret is an energy-saving production method with lower heating temperatures than normal, making it possible to reduce the quantities of fossil oils used. In Norway, NCC Roads replaced 25 percent of the fossil oil in its asphalt production with CO_2-neutral fish oil. The result was that NCC Roads' carbon dioxide emissions were reduced by nearly 8,000 tons in 2008. Fish oil is a byproduct of the food industry that is otherwise usually sent to landfill or incinerated.

NCC'S STAKEHOLDERS

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

	AIMS AND OBJECTIVES	SUCCESS FACTORS	ACTIONS/MEASURES ✓ Implemented • Ongoing/Pending
CUSTOMERS	• The most attractive customer offerings. • Strong, long-standing customer relations. • High level of competence. • Contribute to sustainable social development. • Reduced construction costs. • Reduced operating expenses.	• Highest production efficiency in the industry. • Long-term relations. • Technical competence. • NCC Partnering. • Function contracts. • Life cycle approach. • Committed employees. • Energy efficiency. • Reduction in carbon-dioxide emissions.	✓ Future Office by NCC. ✓ Technology platforms. ✓ Climate declaration of homes. ✓ Increase in guarantee-related measures. ✓ GreenBuilding. • Increased scope for NCC Partnering. • Increased scope for function contracts. • Broadened lifecycle approach. • More in-depth customer surveys. • Long-term initiatives involving research and development. • Carbon dioxide-neutral products and services.
USERS	• Create healthy built environments. • No harmful substances. • Reduced impact on climate during useful life of buildings. • Satisfied users. • Effective and appropriate housing, commercial premises and plants, with low lifecycle costs.	• Technical competence. • Well-conceived design. • Innovation. • Energy efficiency. • Continuous dialog.	✓ Formulate concepts for computing lifecycle costs. ✓ NCC Concept House. ✓ Offer energy-efficient buildings. ✓ Future Office by NCC. ✓ Climate declaration of homes. ✓ GreenBuilding. • Offer environmentally labeled single-family homes. • Continued future-oriented studies.
SHAREHOLDERS	• Increased value growth. • 20 percent return on shareholders' equity after tax. • Positive cash flow. • Net indebtness shall not exceed shareholders' equity. • At least half of after-tax profit distributed to shareholders.	• Focus on core business. • Simple organizational structure and decision-making channels. • Customer value in all activities. • Highest production efficiency in the industry. • Growth efforts. • Committed employees.	✓ Intensified product and customer focus. • Financially stronger company with limited risk exposure. • Sustainable profitability. • Competitiveness and profitability.
EMPLOYEES	• Most attractive employer. • Open internal dialog. • Low level of sickness absence and zero work-related accidents. • Motivation, commitment and innovation. • Committed employees. • Modern personnel relations.	• Clear, value-guided and supportive leadership. • Influence over own work. • Recruit and retain the best employees. • Safe work environment. • Modern collective agreements. • Good development opportunities. • Successful company.	✓ Management training. ✓ Human Capital Index. ✓ Career-development talks. ✓ ReachMee, a recruitment system for internal and external recruitment. ✓ Reduced sickness absence. ✓ Developed recruitment method. ✓ Deeper contact with colleges and universities. • Increased pride in working for NCC. • Increased diversity. • Strengthen leadership.
SUPPLIERS	• Lowest purchasing costs in the industry. • Reduction in total purchasing costs every year.	• International purchasing. • Coordination. • Developed logistics. • Cooperation with the most cost-effective suppliers. • Industrial construction. • Improved project control. • Fast rate of change.	✓ Increase in purchasing coordination. ✓ Establish international purchasing offices and double purchasing volume annually. ✓ Member of BSCI for independent assessment of social responsibility. • Increase in purchasing specialization and knowledge of value chains. • Strategic partnerships with the globally most cost-effective suppliers. • Develop efficient trading and logistics. • Leadership to drive change.
AUTHORITIES	• Provide best possible documentation prior to political decisions. • Participate in public debates on matters affecting the construction sector. • Long-term collaboration partner.	• Understanding for the role of the authorities. • Continuous dialog. • In-depth expertise.	✓ Dialog with municipal administrations, government authorities and departments and other decision-makers. ✓ Discussions regarding new forms of procurement and about construction costs. ✓ Work for strong EU-wide chemical legislation, REACH. • Reduced construction costs. • Broaden scope for NCC Partnering and function contracts. • Dialog about decrease in CO_2 emissions.
INDIRECT STAKEHOLDERS	• Increase awareness and knowledge of NCC. • Be perceived as a responsible company. • Benchmark company in the industry.	• Participation in public debates. • Dialog with nearby residents. • Dialog with media.	✓ Debate articles concerning important and strategic matters. ✓ Involvement in member and industry organizations. ✓ Visible social responsibility, through, for example, prevention of occupational injuries and accidents. • Long-term and systematic brand building. • Intensified dialog with various stakeholder categories.

GROUP OVERVIEW 2008

Business areas | Products and customers | Share of Group total 2008

CONSTRUCTION*

Housing, building and civil engineering

Main markets:
share of net sales

Sweden	54%
Denmark	9%
Finland incl. Baltic countries	17%
Norway	15%
Germany	5%

* As of 2009, proprietary housing development comprises its own business area under the name NCC Housing.

Product mix, share of net sales

In 2008, housing was the largest operation, although its share declined during the year due to lower demand. The boom conditions characterizing the first half of 2008 resulted in higher investor interest in building offices and shopping centers.

- Housing 27 (34)%
- Infrastructure 13 (14)%
- Industrial and processing plants 9 (9)%
- Landscaping 11 (9)%
- Offices 12 (9)%
- Shopping centers, etc. 9 (8)%
- Other 19 (17)%

Customer mix, share of net sales

Private customers were the dominant customer category. Municipalities and county councils had an increased share of NCC's customer structure because of the relatively favorable financial situation and a significant need for the construction of schools and healthcare buildings. Central governments made up a stable share of NCC's customer structure.

- Private customers 62 (64)%
- Municipalities/county councils 15 (13)%
- Central government 11 (11)%
- Public-utility housing companies 7 (7)%
- Internal within NCC 5 (5)%

Net sales
SEK 47,043 M

77%

Operating profit
SEK 1,046 M

47%

Average number of employees
15,275

78%

PROPERTY DEVELOPMENT

Development of commercial properties

Main markets:
share of investment value and land holdings

Sweden	36%
Denmark	25%
Finland	28%
Norway	10%
Baltic countries	1%

Product mix, share of investment value

NCC Property Development's core operation involves offices, while retail is an important complement.

- Offices 72 (76)%
- Retail 22 (22)%
- Logistics 2 (2)%
- Other 4 (0)%

Customer mix, share of total leasing, sq. m.

In total, approximately 92,000 square meters of space was leased in 2008. The proportion of office space increased compared with 2007.

- Offices 60 (52)%
- Retail 26 (38)%
- Logistics 3 (4)%
- Other 11 (6)%

Net sales
SEK 2,133 M

4%

Operating profit
SEK 735 M

33%

Average number of employees
128

1%

ROADS

Aggregates, asphalt, paving and road services

Main markets:
share of net sales

Sweden	49%
Denmark	22%
Finland	11%
Norway	15%
St. Petersburg	3%

Product mix, share of net sales

Asphalt and paving is the largest product group for NCC Roads. As a result of determined efforts, the proportion of road services increased.

- Asphalt and paving 64 (67)%
- Aggregates 22 (24)%
- Road services 14 (9)%

Customer mix, share of net sales

The customer mix varies among products and countries. Central government, municipalities and county councils are major asphalt customers. For aggregates, the percentage of private customers is higher. The investment in road maintenance contributed to a higher percentage of public-sector customers.

- Private customers 55 (56)%
- Municipalities/county councils 18 (17)%
- Central government 21 (19)%
- Internal within NCC 6 (8)%

Net sales
SEK 11,317 M

19%

Operating profit
SEK 446 M

20%

Average number of employees
4,176

21%

Further information on the individual business areas is provided on pp. 26–35.

NCC CONSTRUCTION SWEDEN

The Swedish construction market got off to a favorable start in 2008, but demand decreased sharply during the autumn. Although NCC Construction Sweden's contracting operations performed well during most of 2008, housing operations weakened, particularly during the second half of the year. Sales amounted to SEK 25.5 billion (24.9) and operating profit was SEK 959 M (1,424).

Lower housing sales and impairment losses on land for future development and housing projects impacted negatively on earnings. Weakened sales in housing operations were partially offset by a stronger margin in contracting operations and an increase in sales. In 2008, orders received amounted to SEK 25.2 billion (29.9). Orders received were favorable in the first half of 2008, but declined during the second half of the year, when the impact of the weaker housing market was felt. Orders received for other buildings also decreased toward the end of the year, while orders received in civil engineering operations increased. At year-end, the order backlog was high and amounted to SEK 21.6 billion (22.5). Orders received in 2008 included a number of larger projects that will continue for a protracted period of time. The Norrström Tunnel, part of the Citybanan railway line in Stockholm, was the single largest project, with an order value of SEK 1.5 billion. In December, NCC was commissioned by LKAB to perform mining work near the new main level in Kiruna. The project had an order value of SEK 1.2 billion. Other examples of major orders received during the year include Tetra Pak in Lund and Hageby Centrum in Norrköping.

Demand for housing decreased sharply during the autumn due to the recession, and the decline was reinforced by the global financial crisis. The number of housing units sold decreased from 1,131 to 591. As a result of the lower demand, a number of housing projects were cancelled while others were placed on hold. Requirements regarding advance purchases were tightened before projects were started, and sales promotions were intensified. Actions taken included the introduction in Stockholm and Gothenburg of the option to cancel purchases of new housing units. The number of construction starts on proprietary housing units declined to 202 (1,586), and the figure declined rapidly during the second half of the year. By year-end, NCC had utilized 14,200 (11,300) development rights, including 5,800 (5,500) in Stockholm. Impairment losses on land and completed housing units amounted to SEK 205 M.

A MARKET-ALIGNED ORGANIZATION

NCC is continuously adapting its organization to market conditions. For example, the subsidiary Däldehög was divested because the opportunities to provide service and maintenance of gas stations had changed. Toward the end of the year, a change in the organization of business areas was implemented. Five contracting regions were reorganized into four and, as of January 1, 2009, the housing units were incorporated into a separate business area, NCC Housing. A reduction in the number of regions also entailed changes to the organization of divisions and business area managers. A review of staff divisions was initiated at the business area and regional levels. Restructuring costs amounted to SEK 78 M.

To meet the needs of customers in the infrastructure segment, the NCC Infra unit was established. Its purpose is to concentrate the Group's competences in production and tendering procedures. The context is that the Swedish Road Administration and the Swedish Rail Administration, which are NCC customers, are centralizing their procurement units and that future contracts will increasingly be carried out as turnkey or function contracts. NCC Infra will work primarily with such large-scale infrastructure projects as new roads and terracing work for railbound traffic.

STRATEGIC INITIATIVES FOCUSING ON COST REDUCTION

NCC is pursuing a number of strategic initiatives to achieve the overriding objective of reducing costs. Purchasing is one of the most important areas, because procurements account for two thirds of costs. Above all, efforts to increase the amount of international purchasing were successful during the year. Purchasing is also closely connected with the platform work method and industrial construction. An example in which major cost savings were achieved pertained to various types of frameworks in building construction projects.

The purchasing portal – a gathering point for all purchasing tools – is an important supporting tool for efficient purchasing work. Efforts to further enhance efficiency in the purchasing process continued in 2008, and in February 2009 the supplier portal was launched. The supplier portal makes it easier to submit tenders to NCC and for NCC to issue requests and manage tenders.

By increasing the extent of systematized and industrialized construction, NCC can reduce production costs while retaining quality, in part by incorporating desirable characteristics and reducing the number of defects. During 2008, NCC continued its long-term, successful efforts pertaining to technical platforms in planning and project engineering. A new technical platform for bridges was launched. Strategic purchasing competence was combined with technical design with the assistance of specialists at NCC's competence centers for project control, installation and frameworks. The platform approach was used in a large number of projects during the year.

VIRTUAL CONSTRUCTION METHODS

In 2007, a strategic initiative was taken with the aim of reducing costs through increased use of three-dimensional, virtual construction models (3D). In 2008, these efforts were intensified, and 3D was given increased scope in the construction process. By using 3D, the coordination between various parts of projects is improved and any problems are detected earlier. In the Solberga Torg project in Stockholm, the 3D technology was expanded to include 4D technology so that the time aspect could be visualized in the project. By using 4D, it was possible to add a dimension and thus to literally see the project one year forward in time. NCC contributed internationally to 3D through its continued participation in InPro, one of Europe's largest research projects in the field of virtual construction.

CONTINUED SUCCESS FOR NCC PARTNERING

NCC Partnering, a strategic issue for NCC, is a work method in which NCC cooperates with customers and suppliers in a manner that ensures that everyone feels involved and that the focus is kept on the best interests of the project.

Surveys show that NCC's customers appreciate and see the advantages of managing projects using the partnering approach.

Partnering customers feel that their needs are better met, that they obtain better solutions, more secure finances and greater job satisfaction, and that schedules are maintained to a greater extent. Partnering has also been found to be a favorable work method for jointly reducing risks in projects. The next step is to increase the involvement of skilled workers in the work method and to connect more key players to the partnering agreement.

The success of Partnering is evident in such statistics as the number of projects. In 2008, NCC obtained 149 new partnering projects. Examples of major projects procured on the basis of NCC Partnering in 2008 include the Norrström Tunnel (approximately SEK 1.5 billion), the shopping center facility in Hageby in Norrköping (approximately SEK 800 M), a new healthcare building and pool in Västerås (approximately SEK 400 M) and a new bus station in Örebro (approximately SEK 100 M). During 2008, orders received in partnering projects amounted to slightly more than SEK 6 billion (5).

INCREASED DEMAND FOR ENERGY-EFFICIENT BUILDINGS

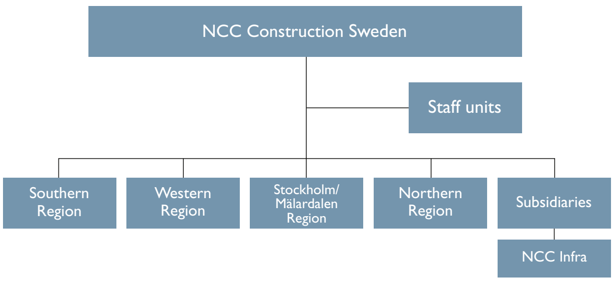
Since 2007, NCC has issued climate declarations for all proprietary housing units. The declarations are provided on NCC's own initiative and are more extensive than the energy declarations of the Swedish National Board of Housing, Building and Planning, because they calculate carbon dioxide emissions from a lifecycle perspective. The climate declarations clarify which measures can be taken to reduce emissions both during the construction phase and through the choice of energy system. NCC's goal is for all proprietary housing units to have 20 percent lower energy consumption than that required by law. Efficient heat recovery and energy-efficient windows and white goods are among the measures that will be used to achieve this goal.

In 2008, the Västerport office property in Stockholm was completed for NCC Property Development. The property is a GreenBuilding, meaning that its energy consumption is at least 25 percent lower than the prevailing norm. During the autumn, NCC completed the construction of the Nordic region's first GreenBuilding-certified retail center, in Kungsbacka, outside Gothenburg.

OUTLOOK FOR 2009

NCC expects the market to continue to decline, with a deeper recession and greater uncertainty. Investments in infrastructure and civil engineering are forecast to increase somewhat.

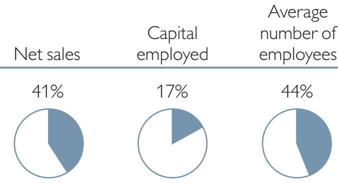
NCC Construction Sweden's organization 2009



NCC Construction changed its organization in 2008. Read more in the section "A market-aligned organization," on p. 26.

NCC CONSTRUCTION SWEDEN

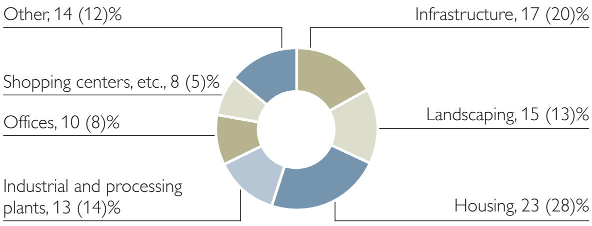
Share of Group total



SEK M	2008	2007
Orders received	25,185	29,917
– of which for proprietary projects	368	4,761
Order backlog	21,606	22,473
Net sales	25,508	24,881
Impairment losses on land and completed unsold housing	–205	–9
Restructuring costs	–78	
Operating profit	959	1,424
Capital employed at year-end	2,425	2,200
Cash flow before financing	910	975
Operating margin, %	3.8	5.7
Return on capital employed, %[1]	50.3	88.8
Investment in fixed assets	273	247
Investment in housing projects	1,476	1,984
Housing projects	3,780	2,983
Average number of employees	8,522	8,606

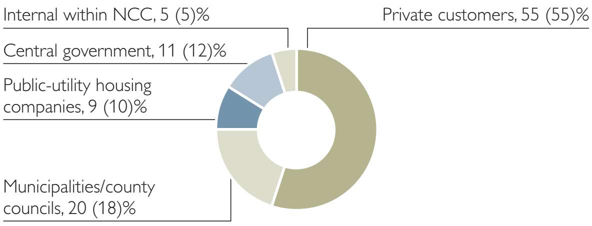
[1] Return figures are based on average capital employed.

Product mix, share of net sales



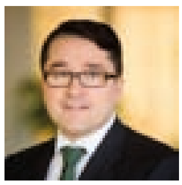
Housing comprised one fourth of NCC Construction Sweden's production. Its share of net sales declined during the year due to weakened market conditions. Infrastructure projects decreased somewhat because a number of major infrastructure projects were completed.

Customer mix, share of net sales



Private customers comprised the dominant customer category. A strong financial standing for municipalities and county councils resulted in greater demand for such projects as schools and healthcare buildings.

The vignette image above shows the Eldforsen power plant in Vansbro, Sweden.



President
Tomas Carlsson

NCC CONSTRUCTION DENMARK

In 2008, the Danish housing market remained weak, which impacted NCC Construction Denmark. Sales amounted to SEK 4.3 billion (5.9) and an operating loss of SEK 91 M (profit: 36) was reported.

Construction investments in Denmark declined 3 percent in 2008. NCC's market share remained unchanged at 3 percent, and the company's largest competitor was MT Højgaard, with a market share of 9 percent.

The Danish housing market was characterized by continued decline during the year. Sales of apartments and single-family homes have decreased sharply since 2005, resulting in declining housing prices and lower sales. Overall, housing construction decreased 28 percent in 2007 and a further 17 percent in 2008. During the year, NCC completed a total of 424 housing units on a proprietary and contract basis. NCC began construction of 76 housing units during the year.

In 2008, NCC completed the final phase of "Tuborg Sundpark" at Copenhagen Harbor, a project developed in collaboration with Carlsberg. In Vallensbæk, NCC is constructing an office building that meets the European Union's GreenBuilding requirements. Several projects were conducted on assignment from Carlsberg Fastigheter, including a three-level parking facility under an existing building, three tower blocks at Tuborg Syd in Copenhagen, and an office building. In Vejle, a shopping center was completed for Steen & Ström and in Brønshøj, the construction of a swimming pool and parking facilities is under way for Københavns Fastigheter. Several of the above projects are partnering projects.

Major civil engineering projects in 2008 included a cable-laying project and the burial of power lines in Greater Copenhagen on assignment from DONG Energy.

Market developments entailed that NCC Construction Denmark was impelled to conduct rationalization measures and organizational changes to adapt its resources. Impairment losses on land and completed unsold housing units amounted to SEK 124 M and goodwill impairment to SEK 31 M. Restructuring costs of SEK 72 M were charged against earnings. During the year, the number of employees was reduced by approximately 400 employees.

Sustainable development and concern for the climate continued to be an area of interest. NCC focused on thinking green and reducing CO_2 emissions in the construction and operation processes. NCC was the first Danish company to publicize the CO_2 emissions of a construction company through a Carbon Footprint, which shows how business operations can impact on the environment. This is an important tool for prioritizing efforts to reduce the environmental impact of operations. In November 2008, NCC won the strategy prize at the Climate Cup 2008, which was distributed at the Nordic Climate Solutions conference in Copenhagen.

OUTLOOK FOR 2009

Denmark's economic growth is expected to decline further in 2009, and the traditional Danish construction market is forecast to decline. In 2009, housing construction is expected to reach its lowest level in 10 years. However, public-sector construction is forecast to rise, as a result of investments in hospitals, nursing homes, schools and energy renovations. The civil engineering market is also expected to expand.

NCC CONSTRUCTION DENMARK

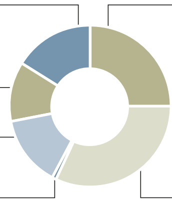
Share of Group total

Net sales	Capital employed	Average number of employees
7%	8%	8%

SEK M	2008	2007
Orders received	3,360	4,971
– of which for proprietary projects	243	1,030
Order backlog	3,339	3,848
Net sales	4,342	5,910
Impairment losses on land and completed unsold housing	–123	
Restructuring costs	–72	
Operating profit	–91	36
Capital employed at year-end	1,173	1,778
Cash flow before financing	276	–470
Operating margin, %	–2.1	0.6
Return on capital employed, %[1]	neg.	3.4
Investment in fixed assets	23	32
Investment in housing projects	506	1,048
Housing projects	1,730	950
Average number of employees	1,650	2,105

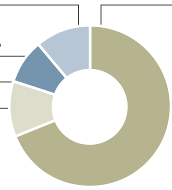
[1] Return figures are based on average capital employed.

Product mix, share of net sales



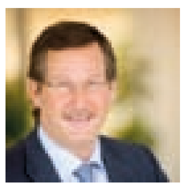
In the Danish market, volumes declined during 2008 because demand for new homes came to a virtual standstill. Small-scale civil engineering operations, specifically landscaping, were relatively constant in terms of volume, which entailed that their share of net sales increased. Office construction increased, as a result of corporate interest in investing in new premises.

Customer mix, share of net sales



Private customers remained the dominant customer category, but because of the lower housing sales, the share of private customers declined. Increased sales to Property Development entailed that the share of internal customers increased during the year.

The vignette image above shows the Kellers Park conference and spa hotel in Jylland, Denmark.



President
Torben Biilmann

NCC CONSTRUCTION FINLAND

The Finnish construction market remained strong in early 2008, but weakened sharply during the second half of the year. The market in the Baltic countries was weak during most of the year. NCC Construction Finland's sales amounted to SEK 7.8 billion (7.4) and operating profit to SEK 102 M (434).

NCC Construction Finland is active in the markets for the construction of housing and other buildings in Finland and the Baltic countries, with a market share of about 4 percent in Finland. The largest competitors are YIT, Lemminkäinen and Skanska.

The weakened operating profit is primarily attributable to weaker housing sales. Earnings were charged with SEK 98 M in impairment losses on land and completed unsold housing units and restructuring costs of SEK 2 M. A total of 856 housing units were sold in 2008, compared with 1,321 the preceding year. In 2008, 1,295 proprietary housing units were completed in Finland, while 600 housing units were produced on assignment from other customers. A total of 358 housing units were completed within the frameworks of partnering agreements.

During the year, NCC began construction on several Business Parks and associated commercial premises. The fourth phase of Business Park Tulli in Tampere is expected to be completed in the summer of 2009.

In Helsinki, Helsinki University Central Hospital (HUCS) ordered a contract project for a hospital with an order value of slightly more than SEK 481 M.

In November 2008, the Sello shopping center and accompanying entertainment facility was completed. The shopping center includes a movie theater and bowling alley. In Tornio, on the Finnish-Swedish border, a shopping center was completed after 18 months of construction and two years of development work. NCC has a design-and-build contract with the insurance company Varma in Tornio with an order value of approximately SEK 673 M. In St. Petersburg, NCC is constructing approximately 170 housing units on assignment from Nokian Tyres through a partnering agreement.

During the year, NCC in Finland initiated a comprehensive program designed to improve customer understanding and increase the level of service. NCC Finland also organized training for individuals who had purchased a new NCC StarHome, in which residents learned to use the technology and other characteristics of the new housing units. On the environmental front, the development program Green NCC was initiated. Within the framework of the project, NCC will build low-energy housing units, for example.

OUTLOOK FOR 2009

New housing starts in the Finnish market are expected to decrease in 2009. The Confederation of Finnish Construction Industries expects a decline from approximately 24,000 housing units in 2008 to 20,000 housing units in 2009. In the future, public-utility housing companies are forecast to become increasingly important customers because demand for rental apartments is expected to rise. In the Baltic countries, the need for new housing units and improved infrastructure remains high, but financial capacity is insufficient for the time being.

NCC CONSTRUCTION FINLAND

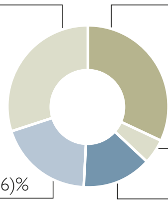
Share of Group total

	Net sales	Capital employed	Average number of employees
	13%	18%	14%

SEK M	2008	2007
Orders received	5,870	9,062
– of which for proprietary projects	905	2,886
Order backlog	5,218	6,423
Net sales	7,788	7,432
Impairment losses on land and completed unsold housing	–98	
Restructuring costs	–2	
Operating profit	102	434
Capital employed at year-end	2,623	1,516
Cash flow before financing	–812	152
Operating margin, %	1.3	5.8
Return on capital employed, %[1]	4.7	31.0
Investment in fixed assets	19	41
Investment in housing projects	1,971	1,609
Housing projects	2,877	1,947
Average number of employees	2,742	2,772

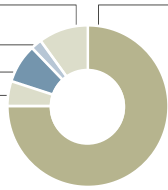
1) Return figures are based on average capital employed.

Product mix, share of net sales



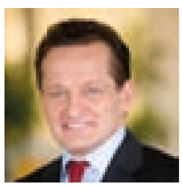
The business area was impacted by lower demand for new housing units, primarily in the Baltic countries. The impact of the decline in housing construction was also noted in Finland toward year-end. A favorable financial standing during most of the year entailed that demand for shopping centers remained high. The "other" category includes schools and healthcare buildings. This category increased during the year.

Customer mix, share of net sales



Lower housing sales entailed that public-utility housing companies comprised a lower share of customers. Lower sales of housing units to private individuals were offset by increased sales of commercial buildings to companies. A favorable economic situation in the public sector entailed that municipalities and county councils comprised a larger share of the customer structure.

The vignette image above shows Plaza Business Park in Vanda, Finland.



President
Timo U. Korhonen

NCC CONSTRUCTION NORWAY

In NCC Construction Norway, orders received were impacted during the autumn by the turmoil prevailing in financial markets and by customers adopting a cautious attitude. The order backlog declined, amounting to SEK 3.1 billion (6.9) at year-end. Sales increased to SEK 7.0 billion (6.3) and operating profit to SEK 217 M (76).

The civil engineering market remained strong and displayed a steady increase as a result of high public-sector investment levels. The market for private and public-sector construction declined significantly. NCC's largest competitors in Norway are Veidekke, Skanska, Mesta, AF Gruppen and Peab.

The housing market weakened noticeably in 2008. The number of new housing starts declined to 20,000, compared with 33,000 in 2007. In recent years, NCC has been a major player in housing construction in the contracting market in the Oslo region, but the number of proprietary housing projects has now decreased sharply.

Earnings for 2008 were positively affected by favorable project work and greater price and cost awareness. As part of the cost-cutting efforts, two regions were combined and two district offices were closed. Earnings were charged with SEK 37 M in restructuring costs and SEK 3 M in impairment losses on housing projects.

During the year, NCC conducted several major partnering projects. These included the renovation and expansion of Shell's Norwegian headquarters outside Stavanger and several projects in the Oslo area, such as the Maxi Metro shopping center, the police headquarters in Bærum and the Lysaker Torg office building. NCC has built several sports facilities in Norway, and two significant projects in 2008 were Briskeby football stadium in Hamar and the Telenor Arena outside Oslo. The Telenor Arena, with its fixed roof and unique appearance, is a multisport arena that can also accommodate other types of events. Another example of a large-scale partnering project was the production of a combined hotel and cultural center on assignment from Thon Hotels and the municipality of Svolvær.

NCC began the construction of a new building for Østfold University College in Fredrikstad. St. Olav's Hospital in Trondheim is a major project for NCC and the level of activity in this project was high in 2008. On the civil engineering front, a tunnel project was conducted at Finnfast outside Stavanger, and a two-track line was constructed for the railway west of Oslo. Three contracts for the new light rail line in Bergen were signed.

OUTLOOK FOR 2009

The recession will deepen in 2009, and a recovery is not expected until 2010–2011. While the civil engineering market is likely to stabilize, the market for private and public-sector construction is forecast to decline by 20 to 25 percent. The housing market will continue to shrink and housing construction is expected to display the lowest growth rate since the 1980s.

NCC CONSTRUCTION NORWAY

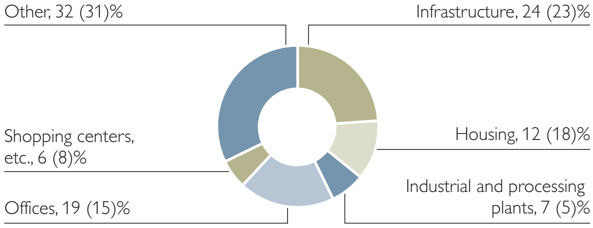
Share of Group total

Net sales	Capital employed	Average number of employees
12%	5%	8%

SEK M	2008	2007
Orders received	3,482	7,118
– of which for proprietary projects	–79	280
Order backlog	3,120	6,871
Net sales	6,976	6,335
Impairment losses on land and completed unsold housing	–3	
Restructuring costs	–37	
Operating profit	217	76
Capital employed at year-end	762	657
Cash flow before financing	115	262
Operating margin, %	3.1	1.2
Return on capital employed, %[1]	39.8	18.0
Investment in fixed assets	21	31
Investment in housing projects	85	40
Housing projects	273	236
Average number of employees	1,587	1,624

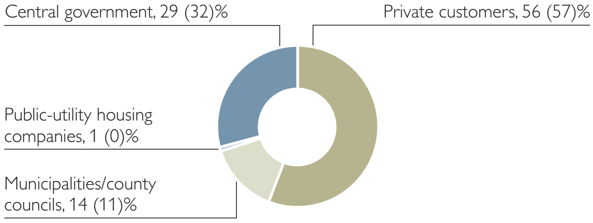
[1] Return figures are based on average capital employed.

Product mix, share of net sales



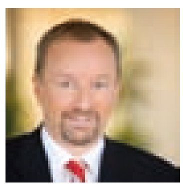
Infrastructure comprised a large share of the business area's sales. Office construction increased during the year. Strong industrial economic conditions, primarily at the beginning of the year, encouraged the production of new plants. Housing construction declined in a weak market.

Customer mix, share of net sales



Private customers were the largest customer category, and their share of sales declined marginally during the year. Central government was a major customer, with purchases of roads, tunnels and other infrastructure projects. During the year, municipalities and county councils increased their purchases of schools, healthcare buildings and other public premises.

The vignette image above shows the Telenor Arena in Oslo, Norway.



President
Peter Gjörup

NCC CONSTRUCTION GERMANY

Housing sales were favorable in 2008, but impairment losses on projects in NCC's newly established regions impacted negatively on earnings. Sales amounted to SEK 2.4 billion (2.3) and an operating loss of SEK 142 M (profit: 117) was reported.

The German housing market was stable in 2008. The price increase that has occurred in much of Europe in the past decade has not affected German housing prices. Accordingly, no obvious decline in German housing prices was noted during the autumn's financial market turmoil. Unemployment continued to decline, and the total number of unemployed individuals in 2008 dropped to under three million for the first time since Germany's reunification.

In 2008, NCC took actions to enhance efficiency and improve the use of developed platform concepts. Impairment losses were charged against a number of projects in NCC's newly established regions. A decision was taken to divest regional operations in Munich, Leipzig and Dresden and to merge the Düsseldorf and Essen regions. Construction in the form of general contracts will be limited to products in the housing sector.

During the year, part of the Sonnengarten project in Berlin was sold to Bewags Pensionkassa. The project comprises 104 apartments in the form of multi-family dwellings and will be completed in 2009. In Frankfurt, production was initiated for 170 apartments in multi-family dwellings that were acquired by Akelius Fastigheter. Sales of housing units to end customers were stable during the year. A minor decline in connection with the uncertainty prevailing in the market was noted during the fourth quarter.

Net sales amounted to SEK 2.4 billion (2.3), with 922 (1,002) housing units sold. The operating result declined significantly to a loss of SEK 142 M (profit: 117) due to weak project control, leading to weakened results in ongoing housing projects. Impairment losses on land amounted to SEK 58 M, and earnings were charged with restructuring costs of SEK 15 M.

OUTLOOK FOR 2009

It is highly likely that German economic growth will be nonexistent or extremely low in 2009. The number of job opportunities will decline. Housing prices are forecast to remain at an unchanged low level.

NCC CONSTRUCTION GERMANY

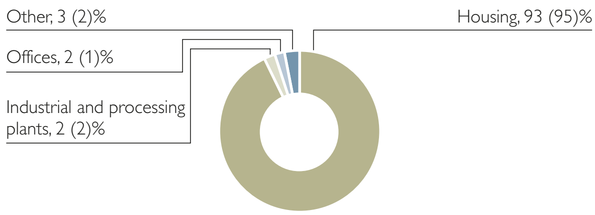
Share of Group total

Net sales	Capital employed	Average number of employees
4%	12%	4%

SEK M	2008	2007
Orders received	2,291	2,764
– of which for proprietary projects	1,910	2,341
Order backlog	2,594	2,374
Net sales	2,428	2,301
Impairment losses on land and completed unsold housing	–58	
Restructuring costs	–15	
Operating profit	–142	117
Capital employed at year-end	1,784	1,621
Cash flow before financing	–101	–259
Operating margin, %	–5.9	5.1
Return on capital employed, %[1]	neg.	7.1
Investment in fixed assets	6	17
Investment in housing projects	610	873
Housing projects	753	769
Average number of employees	774	744

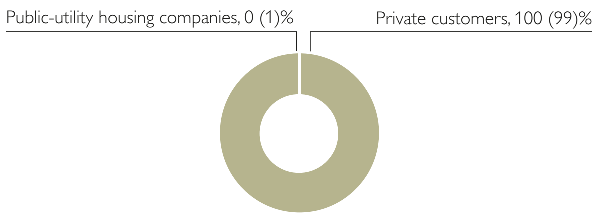
[1] Return figures are based on average capital employed.

Product mix, share of net sales



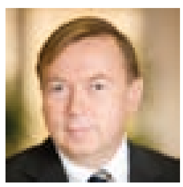
In Germany, operations concentrate on proprietary housing.

Customer mix, share of net sales



NCC in Germany offers housing and projects aimed primarily at private customers.

The vignette image above shows the Lessenicher Gärten housing project in Bonn, Germany.



President
Olle Boback

NCC PROPERTY DEVELOPMENT

NCC Property Development develops and sells commercial properties in growth markets in the Nordic countries. Activity in 2008 remained high during the first half of the year, but slackened during the second half of the year. Several properties were sold, as were a number of major leases. Environmental efforts were also expanded during the year. Sales amounted to SEK 2.1 billion (3.6), resulting in operating profit of SEK 735 M (780).

During the first half of the year, demand for new premises was relatively high. In total, leases on approximately 92,000 square meters of space were signed in 2008. Some of the leasing generated earnings in the form of reversed rental guarantees and supplementary purchase considerations. During the year, seven projects for which sales agreements were signed in 2007 were completed and recognized as profit. Of the completed and construction-initiated projects at year-end, 5 (10) were projects for which sales agreements had been signed but which had not yet been recognized as profit. The number of sold and profit-recognized projects that had not been completed at year-end was 6 (15).

COMPREHENSIVE NORDIC PRESENCE

NCC Property Development is one of the largest property developers in the markets it serves, which are selected growth regions in the Nordic countries. The key regions are Stockholm, Gothenburg, Malmö, Oslo, Copenhagen, Aarhus, Helsinki and Tampere.

Competitors include Skanska in Sweden, YIT, Hartela and SRV in Finland, and Själsögruppen in Denmark. In the local market, other players can also be significant competitors, such as Wihlborgs in southern Sweden and ROM Utveckling in Oslo.

PROPERTY DEVELOPMENT AND PRODUCTS

Property development is a capital-intensive activity providing the potential for a high return. Value is created through the development of new projects, which are based on ideas that resolve various customer needs, such as flexible office premises. The new products that are developed are usually most appropriate for long-term property owners, such as life insurance companies.

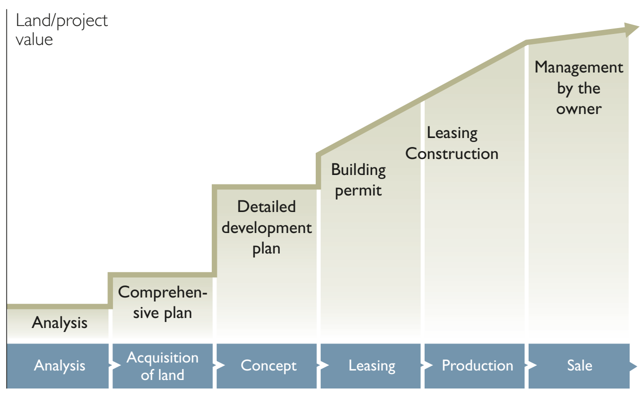
NCC Property Development has chosen to operate in the following segments – offices, retail and logistics. Offices are the main product and retail comprises an important complement. Logistics is a relatively new product area that is under development. Understanding customer and user needs is of key importance for offering the right products. Customer interviews and surveys/studies are conducted regularly. The focus is on developing work and retail environments for the demands of the future – "Future Solutions by NCC".

BUILDING STARTS AND PROJECT PORTFOLIO

In 2008, construction began on six office projects, six retail projects, one logistics facility and one parking-house.

At year-end, NCC Property Development had 27 ongoing projects with an investment value for NCC of SEK 4.7 billion. The portfolio of development rights is updated continuously and totaled approximately 1.2 million square meters at year-end, which can be divided among retail, offices and logistics, plus approximately 900,000 square meters of land options and preliminary land allocations.

Value generation in project development



A property development project increases in value as development work progresses. Successful projects always start with an idea, and access to attractive land is a strategic success factor. NCC is active throughout the value-generation process, and its participation ends with the sale of the property.

Completed and construction-initiated projects at December 31, 2008

Country (number)	Project cost, SEK M	Completion rate, %	Rentable space, m²	Occupancy rate, %	Yield, %	Operating net, SEK M[1]
Sweden (5)	562	52	30,866	90	8.2	46
Denmark (8)	660	78	31,231	57	6.9	46
Finland (8)	1,045	69	40,382	37	8.1	85
Total (21)[2]	**2,267**	**67**	**102,479**	**56**	**7.8**	**177**

[1] Forecast operating net the year after sale based on full occupancy and excluding initial rent discounts.
[2] Of the completed and construction-initiated projects at year-end, 5 (10) were projects for which sales agreements had been signed but which had not yet been recognized as profit.

GROWING DEMAND FOR GREEN BUILDINGS

NCC Property Development is the first property developer to become a GreenBuilding partner in Sweden. NCC's first certified GreenBuilding projects, the office properties Kaggen in Malmö and Västerport in Stockholm, have been completed and tenants have moved in. Another three office projects have been certified as GreenBuildings: two in Denmark and one in Finland. NCC also constructed the first GreenBuilding-certified retail project in the Nordic countries, Kungsbacka outside Gothenburg.

As a GreenBuilding partner, NCC is committed to producing properties with at least 25 percent lower energy consumption than the prevailing norm. With GreenBuilding, NCC helps its customers to take environmental responsibility and reduce their energy costs. NCC Property Development will develop all office projects in the Nordic countries in a manner that meets GreenBuilding standards and, in January 2009, it became the first European property developer to become a GreenBuilding partner at the corporate level.

AWARDS

NCC Property Development was named the best property developer in the Nordic region in 2008 by the international financial magazine Euromoney Liquid Real Estate. NCC was also ranked first in five other categories, including office development in the Nordic countries, Finland and Norway. NCC Property Development also finished third in the magazine's global vote.

NCC Property Development was named most attractive employer among property companies in the property industry's recruiting barometer for 2008, which was conducted among students of real estate economics at technical colleges in Sweden.

OUTLOOK FOR 2009

Rent levels for commercial properties turned downwards in late 2008 and the leasing market is expected to continue to slacken during 2009. Since NCC Property Development was early to adapt its project volume to the approaching recession, the current volume is assessed as reasonable. Specific requirements for higher leasing rates will be established for project starts, whereby certain projects will be postponed.

Sold and profit-recognized but not yet completed projects, at December 31, 2008

Country (number)	Rentable space, m²	Occupancy rate, %
Sweden (3)	42,949	81
Finland (2)	22,008	81
Norway (1)	17,286	89
Total (6)	**82,243**	**82**

At December 31, 2008, total project costs amounted to SEK 2.4 billion.

NCC PROPERTY DEVELOPMENT

Share of Group total

Net sales	Capital employed	Average number of employees
4%	22%	1%

SEK M	2008	2007
Net sales	2,133	3,583
Gross profit	**814**	**859**
Administrative costs	–83	–82
Result from participations in subsidiaries	4	3
Operating profit	**735**	**780**
Specification of gross profit		
Result from sales of development properties	986	1,027
Operating net from development properties	4	–5
Impairment loss, development properties		–4
Overhead costs and other items	–176	–159
Gross profit	**814**	**859**
Gross margin, %	38.2	24.0
Operating margin, %	34.5	21.8
Return on capital employed, %[1]	26.5	35.0
Property investments	2,153	1,494
Sales of properties	2,052	3,569
Capital employed at year-end	3,200	2,160
Cash flow before financing	–295	678
Average number of employees	128	124

[1] Return figures are based on average capital employed.

Completed leasing contracts per segment, m²

	Sweden	Denmark	Finland	Norway	Total
Offices	19,184	14,963	17,492	3,034	54,673
Retail	1,183	955	21,701		23,839
Logistics	2,974				2,974
Other	10,317				10,317
Total	**33,658**	**15,918**	**39,193**	**3,034**	**91,803**

The vignette image above shows the European Chemicals Agency in Helsinki, Finland.

President
Peter Wågström
(to March 31, 2009)

President
Joachim Hallengren
(as of April 1, 2009)

NCC ROADS

NCC Roads' core business is the production of aggregates and asphalt, as well as asphalt paving and road services. In 2008, the focus remained on efforts to secure long-term access to stone materials, to be the local market leader and to increase coordination within the business area. Sales totaled SEK 11.3 billion (9.9), generating operating profit of SEK 446 M (679). Excluding the Polish asphalt and aggregates operations divested in 2007, operating profit amounted to SEK 446 M (344).

During most of the year, the construction market in the Nordic countries was strong and contributed to increased demand for aggregates, asphalt and paving. Overall, aggregates operations developed well, and strategic acquisitions implemented in 2007 and 2008 contributed to the higher volumes. Asphalt operations generally remained stable, with a volume increase that was partially due to an acquisition in Finland in early 2008. Market uncertainty toward the end of the year impacted on NCC Roads to a certain extent, with a general slowdown and declining volumes in some local markets.

A key success factor for NCC Roads is having control over the entire value chain, from aggregates and asphalt to paving and road service. Accordingly, NCC took over road service operations from the Construction units in Sweden and Norway in 2008, thereby gaining total responsibility in the Nordic countries. In early 2008, the remaining 50 percent of the Finnish company Valtatie was acquired. With the acquisition, NCC also became one of Finland's largest players in asphalt and paving.

CUSTOMERS AND MARKETS

In 2008, the primary markets were the Nordic countries, where NCC is the leading player in the industry. Sweden is NCC Roads' single largest market, accounting for approximately 50 percent of sales. NCC Roads is also active in the St. Petersburg area.

During the year, NCC Roads continued to strengthen its customer and market focus through various initiatives. Municipal and public-sector administrations, where NCC Roads concludes framework agreements that frequently extend over several years, account for most of the customer base for asphalt, paving and road service. The private market for asphalting and deliveries of filler is another important segment.

NCC is increasingly offering public-sector customers total-package undertakings, known as function contracts, which include long-term planning of resources for the production, servicing and maintenance of road networks over a number of years. In 2008, the NCC Partnering cooperative work method also began to be implemented in road service operations.

ENVIRONMENT

Customers' environmental awareness is increasing and NCC Roads is investing in energy efficiency and recycling. A number of total-package initiatives also allow for more long-term and efficient planning of resources. To further encourage energy-efficiency initiatives, clear goals have been formulated for energy consumption in production and newly developed products.

Recycling of asphalt and other materials saves more resources than producing new material, and often also reduces transports. The recycling of asphalt rose during the year to 8 percent (7) of the produced volume of hot asphalt. An increasing number of production plants are being equipped to increase their recycling capacity.

Other initiatives include the cleaning and recycling of collected street sand for subsequent use in asphalt production, as an alternative to newly produced aggregates. In addition, at the Miljöfabriken i Sverige recycling center, used material such as aggregates, gravel, sand and soil products is refined and reused.

In 2008, energy consumption for the production of asphalt at NCC Roads' production plants amounted to 502,055 Mwh. Methods to reduce energy consumption during asphalt production are continuously being refined. The production of asphalt at lower temperatures (low-energy asphalt) can reduce energy consumption by 30 percent and greenhouse gas emissions by 40 percent.

Higher-quality asphalt products also constitute environmental benefits in the form of reduced maintenance. An assessment from the Swedish National Road and Transport

The oil product bitumen is used in asphalt production.

Research Institute (VTI) showed that VIACO, an asphalt product unique to NCC, lasts significantly longer than traditional asphalt.

NCC is also investing in the development and use of alternative fuels to broaden its energy portfolio. In Norway, fish oil, a byproduct from the food industry, is used to a certain extent in asphalt production, in order to reduce carbon dioxide emissions.

The oil product bitumen accounts for most of the raw-material cost of asphalt. In 2008, there were major fluctuations in the price of bitumen. Prices rose during the first half of the year and declined during the second half. The fluctuations contributed to further efficiency enhancements in bitumen and energy consumption.

OUTLOOK FOR 2009

NCC Roads' operations are affected by trends in the construction market as a whole. Market turbulence toward the end of 2008 entails uncertainty for the outlook for aggregate and asphalt operations in 2009. Increased investments in the infrastructure area will strengthen NCC Roads' operations.

NCC ROADS

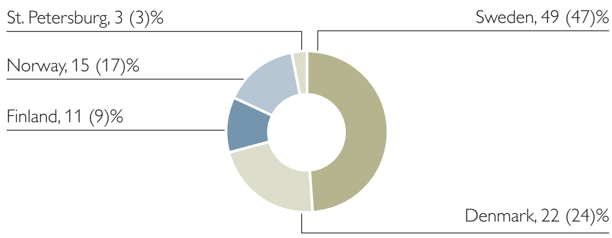
Share of Group total

Net sales	Capital employed	Average number of employees
19%	18%	21%

SEK M	2008	2007
Orders received	11,989	10,278
Order backlog	3,460	1,852
Net sales	11,317	9,893
Operating profit	446	679
Operating profit, excluding Poland	446	344
Capital employed at year-end	2,695	2,027
Cash flow before financing	–289	1,080
Operating margin, %	3.9	6.9
Return on capital employed, %[1)]	18.2	26.5
Investment in fixed assets	608	381
Average number of employees	4,176	3,970

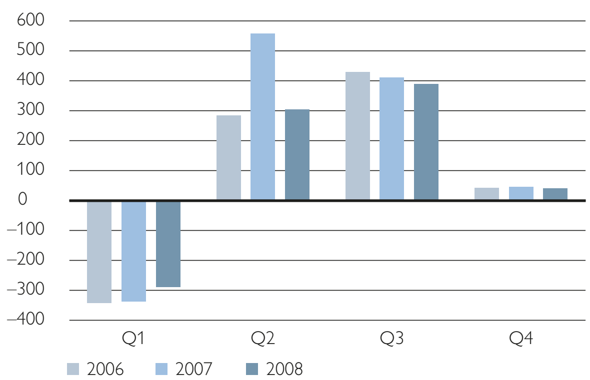
1) Return figures are based on average capital employed.

Geographic markets, share of net sales



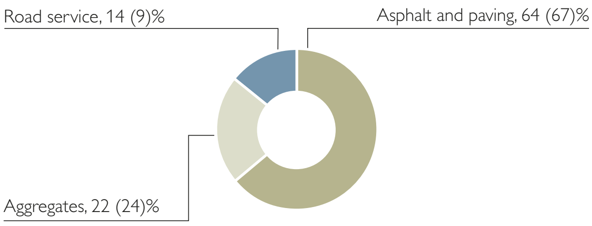
NCC Roads' operations are divided into various geographic business areas. The division of net sales among the Nordic countries is relatively constant and varies with the overall market performance of the construction market.

Operating profit/loss, per quarter, SEK M



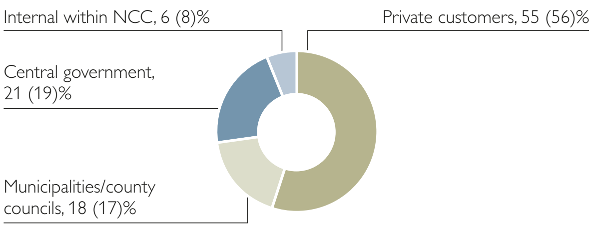
Sales for NCC Roads are affected by seasonal variations primarily because asphalt work cannot be performed in cold weather. This means that profit during the second and third quarters is normally higher than during the rest of the year. In the second quarter of 2007, earnings were unusually high due to the sale of Polish asphalt and aggregate operations, while the earnings trend for 2008 was more typical.

Product mix, share of net sales



Determined efforts in the road maintenance sector resulted in road service increasing its share of sales. Asphalt and paving were the dominant products for the business area.

Customer mix, share of net sales



The investment in road maintenance contributed to a greater share for public-sector customers. Private customers are the dominant customer group.

The vignette image above shows the Norrortsleden Link in Stockholm, Sweden.

President
Göran Landgren

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 2008 fiscal year.

GROUP RELATIONSHIP

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

OPERATIONS

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

OPERATIONS DURING THE YEAR

NCC exceeded all of its financial objectives during 2008. The return on equity after tax was 27 percent (34) and cash flow before investments in properties classed as current assets and other investments was a positive, SEK 2.0 billion (3.1). Year-end net indebtedness amounted to SEK 3.2 billion (0.7) and the debt/equity ratio amounted to 0.5 (0.1). During the year, the shareholders of NCC received extraordinary dividends of SEK 1.1 billion, in addition to ordinary dividends of SEK 1.2 billion, as approved by the 2008 Annual General Meeting.

Changes in Group Management

On January 1, 2009, Håkan Broman took office as new Senior Legal Counsel of NCC AB, succeeding Ulf Wallin who exercised his right to retire in spring 2009. During recent years, Håkan Broman has worked on the completion of international projects, as well as at NCC Property Development. He will report to the President and Chief Executive Officer and be a member of NCC's Group Management.

On April 1, 2009, Joachim Hallengren will take up the position of President of the NCC Property Development business area, succeeding Peter Wågström, who has been appointed President of the NCC Housing business area, which was formed on January 1, 2009. Joachim Hallengren was previously head of Swedish operations in NCC Property Development. He will report to the President and Chief Executive Officer and be a member of Group Management.

On January 1, 2009, Athanassios Boukas took up the position of President of NCC Purchasing Group, succeeding Johanna Hagelberg. He reports to the President and Chief Executive Officer.

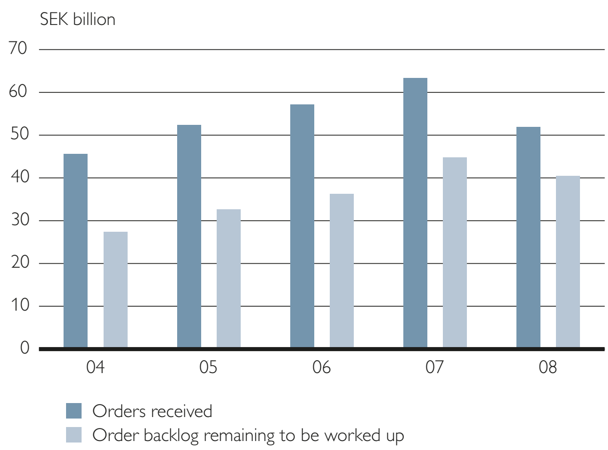
ORDERS RECEIVED

Orders received declined by SEK 11,480 M to SEK 51,864 M (63,344). The downturn in orders received occurred primarily during the fourth quarter. The decline in orders was due mainly to a reduction in orders received for proprietary housing projects, which decreased to SEK 3,347 M (11,370) for the year. In 2008, NCC gradually reduced the number of started proprietary housing projects. This reduction occurred in all of the Group's markets, but was particularly extensive in Sweden and Finland. During the year, construction started on 1,568 (4,428) proprietary housing units, and 2,416 (3,708) such units were sold. Demand for civil engineering projects increased in 2008 compared with the preceding year. Higher sales of asphalt and road services had a positive impact on orders received for NCC Roads.

Orders received for proprietary property development projects amounted to SEK 1,779 M (2,045).

For information on NCC's development rights, housing starts and sold housing units, see the section called "Market and competitors" on p. 10.

Orders received and order backlog, Group



Orders received declined 18 percent and the year-end order backlog totaled SEK 40.4 billion (44.7). Following several years of growth, a reversal of trend occurred in 2008, particularly in residential construction. Orders within the "other buildings" category also declined towards year-end. The ongoing projects continued to be produced at a fast pace, which resulted in a decrease in the order backlog.

Net sales

Net sales decreased 2 percent to SEK 57,465 M (58,397). The lower sales were primarily attributable to weakened conditions for sales of housing and properties. Operations in Denmark, which were affected by the decline in the housing market earlier than operations in the other Construction units, noted reduced sales. During the year, a high level of activity was reported for contracting operations in the Nordic Construction units. NCC Roads' sales were hallmarked by the favorable market conditions that prevailed during most of the year resulting in increased net sales.

Operating profit

Operating profit totaled SEK 2,219 M (2,790). Earnings included impairment losses for land and completed unsold housing units, as well as restructuring costs. These totaled SEK 741 M, of which impairment losses for land and completed unsold housing units accounted for SEK 537 M and restructuring costs for SEK 204 M. Earnings for 2007 included SEK 383 M from the sale of NCC Roads' Polish asphalt and aggregates operations, an impairment loss of SEK 90 M on NCC Roads' Finnish operations, costs of SEK 645 M for the NCC Complete development project and competition-infringement fees totaling SEK 175 M. Contracting operations showed a positive trend in 2008 and profitability improved in all markets.

NCC Property Development's earnings were somewhat lower than in the preceding year because of a decline in new project sales. NCC Roads' earnings rose compared with 2007 (excluding the gain on the sale of the Polish asphalt and aggregates operations). Increased activity in asphalt and aggregates and improved profitability in road services had a positive impact on earnings within NCC Roads.

Profit after financial items

Profit after financial items amounted to SEK 2,385 M (2,608). In December, NCC sold its share of the Polish concession company AWSA for a final capital gain of SEK 493 M, which is recognized as financial income.

Profit after taxes

Profit after taxes amounted to SEK 1,820 M (2,252). NCC's tax rate for the year was 24 (14) percent. NCC Property Development frequently sells property projects and land in the form of companies. The low tax rate for 2007 was attributable to NCC Property Development's tax-free sales of companies accounting for a somewhat larger share of earnings and to most of the gain on the sale of the Polish asphalt and aggregates operations being exempt from tax.

FINANCIAL POSITION

Profitability

The return on capital employed declined to 23 percent (28). The decline was due to the lower earnings and the fact that capital employed increased compared with 2007, which was largely a consequence of the deteriorating housing market. The return on equity after tax was 27 percent (34).

Cash flow

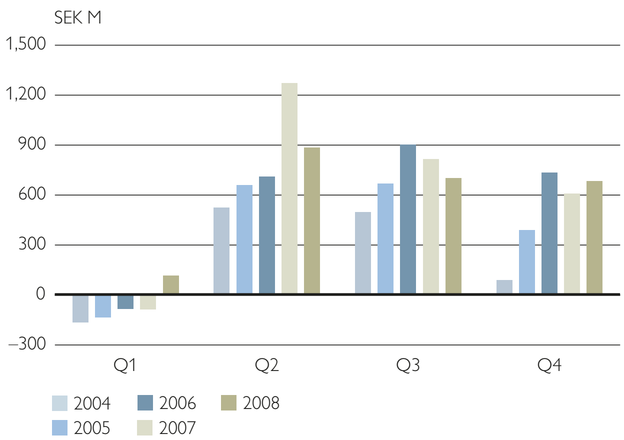
Cash flow before financing was a negative SEK 178 M (positive: 1,165). Cash flow from sales of property projects improved because the amount of settled receivables exceeded the 2007 level, while costs incurred in initiated property projects increased. Cash flow from housing projects improved, as a result of a reduced share of ongoing unsold housing units. Housing starts were lower than in 2007, while completed unsold housing increased.

Despite an improvement in cash flow from contracting operations, other changes in working capital deteriorated because more capital was tied up in property projects. A reduction in business operations towards the end of the year led to a decrease in accounts receivable and accounts payable compared with 2007. The divestment of NCC's share of the Polish concession company AWSA had a favorable impact of SEK 493 M on cash flow for 2008. In 2007, payment from the divestment of NCC Road's Polish asphalt and aggregates operations had a favorable impact of SEK 1.1 billion on cash flow, of which SEK 0.4 billion pertained to loans in the divested operations reported under Investing activities. See also the cash flow statement, p. 52.

Equity/assets and debt/equity ratio

On December 31, 2008, the equity/assets ratio was 19 percent (21). The debt/equity ratio amounted to a multiple of 0.5 (0.1).

Profit/loss after financial items, per quarter



Earnings for 2008 were among the highest ever reported by NCC, despite a decline in the housing market towards year-end. Contracting operations developed favorably and their profitability improved. Due to the declining housing market, fourth-quarter earnings were charged with impairment losses and restructuring costs. This was offset by an increase in property sales by NCC Property Development and by the divestment of NCC's share of the Polish concession company AWSA, which contributed to fourth-quarter earnings being higher than in the year-earlier quarter.

Seasonal effects

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

BUSINESS AREAS

NCC Construction Sweden

Orders received by NCC Construction Sweden during 2008 declined 16 percent to SEK 25,185 M (29,917). The decline occurred mostly during the fourth quarter, due to the weaker housing market. Orders received for other buildings also declined significantly towards the end of the year, while civil engineering operations increased.

Operating profit totaled SEK 959 M (1,424). Impairment losses on land and completed unsold housing amounted to SEK 205 M (9) and restructuring costs to SEK 78 M (0). A decrease in sales of housing and impairment losses on land held for further development and housing projects had an adverse impact on earnings. Margins in contracting operations improved during the year and this factor, in combination with higher sales, partially offset the weaker earnings in housing operations.

The number of sold housing units was 591(1,131). The lower sales were due mainly to the weaker housing market towards the end of the year. During the autumn, the organization was aligned to the new conditions prevailing in the market. A new unit, NCC Infra, has been organized to satisfy the increased demand for, and to offer civil engineering projects on a nationwide basis to, primarily, the National Rail Administration and the Swedish Road Administration.

NCC Construction Denmark

Orders received by NCC Construction Denmark amounted to SEK 3,360 M (4,971). The decrease was due to generally weaker conditions in the markets for housing and other buildings. An operating loss of SEK 91 M (profit: 36) was reported. Contracting operations generated improved earnings and the deterioration compared with the preceding year was due to lower earnings and impairment losses in housing operations, as a result of weak sales. Impairment losses amounted to SEK 124 M (0) for land and completed unsold housing and SEK 31 M (0) for goodwill. Earnings were charged with restructuring costs of SEK 72 M (0).

NCC Construction Finland

Orders received by NCC Construction Finland declined to SEK 5,870 M (9,062). The decrease was due to such factors as a weaker housing market in the Baltic countries and the Helsinki area, although the market for other buildings in Finland and the Baltic countries was also characterized by reduced demand. In addition, a major order worth SEK 664 M in Tornio was signed in the preceding year, which lacked an equivalent in 2008. Operating profit declined to SEK 102 M (434). The decrease in earnings was due primarily to weaker sales of housing and impairment losses on housing projects. Earnings were charged SEK 98 M (0) for impairment of land and completed unsold housing and SEK 2 M (0) for restructuring costs. Earnings from contracting operations were higher than in the preceding year.

NCC Construction Norway

Orders received by NCC Construction Norway amounted to SEK 3,482 M (7,118). The decrease was due to lower demand in the construction market and a weaker housing market. Operating profit improved to SEK 217 M (76), as a result of favorable profitability, particularly for civil engineering operations. Earnings were charged SEK 2 M (0) for impairment of housing projects and SEK 37 M (0) for restructuring costs. In the preceding year, a reduction in the value of a number of projects was charged against earnings.

NCC Construction Germany

Orders received by NCC Construction Germany totaled SEK 2,291 M (2,764). The weaker economic conditions did not have as severe an impact on the German housing operation as on other NCC business areas. The operating result declined to a loss of SEK 142 M (profit: 117). Weak project control resulted in weaker earnings from ongoing residential projects. Earnings were also charged SEK 58 M (0) for impairment of land and SEK 15 M (0) for restructuring costs.

Orders received, net sales and earnings per business area

	Orders received		Net sales		Operating profit/loss	
SEK M	2008	2007	2008	2007	2008	2007
NCC Construction Sweden	25,185	29,917	25,508	24,881	959	1,424
NCC Construction Denmark	3,360	4,971	4,342	5,910	–91	36
NCC Construction Finland	5,870	9,062	7,788	7,432	102	434
NCC Construction Norway	3,482	7,118	6,976	6,335	217	76
NCC Construction Germany	2,291	2,764	2,428	2,301	–142	117
NCC Property Development			2,133	3,583	735	780
NCC Roads excluding Poland	*11,989*	*10,151*	*11,317*	*9,766*	*446*	*344*
NCC Roads Poland		*127*		*127*		*335*
NCC Roads	11,989	10,278	11,317	9,893	446	679
Total	**52,176**	**64,111**	**60,492**	**60,335**	**2,227**	**3,547**
Of which, proprietary projects						
– Housing development	3,347	11,370				
– Property development	1,779	2,045				
Other and eliminations	–312	–767	–3,027	–1,939	–8	–757
Group	**51,864**	**63,344**	**57,465**	**58,397**	**2,219**	**2,790**

NCC Property Development

NCC Property Development's sales totaled SEK 2,133 M (3,583). Sales volume for 2008 amounted to SEK 2,052 M (3,523) Rent levels for commercial properties turned downwards at the end of 2008. There was continued demand for commercial properties but the number of purchasers decreased, the required yield increased and more time was required for transactions to be concluded. Operating profit declined to SEK 735 M (780). Costs for completed or construction-initiated projects totaled SEK 2.3 billion (1.8) at year-end. Costs incurred in all initiated projects amounted to SEK 1.5 billion (0.8), corresponding to 67 percent (44) of total project costs. The year-end leasing rate was 56 percent (67).

NCC Roads

NCC Roads' net sales in 2008 amounted to SEK 11,317 M (9,893). The strong business climate, particularly during the first six months, led to increased volumes of aggregates and asphalt. The price of certain intermediate products rose, which contributed to the increase in volume.

The acquisition of the previously 50-percent-owned asphalt company Valtatie Oy also contributed to the volume increase.

Operating profit for 2008 amounted to SEK 446 M (679). Earnings for 2007 included SEK 383 M from the sale of the Polish asphalt and aggregates operations. Earnings for the preceding year were charged with goodwill impairment losses of SEK 90 M pertaining to NCC Roads' Finnish operations and with a provision of SEK 25 M for a competition-infringement fee.

BRANCHES OUTSIDE SWEDEN

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

ENVIRONMENTAL IMPACT

The Group conducts operations involving the Swedish Parent Company and Swedish subsidiaries that are subject to permit and reporting obligations in accordance with the Environmental Code. Of the Group operations subject to permit and reporting obligations, it is mainly the asphalt and gravel pit operations conducted within NCC Roads that affect the external environment. The external environmental impact of these operations mainly comprises emissions to air and noise. For further information, see the Environment and Society section on p. 18.

SIGNIFICANT RISKS AND UNCERTAINTIES

The turmoil recently prevailing in the global financial market has resulted in increased uncertainty concerning future economic conditions, which has mainly affected housing operations to date. Since valuations of certain items are based on estimates and assessments, they are subject to uncertainty. In the prevailing market conditions, this pertains particularly to the value of land held for future development and ongoing property development and residential projects. These items are recognized on the basis of current, difficult to assess, assumptions concerning land prices, production costs, sales prices, rent levels, yield requirements and the timing of production starts and/or sales. NCC continuously monitors developments in the market and tests the assumptions made on an ongoing basis.

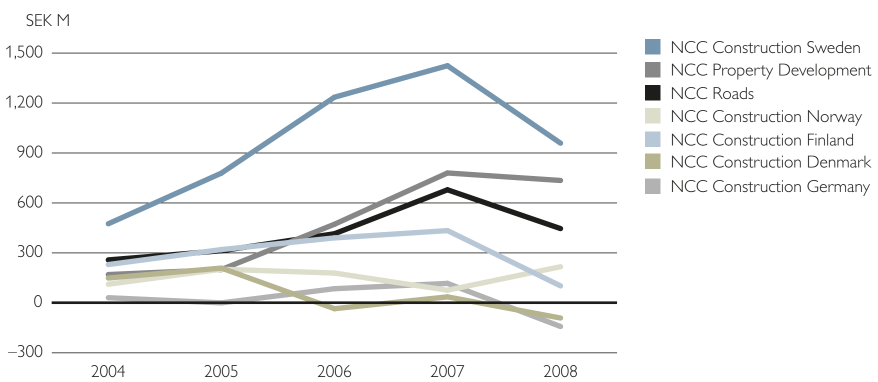
RISK MANAGEMENT

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

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

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

Earnings trend per business area



ment in land, subsequently during the development phase and finally during the sale of the project. The financing of these projects varies with time. Initially, uncertainty is considerable and borrowing should be low, while a finished property can be leveraged to a much greater extent. NCC Roads mainly has capital employed in fixed assets (quarries, crushing plants, asphalt plants, paving machinery, etc). To the extent possible, the aim here is to invest in mobile plants to achieve the maximum capacity utilization. To a large extent, investments in these fixed assets can be financed with loans, but are subject to limitations in terms of, for example, cyclical and seasonal risks.

On the whole, this means that based on the type of product mix in 2008, the NCC Group's net indebtedness should not exceed its shareholders' equity (also see "Financial objectives and dividend policy" on p. 8). In order to minimize and control the Group's risk exposure, the management of the Group's financial risks, such as interest-rate, currency, refinancing, liquidity and financing risks, is centralized. Customer-credit risks are handled within each particular business area. In addition, a centralized insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. The function also performs preventive risk-management work together with the operations. All of this results in cost-effectiveness and coordination of insurable risks.

OPERATIONAL RISKS

For a building contractor, the principal risk-limitation phase is during the contract-tendering process. NCC's overall strategy is to adopt a selective approach to tendering in order to reduce the proportion of unprofitable projects. This is particularly important in a declining market, when a company may be tempted to secure projects in order to maintain employment. In a growing market, however, it is important to be selective because an extensive tendering volume could result in a shortage of internal and external resources for handling all of the projects, which could lead to both weaker internal control and increased costs.

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

MARKET RISKS

Price risks

For several years, the prices of building products have increased at a rate that far exceeds general inflation. Increased demand, due to growth in the construction sector, deficient competition, decentralized structures in the form of local construction projects and suppliers, limited coordination and a non-rational construction process, are a few of the reasons.

NCC is focusing on enhancing the efficiency of the construction process whereby the purchasing function, in part through non-Nordic procurements, is an important feature and, financially, is the key to gaining control over the price trend.

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

Seasonal risks

The NCC Roads business area and civil engineering operations within NCC's Construction units are subject to considerable seasonal variations. Within asphalt operations, most procurements are conducted in the spring, while asphalt production and paving activities are conducted during the summer half year. Warm autumn weather could have a favorable effect on production, while long, cold winters have negative effects on earnings. To manage these risks, NCC Roads offers road-related products and services that encompass the entire value chain. Repair and maintenance activities, for example, complement paving operations over the year.

Development risks

Proprietary project development in both residential and commercial properties includes a contract risk and a development

Sensitivity analysis

	Change	Effect on profit after financial items, SEK M	Effect on return on equity, percentage points	Effect on return on capital employed, percentage points
NCC's Construction units				
Volume	+/– 5%	203	2.2	1.7
Operating margin	+/– 1 percentage point	470	5.1	3.9
NCC Property Development				
Sales volume, projects	+/– 10%	110	1.2	0.9
Sales margin, projects	+/– 1 percentage point	21	0.2	0.2
NCC Roads				
Volume	+/– 5%	48	0.5	0.4
Operating margin	+/– 1 percentage point	113	1.2	0.9
Capital rationalization	+/– 10%	14	0.2	0.6
Group				
Interest rate, borrowing	+/– 1 percentage point	15	0.2	
Decrease in net debt	SEK 500 M	26	0.3	1.2
Change in equity/assets ratio	– 5 percentage points	–94	8.8	

and sales risk. Every project concept must be adapted to local market preferences and the planning requirements imposed by public authorities. State-of-the-art skills are required to optimize the timing of projects that have to be processed by, for example, local municipalities and possibly have to pass an appeals process. To reduce these risks, NCC has successively limited the markets in which the Group is active and expanding. Proprietary housing and property projects are developed primarily in large growth communities in the Nordic countries, as well as in Germany, the Baltic countries and St. Petersburg. NCC has consciously decided to refrain from excessively niche-oriented projects intended for narrow target groups, since earnings in this sector have historically not corresponded with their higher inherent risks. Risk limitation is achieved through demands for high leasing rates for commercial properties and a high rate of bookings for housing projects when a project is started. Tied-up capital is reduced through early payment.

FINANCIAL RISKS

Through its business operations, the Group is exposed to financial risks, namely interest-rate, currency, refinancing, liquidity and credit risks. NCC's finance policy for managing financial risks was decided by the Board of Directors and forms a framework of guidelines and rules in the form of risk mandates and limits for finance activities. In the NCC Group's organization, finance activities are centralized in the NCC Corporate Finance unit in order to monitor the Group's overall financial risk positions, to achieve cost-effectiveness and economies of scale and to accumulate expertise, while protecting Group-wide interests. The Group's financial risks are managed by NCC's internal bank. Credit risks related to customers are handled within each particular business area.

For a more comprehensive description of financial instruments and financial risk management, reference is made to Note 39, Financial instruments and financial risk management.

RISK FOR ERRORS IN FINANCIAL REPORTING

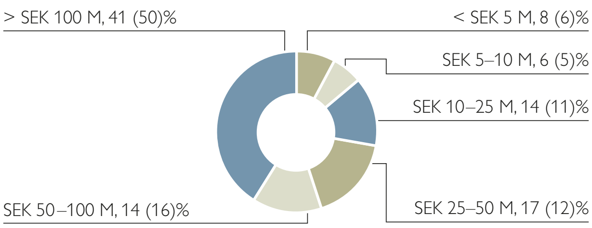
Risk for errors in profit recognition

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

SENSITIVITY AND RISK ANALYSES

For NCC's Construction operations, a one-percentage-point increase in the margin has a much larger impact on earnings than a 5–10 percent increase in volume. This reflects the importance of pursuing a selective tendering policy and focusing on risk management in early project stages. For proprietary housing projects within NCC Construction, the major challenge is to have the right products in the market and to guide them

Orders received by project size, 2008, volume NCC's Construction units



The proportion of major projects declined in 2008, compared with 2007. Projects with a value of less than SEK 100 M accounted for 59 percent of orders received.

Major ongoing projects

Project		NCC's share of order value, SEK M	Completion rate Dec. 31, 2008, %	Estimated year of completion
Subway, Singapore	SG	2,781	98	2009
Citytunnel, Malmö	SE	1,691	97	2009
Hospital, St. Olavs hospital, Trondheim	NO	1,647	90	2009
Norrströms tunnel, Stockholm	SE	1,508	0	2015
Shopping center, Sollentuna	SE	1,208	55	2010
Raise boring project, Kiruna	SE	1,153	2	2012
Rock and underground engineering, Kiruna/Malmberget	SE	1,075	39	2012
Shopping center, Norrköping	SE	835	25	2010
Prison, Härnösand	SE	712	59	2009
Shopping center, Lørenskog, Oslo	NO	710	99	2009
Housing/Offices, Nye major, Oslo	NO	594	90	2009
Tunnel, Riksvei 519, Finnfast	NO	593	79	2009
Highway 45 – E12, E13, Western Sweden	SE	589	40	2012
Arena, Fornebu, Oslo	NO	583	87	2009
Parking garage, Hellerup	DK	524	74	2009
Hospital, Kolmiosairaala, Helsinki	FI	516	13	2010
Storage silos, Narvik	NO	470	74	2009
Offices, Hellerup	DK	467	30	2009
Highway E18, Björvika, Oslo	NO	467	85	2011
Highway, E4 Enånger–Hudiksvall, Hudiksvall	SE	455	30	2011
Tunnel, E400, Malmö	SE	454	20	2010
Tramway Fantoft–Nesttun, Bergen	NO	437	45	2010
Shopping center, Örebro	SE	430	83	2009
Arena Skövde, Skövde	SE	426	56	2009
Housing, Själland	DK	424	66	2009
Lindholmspiren 3, Gothenburg	SE	419	18	2010
Railway tunnel, Fossveien, Oslo	NO	412	46	2010
Health and pool building, Västerås	SE	357	12	2010
Congress hotel, Bella center, Amager	DK	337	13	2010
Maintenance of gas store, Hammerfest LNG, Melkøya	NO	332	32	2012
Local road, Ulven–Sinsen, Oslo	NO	326	28	2010
Arena, Halmstad	SE	325	47	2010
Highway, E6 Solhem – Pålen, Western Sweden	SE	324	33	2011

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

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 affect on the margin is considerable.

The NCC Group had a favorable financial position with relatively low indebtedness in 2008. Interest-rate changes, amortization of remaining debt using available cash assets or increased financing of construction projects would not have a major impact on earnings. A continued reduction in net indebtedness would have a continued favorable impact on profitability, while an increase in borrowing and in the dividends paid/spin-offs to shareholders, and thus a lower equity/assets ratio, would have an adverse impact on earnings, but boost the return on equity.

SIGNIFICANT DISPUTES

In July 2007, Stockholm City Court announced its verdict on the Swedish asphalt cartel case and ordered NCC to pay competition-infringement fees of SEK 150 million. The amount was charged against NCC's earnings for 2007. NCC has appealed the decision to the Market Court. The hearing into the matter was concluded on February 12, 2009 and a verdict is expected before summer 2009. In the matter involving the appeal of the Finnish Market Court's verdict, there were no developments during 2008 and a verdict is expected before summer 2009.

PERSONNEL

Number of employees

In 2007, the average number of employees in the NCC Group was 19,942 (21,047). NCC is continuously adapting the organization to the prevailing market conditions and employment-termination notices were served to a total of 1,200 employees during the year. In February 2009, the assessment was that further cutbacks affecting approximately 1,300 employees would be necessary during the first half of 2009. Additional workforce reductions will be required, but the scope of such measures is difficult to assess in the prevailing market conditions.

NCC's long-term efforts involving the work environment and health matters are generating increasingly positive effects for every year that passes. In Sweden, sickness absence declined slightly in 2008. This applies particularly to people absent for an uninterrupted period of 60 days or more.

Pension foundation

The NCC Group's pension foundation was registered in April 2003. The purpose of the foundation is to secure pension commitments covered by the national pension plan, as well as other pension commitments that NCC AB and other companies in the NCC Group's Swedish operations have made or will make in the future to employees and surviving relatives of employees. An additional pension foundation secures pension commitments for certain executives in NCC AB. Also refer to Note 38, Pensions.

NCC share

At December 31, 2008, NCC's registered share capital consisted of 46,396,448 Series A shares and 62,039,374 Series B shares. The shares have a quotient value of SEK 8.00 each. 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 (formerly VPC AB) for registration. Conversion occurs when such registration has taken place.

The number of NCC shareholders at year-end was 32,730 (27,682), with Nordstjernan AB as the largest individual holder accounting for 27 percent (27) of the share capital and 55 percent (55) of the voting rights. The second largest shareholder was L E Lundbergföretagen AB, with 10 percent (10) of the share capital and 21 percent (20) of the voting rights. Combined, the ten largest owners accounted for 54 percent (57) of the share capital and 85 percent (86) of the voting rights.

The Annual General Meeting on April 8, 2008, renewed the Board's authorization to repurchase a maximum of 10 percent of the total number of NCC shares. No shares were repurchased in 2008. The Board will propose to the 2009 Annual General Meeting that up to the next Annual General Meeting it be authorized to repurchase Series A or B NCC shares in such a number that the Company's holding of treasury shares does not exceed 10 percent of the total number of NCC shares at any point in time. Share purchases must be effected via the OMX Nasdaq Exchange in Stockholm at a price per share that is within the band of share prices registered at each particular time. The reason for repurchasing shares is to adjust NCC's capital structure.

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

NOMINATION COMMITTEE

At the Annual General Meeting on April 8, 2008, Viveca Ax:son Johnson (Chairman of the Board of directors, Nordstjernan), Ulf Lundahl (Executive Vice President, L E Lundbergföretagen) and Mats Lagerqvist (President, Swedbank Robur AB) were elected as members of the Company's Nomination Committee, with Viveca Ax:son Johnson as Committee Chairman. Tomas Billing, Chairman of the NCC Board of Directors, is a co-opted member of the Nomination Committee but has no voting right.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The guidelines apply to the company's President and Group Management for 2009, a total of 11 (10) people (Company Management).

The objective of the guidelines for salary and remuneration to Company Management is that NCC will be able to offer competitive market remuneration that enables the NCC Group to both recruit and retain people with the highest possible expertise. The remuneration payable to Company Management comprises a fixed salary, variable remuneration, pension and other benefits.

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

Variable remuneration. The variable remuneration must be maximized and be related to the fixed salary, as well as being based on the outcome in relation to established targets, with financial targets accounting for by far the greatest proportion. For the President, variable remuneration is maximized to 50 percent of fixed salary and for other members of Company Management to 40–50 percent of fixed salary. The variable remuneration is to be revised annually. It is estimated that the company's undertakings in relation to the executives concerned will cost the company a maximum of SEK 20.9 M (18.9).

Pension and other benefits. The aim is to gradually switch to defined contribution pension solutions. For members of Company Management who are not domiciled in Sweden, local rules are applied that result in a pension based on corresponding terms. The same policy is to be applied for future pension obligations.

For information concerning retirement ages and severance pay, reference is made to Note 5, Personnel costs. Other benefits accruing to members of Company Management are to be provided in accordance with local practices. The combined value of such benefits in relation to total remuneration may account for only a limited portion and correspond to the costs normally arising. These guidelines may be disapplied by the Board of Directors if there is special reason to do so in an individual case.

The Board of Directors' motion to the 2009 Annual General Meeting entails that the guidelines for remuneration of senior executives that were adopted at the 2008 Annual General Meeting shall continue to apply.

OTHER SIGNIFICANT EVENTS

Coordination of housing development operations

Since 2002, NCC's housing development operations have been conducted within the framework of the Construction units in Sweden, Norway, Denmark, Finland and Germany. In order to enhance the potential and increase the efficiency of the housing development business, the Group's housing development operations were concentrated in a separate business area, NCC Housing, as of January 1, 2009. Peter Wågström was appointed President of the business area. The reorganization will affect NCC's segment reporting, and pro forma reporting will be published before the publication of the first-quarter interim report in 2009.

PARENT COMPANY

Commission agreement

Since January 1, 2002, NCC Construction Sweden AB has been conducting operations on a commission basis on behalf of NCC AB.

Net sales and earnings

Parent Company sales during the year totaled SEK 21,239 M (22,738). Profit of SEK 1,305 M (2,619) was reported after financial items. The average number of employees was 7,821 (7,886).

MARKET AND FUTURE OUTLOOK

The decline arose rapidly and was exacerbated by the global financial crisis. The slowdown in the housing market was especially evident, and demand was very weak in the fourth quarter. NCC's assessment for 2009 is that the housing market will remain weak and that the market for other building construction will slacken. The civil engineering market is expected to grow in 2009, and government investments in infrastructure will be made in Sweden, Denmark and Norway. Conditions for asphalt, paving and road services are regarded as favorable. However, the aggregates market is expected to slacken as a result of the weaker construction market. Rent levels for commercial properties began to decline in late 2008 and the rental market is expected to develop weakly in 2009. There is continued demand for commercial properties, but the number of buyers has decreased, the required yield has increased and more time is required for transactions to be concluded. Overall, the Nordic construction market is expected to decline in 2009.

PROPOSED DIVIDEND

The Board proposes an ordinary dividend of SEK 4.00 (11.00) per share. In the preceding year, an extraordinary dividend of SEK 10.00 per share was paid. The proposed record date for dividends is April 14, 2009.

If the Annual General Meeting approves the Board's motion, it is estimated that dividend payments, via Euroclear Sweden AB (formerly VPC AB), will commence on April 17, 2009.

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

AMOUNTS AND DATES

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

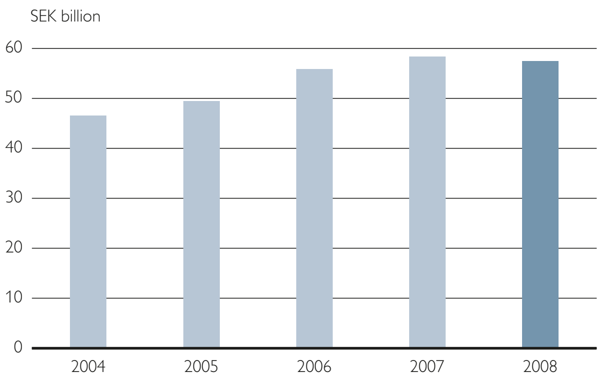
CONSOLIDATED INCOME STATEMENT

WITH COMMENTS

SEK M	Note	2008	2007
	1, 8, 26, 48, 50		
Net sales	2, 3	57,465	58,397
Production costs	4, 5, 6, 10	–52,005	–52,572
Gross profit		**5,460**	**5,825**
Selling and administrative expenses	4, 5, 6, 7	–3,197	–3,059
Result from sales of properties	9	15	19
Impairment losses on fixed assets	10	–76	–245
Result from sales of Group companies	11	8	415
Competition-infringement fee			–175
Result from participations in associated companies	12	9	11
Operating profit	3, 13	**2,219**	**2,790**
Financial income[1)]		615	131
Financial expense	10	–449	–313
Net financial items	17	**166**	**–182**
Profit after financial items		**2,385**	**2,608**
Tax on net profit for the year	31	–565	–357
NET PROFIT FOR THE YEAR	18, 45	**1,820**	**2,252**
Attributable to:			
NCC's shareholders		1,809	2,247
Minority interests		11	4
Net profit for the year		**1,820**	**2,252**
Earnings per share	19		
Before dilution			
Profit after tax, SEK		16.69	20.75
After full dilution			
Profit after tax, SEK		16.69	20.73

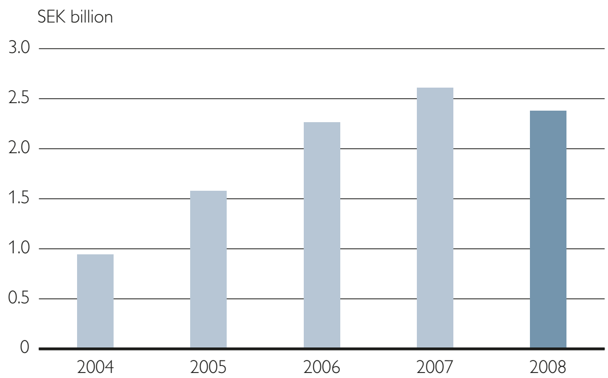
1) Including profits of SEK 493 M from the sale of NCC's share in AWSA in 2008.

Net sales



The steady increase in net sales in recent years was primarily due to a strong construction market in the Nordic region. However, sales decreased 2 percent in 2008, due to weaker conditions for housing and property sales.

Profit after financial items



The profit was nearly as high as the historically strong figure for 2007, despite lower earnings from housing operations.

Net sales

Net sales decreased 2 percent to SEK 57,465 M (58,397). The lower sales were primarily due to weaker conditions for housing and property sales. Operations in Denmark, which were impacted by a decline in the housing market earlier than other Construction units, reported reduced sales. The contracting operations in the Nordic Construction units reported high activity during the year and a major challenge was getting sufficient human resources to cope with deliveries. Sales from NCC Roads were also characterized by the strong market prevailing during most of the year.

Gross profit

Impairment losses

Gross profit includes impairment losses on land and completed unsold housing totaling SEK 537 M, of which impairment losses on land accounted for SEK 334 M and completed unsold housing for SEK 203 M. Also refer to Note 10, Impairment losses and reversal of impairment losses.

Impairment losses on fixed assets

NCC conducts impairment tests of the carrying amount of goodwill annually or more frequently when the need arises. Goodwill attributable to NCC Construction Denmark was impaired, as was machinery and equipment connected to the housing operations. Goodwill attributable to NCC Roads' Finnish operations was impaired by SEK 90 M in 2007.

Specification of total impairment losses and reversals of impairment losses

SEK M	2008	2007
Housing projects	–537	–9
Property projects within NCC Property Development		–4
Managed properties	–8	
Owner-occupied properties	–33	–66
Machinery and equipment[1]	–3	–66
Financial fixed assets	–1	
Goodwill within NCC Roads[2]		–90
Goodwill within NCC's Construction units[2]	–32	
Other intangible fixed assets		–22
Total impairment losses	**–614**	**–257**

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

2) Although goodwill is not amortized, the impairment loss requirement is tested when necessary, but at least once per year. Impairment losses on goodwill occurred for subsidiaries whose value in use proved to be lower than the carrying amount. Requisite impairment losses are recognized when indications of a change in value arise. The reasons for recognizing impairment losses could be changed market conditions or return requirements that result in a lower recoverable value.

Result from sales of Group companies

The main part of the result from sales of Group companies in 2007 pertained to gains on the sale of NCC Roads' Polish asphalt and aggregate operations totaling SEK 383 M. In addition, NCC Construction Norway sold the company Åsane Byggmesterforretning in 2007 at a profit. Also refer to Note 11, Result from sales of/participations in Group companies.

Competition-infringement fees

In 2007, NCC was ordered to pay competition-infringement fees of SEK 150 M in Sweden and SEK 25 M in Finland, or SEK 175 M in total. Provisions were posted for both of these fines against net profit for 2007, but NCC has appealed the judgments. Also refer to p. 42 of the Report of the Board of Directors.

Operating profit

Profit includes the above-mentioned impairment losses on land and completed unsold housing, and restructuring expenses. These correspond to a total of SEK 741 M. Operating profit for 2007 included SEK 383 M from the sale of NCC Roads' Polish asphalt and aggregate operations and total costs of SEK 645 M pertaining to the NCC Complete development project.

Financial income

In December 2008, NCC sold its holdings in the Polish concession company AWSA for a final gain of SEK 493 M, which was reported as financial income.

Taxation

NCC's tax rate was 24 percent (14) during the year. NCC Property Development sold more property projects and land through sales of companies. The low taxation in 2007 was due to the fact that the majority of the result consisted of NCC Property Development's tax-exempt sales of companies and that the sale of the Polish asphalt and aggregate operations was also largely exempt from taxation. Also refer to Note 31, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

CONSOLIDATED BALANCE SHEET

WITH COMMENTS

SEK M	Note	2008	2007
	1, 26, 48, 50		
ASSETS			
Fixed assets			
Goodwill	21	1,772	1,651
Other intangible assets	21	122	96
Managed properties	23	12	21
Owner-occupied properties	22	682	640
Machinery and equipment	22	1,975	1,774
Participations in associated companies	25	10	25
Other long-term holdings of securities	28	227	250
Long-term receivables	30	1,135	1,691
Deferred tax assets	31	203	277
Total fixed assets	39	**6,139**	**6,424**
Current assets			
Property projects	32	3,439	2,145
Housing projects	32	11,023	8,553
Materials and inventories	33	624	474
Tax receivables	31	164	44
Accounts receivable		7,820	8,323
Worked-up, non-invoiced revenues	34	2,208	2,956
Prepaid expenses and accrued income		1,169	1,048
Other receivables	30	1,613	1,935
Short-term investments	28	215	483
Cash and cash equivalents	47	1,832	1,685
Total current assets	39	**30,108**	**27,645**
TOTAL ASSETS	45	**36,247**	**34,069**
EQUITY			
Share capital	35	867	867
Other capital contributions		1,844	1,844
Reserves		173	73
Earnings brought forward including profit for the year		3,955	4,423
Shareholders' equity		**6,840**	**7,207**
Minority interests		25	30
Total shareholders' equity		**6,865**	**7,237**
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	36	2,620	1,590
Other long-term liabilities	41	837	816
Deferred tax liabilities	31, 37	492	431
Provisions for pensions and similar obligations	37, 38	42	112
Other provisions	37	3,190	3,084
Total long-term liabilities	39, 44	**7,180**	**6,033**
Current liabilities			
Current liabilities, interest-bearing	36	2,929	1,701
Accounts payable		4,356	4,974
Tax liabilities		140	101
Invoiced revenues, not worked up	40	5,300	4,971
Accrued expenses and prepaid income	43	4,249	4,822
Provisions	37	122	
Other current liabilities	41	5,106	4,231
Total current liabilities	39	**22,202**	**20,799**
Total liabilities		**29,382**	**26,832**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	45	**36,247**	**34,069**
Assets pledged	46		
Contingent liabilities	46		

Fixed assets

Goodwill
NCC subjects the carrying amount to impairment testing annually and more often when there are indications of value changes. This balance-sheet item increased primarily due to exchange-rate fluctuations but also as a result of the acquisition of the 50-percent-owned asphalt company, Valtatie Oy. Refer also to Note 21, Intangible assets.

Long-term receivables
Receivables pertaining to previously sold property projects were paid during the year. Reclassifications were made to Other receivables in cases where payments are expected to be received within one year. Refer also to Note 30, Long-term receivables and other receivables.

Current assets

Housing projects
Unsold housing projects in progress remain unchanged. Production decreased but since sales were low, the value of unsold completed housing increased primarily in NCC Construction Sweden, Denmark and Finland. Refer also to Note 32, Properties classed as current assets.

Materials and inventories
Unsold ongoing housing projects with ownership rights have been reclassified to Housing projects in order to clarify the housing operations. Refer also to Note 32, Properties classed as current assets.

Accounts receivables
Reduced operations, including fewer sold housing units, resulted in lower accounts receivables.

Other receivables
Receivables pertaining to previously sold property projects were reclassified from Long-term receivables. The rise in other receivables was also due to increased sales for which payment is expected within one year.

Long-term liabilities

Long-term interest-bearing liabilities
Capital accumulation was partly due to long-term interest-bearing liabilities and current interest-bearing liabilities. Reclassification to current interest-bearing liabilities also occurred in cases where maturity is due within one year. Refer also to Note 36, Interest-bearing liabilities.

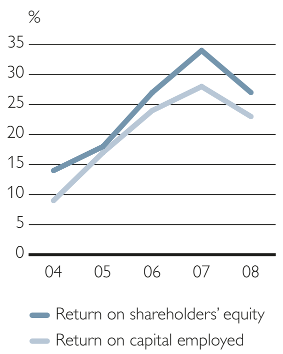
Other provisions
These increased as a result of the provisions made for restructuring expenses, of which a certain portion is regarded as current.

Current liabilities

Current interest-bearing liabilities
Capital accumulation was partly due to interest-bearing liabilities. Refer also to Note 36, Interest-bearing liabilities.

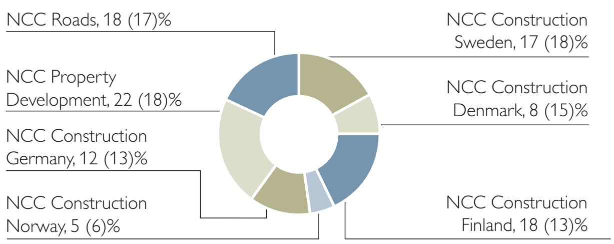
Accrued expenses and deferred income
The decrease in operations for NCC's Construction units and for NCC Property Development resulted in a reduction in accrued expenses. Refer also to Note 43, Accrued expenses and deferred income.

Return



The return on shareholders' equity in 2008 exceeded the financial target of 20 percent.

Capital employed 2008, share per business area



Capital employed increased, primarily as a result of higher investments in proprietary property projects and housing projects.

PARENT COMPANY INCOME STATEMENT

WITH COMMENTS

SEK M	Note	2008	2007
	1,49		
Net sales	2,42	21,239	22,738
Production costs	4,5,6,10	–19,612	–20,457
Gross profit		**1,627**	**2,281**
Selling and administrative expenses	4,5,6,7	–1,321	–1,256
Result from sales of properties	9	6	
Operating profit		**312**	**1,025**
Result from financial investments			
Result from participations in Group companies	10,11	1,356	1,715
Result from participations in associated companies	10,12	–5	–5
Result from other financial fixed assets	14		1
Result from financial current assets	15	48	66
Interest expense and similar items	16	–405	–184
Profit after financial items		**1,305**	**2,619**
Appropriations	20	–73	–59
Tax on net profit for the year	31	45	–165
NET PROFIT FOR THE YEAR		**1,278**	**2,395**

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.

Invoicing for the Parent Company amounted to SEK 21,239 M (22,738). Profit after financial items was SEK 1,305 M (2,619). In the Parent Company, profit is not recognized until final recognition of projects. The change in profit was partly due to reduced margins from the housing operations but also to the difference in dividends from subsidiaries compared with the preceding year.

The average number of employees was 7,821 (7,886).

PARENT COMPANY BALANCE SHEET

WITH COMMENTS

SEK M	Note	2008	2007
	1,49		
ASSETS			
Fixed assets			
Intangible fixed assets			
Intangible fixed assets	21		1
Total intangible fixed assets			**1**
Tangible fixed assets			
Owner-occupied properties, construction in progress		113	119
Machinery and equipment		175	181
Total tangible fixed assets	22	**288**	**300**
Financial fixed assets			
Participations in Group companies	24	5,559	5,899
Receivables from Group companies		157	193
Participations in associated companies	27	139	139
Receivables from associated companies		46	43
Other long-term holdings of securities		7	6
Deferred tax assets	31	301	227
Other long-term receivables		76	51
Total financial fixed assets	29,39	**6,284**	**6,559**
Total fixed assets		**6,572**	**6,860**
Current assets			
Properties classed as current assets			
Housing projects		549	264
Total current assets	32	**549**	**264**
Inventories, etc.			
Materials and inventories		17	1
Total inventories, etc.	33	**17**	**1**
Current receivables			
Accounts receivable		3,077	3,299
Receivables from Group companies		3,317	2,510
Receivables from associated companies		45	10
Other current receivables		114	63
Tax receivable	31	129	116
Prepaid expenses and accrued income		308	492
Total current receivables		**6,991**	**6,490**
Short-term investments	47	**500**	**1,100**
Cash and bank balances	47	**1,966**	**1,319**
Total current assets	39	**10,023**	**9,175**
TOTAL ASSETS	45	**16,595**	**16,035**

SEK M	Note	2008	2007
	1,49		
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	35	867	867
Statutory reserves		174	174
Total restricted shareholders' equity		**1,041**	**1,041**
Unrestricted shareholders' equity			
Profit brought forward		332	288
Net profit for the year		1,278	2,395
Total unrestricted shareholders' equity		**1,610**	**2,683**
Total shareholders' equity		**2,651**	**3,724**
Untaxed reserves	20	**563**	**490**
Provisions			
Provisions for pensions and similar obligations	38	9	12
Other provisions		1,103	883
Total provisions	37	**1,112**	**895**
Long-term liabilities			
Liabilities to credit institutions		1,200	990
Liabilities to Group companies		1,547	1,626
Other liabilities		383	350
Total long-term liabilities	36,39	**3,130**	**2,967**
Current liabilities			
Advances from customers		137	261
Work in progress on another party's account	42	3,379	2,367
Accounts payable		1,657	1,821
Liabilities to Group companies		1,715	1,400
Liabilities to associated companies		5	8
Other liabilities		814	696
Accrued expenses and prepaid income	43	1,433	1,407
Total current liabilities	36,39	**9,139**	**7,960**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	45	**16,595**	**16,035**
Assets pledged	46	**14**	**12**
Contingent liabilities	46	**18,769**	**18,506**

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

CHANGES IN SHAREHOLDERS' EQUITY

WITH COMMENTS

GROUP	Shareholders' equity attributable to Parent Company's shareholders						
SEK M	Share capital	Other capital contributions	Reserves	Earnings brought forward	Total	Minority interests	Total equity
Opening balance, January 1, 2007	**867**	**1,844**	**–20**	**4,105**	**6,796**	**75**	**6,870**
Change in translation reserve during the year			13		13	2	15
Change in hedging reserve during the year			27		27		27
Tax recognized directly against shareholders' equity			53		53		53
Change in minority interests						–46	–46
Total change in net asset value recognized directly against equity, excluding transactions involving Company shareholders	**867**	**1,844**	**73**	**4,105**	**6,889**	**31**	**6,920**
Net profit for the year				2,247	2,247	3	2,250
Total change in net asset value, excluding transactions involving Company shareholders	**867**	**1,844**	**73**	**6,352**	**9,136**	**34**	**9,170**
Dividends				–1,951	–1,951	–4	–1,955
Sale of treasury shares				22	22		22
Shareholders' equity on December 31, 2007	**867**	**1,844**	**73**	**4,423**	**7,207**	**30**	**7,237**
Change in translation reserve during the year			–38		–38	1	–37
Change in fair value reserve during the year			1		1		1
Change in hedging reserve during the year			–29		–29		–29
Change in revaluation reserve during the year			14		14		14
Tax recognized against shareholders' equity			153		153		153
Change in minority interests						–15	–15
Total change in net asset value recognized directly against equity, excluding transactions involving Company shareholders	**867**	**1,844**	**174**	**4,423**	**7,307**	**16**	**7,323**
Net profit for the year				1,809	1,809	11	1,820
Total change in net asset value, excluding transactions involving Company shareholders	**867**	**1,844**	**174**	**6,232**	**9,116**	**27**	**9,143**
Dividends				–2,277	–2,277	–2	–2,279
Shareholders' equity on December 31, 2008	**867**	**1,844**	**174**	**3,955**	**6,840**	**25**	**6,865**

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

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

Change in shareholders' equity

The change in shareholders' equity consists primarily of net profit for the year, dividends to shareholders, the effect of IAS 39 and revaluation reserves resulting from the gradual acquisition of subsidiaries. Other changes in shareholders' equity comprise translation differences. Any tax effects on the above transactions are reported in a separate section.

The dividend resolved in 2008 consisted in part of an ordinary dividend of SEK 11.00 per share and in part of an extraordinary dividend of SEK 10.00.

Share capital

On December 31, 2008, the registered share capital amounted to 46,396,448 Series A shares and 62,039,374 Series B shares. The shares have a quotient value of SEK 8.00 each. Series A shares carry ten votes each and Series B shares one vote each.

Other capital contributions

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

Translation reserve

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

Fair value reserve

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

PARENT COMPANY	Restricted shareholders' equity		Unrestricted shareholders' equity		
SEK M	Share capital	Statutory reserves	Earnings brought forward	Net profit for the year	Total equity
Opening balance, January 1, 2007	**867**	**174**	**2,628**	**204**	**3,873**
Appropriations of profits			204	–204	
Group contributions provided[1)]			–614		–614
Total change in net asset value recognized directly against equity, excluding transactions involving Company shareholders	**867**	**174**	**2,218**		**3,259**
Net profit for the year				2,395	2,395
Total change in net asset value, excluding transactions involving Company shareholders	**867**	**174**	**2,218**	**2,395**	**5,654**
Dividends			–1,951		–1,951
Sale of treasury shares			22		22
Shareholders' equity on December 31, 2007	**867**	**174**	**288**	**2,395**	**3,724**
Appropriations of profits			2,395	–2,395	
Group contributions provided[1)]			–74		–74
Total change in net asset value recognized directly against equity, excluding transactions involving Company shareholders	**867**	**174**	**2,609**		**3,650**
Net profit for the year				1,278	1,278
Total change in net asset value, excluding transactions involving Company shareholders	**867**	**174**	**2,609**	**1,278**	**4,928**
Dividends			–2,277		–2,277
Shareholders' equity on December 31, 2008	**867**	**174**	**332**	**1,278**	**2,651**

1) In accordance with a statement from the Swedish Financial Reporting Board, UFR 2. See the Reporting of Group and Shareholder Contributions section of the accounting principles, p. 63.

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

Revaluation reserve
Revaluation reserve arises in connection with gradual acquisitions, meaning acquisitions that comprise many stages.

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.

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

- A return on shareholders' equity after tax of 20 percent. In 2008, the return on shareholders' equity was 27 percent.
- A positive cash flow before investments in properties classed as current assets and other investment activities, which was achieved in 2008.
- Net indebtedness that is less than shareholders' equity. On December 31, 2008, net indebtedness was 47 percent of shareholders' equity.

NCC's subsidiaries, NCC Försäkrings AB and NCC Re AG, as insurance companies, must have investment assets that cover technical reserves for own account. During 2007 and 2008, both companies fulfilled these requirements. Otherwise, there were no other companies within the Group subject to external capital requirements.

For further information on NCC Group's financial objectives and dividend policy, refer to p. 8.

Specification of the item Reserves in shareholders' equity:

Translation reserve	2008	2007
Translation reserve, January 1	50	–23
Translation differences during the year	483	244
Less: Hedging of exchange-rate risks in foreign operations	–521	–216
Tax attributable to exchange-rate risks in foreign operations	146	60
Less: Translation differences attributable to divested operations		–15
Translation reserve, December 31	**158**	**50**

Fair value reserve	2008	2007
Fair value reserve, January 1	3	3
Saleable financial assets:		
Revaluation recognized directly against shareholders' equity	1	
Fair value reserve, December 31	**4**	**3**

Hedging reserve	2008	2007
Hedging reserve, January 1	20	
Cash flow hedges		
– Recognized directly against shareholders' equity	–57	29
– Change in income statement	28	–2
Tax attributable to hedging for the year	7	–7
Hedging reserve, December 31	**–2**	**20**

Revaluation reserve	2008	2007
Revaluation reserve, January 1		
– Revaluation due to acquisition achieved in stages	19	
– Transfer to earnings brought forward	–5	
Revaluation reserve, December 31	**14**	

Total reserves	2008	2007
Reserves, January 1	73	–20
Change in reserves during the year		
– Translation reserve	108	73
– Fair value reserve	1	
– Hedging reserve	–22	20
– Revaluation reserve	14	
Reserves, December 31	**174**	**73**

CASH FLOW STATEMENT

WITH COMMENTS

SEK M	Note	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
OPERATING ACTIVITIES					
Profit after financial items		2,385	2,608	1,305	2,619
Adjustments for items not included in cash flow:					
– Depreciation		497	462	65	57
– Impairment losses		614	257	359	1,252
– Exchange-rate differences		–771	–337		
– Result from sales of fixed assets		–541	–17	–13	–4
– Result from sales of subsidiaries		–16	–444	–24	–27
– Result from associated companies		12	–4		
– Changes in provisions		–129	261	167	237
– Restructuring costs		256		50	
– Anticipated dividend				–1,492	–1,126
– Other		21			2
Total items not included in cash flow		**–57**	**178**	**–887**	**391**
Taxes paid		–472	–448	–42	–443
Cash flow from operating activities before changes in working capital		**1,856**	**2,338**	**377**	**2,567**
Cash flow from changes in working capital					
Increase(–)/Decrease(+)in inventories		–81	–107	–16	
Increase(–)/Decrease(+)in receivables		1,195	–470	–126	–1,604
Increase(+)/Decrease(–)in liabilities		–995	1,369	–455	1,119
Increase(+)/Decrease(–)in net work in progress				1,012	–427
Increase(–)/Decrease(+)in properties recognized as current assets, net	47	–1,846	–2,099	–381	79
Cash flow from changes in working capital		**–1,728**	**–1,307**	**35**	**–833**
CASH FLOW FROM OPERATING ACTIVITIES		**128**	**1,031**	**412**	**1,734**
INVESTING ACTIVITIES					
Acquisition of subsidiaries	47	–149	–83	–15	–805
Sale of subsidiaries	47	86	747	119	27
Acquisition of buildings and land	47	–117	–48		–100
Sale of buildings and land		65	105	6	
Acquisition of other financial fixed assets		–220	–131	–31	26
Sale of other financial fixed assets		532	11		3
Acquisition of other fixed assets	47	–592	–533	–66	–113
Sale of other fixed assets		90	65	21	5
Cash flow from investing activities		**–306**	**134**	**34**	**–958**
CASH FLOW BEFORE FINANCING		**–178**	**1,165**	**446**	**776**
FINANCING ACTIVITIES					
Dividend paid		–2,277	–1,951	–2,277	–1,951
Sale of treasury shares			22		22
Group contributions				–74	–614
Loans raised		3,906	1,317	2,243	1,266
Amortization of loans		–1,822	–65	34	348
Increase(–)/Decrease(+) in long-term interest-bearing receivables		174	10	38	–25
Increase(–)/Decrease(+) in current interest-bearing receivables		319	–95	–363	–488
Increase(+)/Decrease(–) in minority interests, etc.		–2	–1		
Cash flow from financing activities		**298**	**–763**	**–399**	**–1,442**
CASH FLOW DURING THE YEAR		**121**	**402**	**47**	**–666**
Cash and cash equivalents on January 1	47	**1,685**	**1,253**	**2,419**	**3,085**
Exchange-rate difference in cash and cash equivalents		27	31		
Cash and cash equivalents on December 31	47	**1,832**	**1,685**	**2,466**	**2,419**

Cash flow from operating activities before changes in working capital

Cash flow from operating activities before changes in working capital totaled SEK 1,856 M (2,338). Profits from the sale of AWSA in 2008 and NCC Roads' Polish asphalt and aggregate operations in 2007 were included in profit after financial items and reversed in items not included in cash flow. The cash flow effect from the divestment was reported under investing operations.

Cash flow from changes in working capital

Cash flow from changes in working capital was a negative SEK 1,728 M (negative: 1,307). The cash flow from the sale of property projects improved when larger amounts pertaining to receivables were settled compared with the preceding year while costs incurred in property projects in progress increased. The cash flow from housing projects improved due to a reduction in ongoing unsold housing units. There were fewer start-ups of housing projects compared with 2007 while completed unsold housing increased. Other changes in working capital deteriorated despite an improved cash flow in contracting operations when property operations increased. A decline in operations at the end of the year resulted in a reduction in accounts receivable and accounts payable compared with the preceding year.

Cash flow from investing activities

Cash flow from investing activities was a negative SEK 306 M (positive: 134). During the year, cash flow was positively affected by the sale of NCC's portion of the Polish concession company, AWSA, for SEK 493 M. The preceding year was positively affected by the sale of NCC Roads' Polish asphalt and aggregate operations for SEK 1.1 billion, of which SEK 0.4 billion pertained to loans in the divested operation, making a net amount of SEK 0.7 billion. Cash flow before financing was a negative SEK 178 M (positive: 1,165).

Cash flow from financing activities

Cash flow from financing activities was a positive SEK 298 M (negative: 763). Portions of the increase in capital tied-up were financed by interest-bearing liabilities.

Total cash and cash equivalents including short-term investments with a maturity exceeding three months amounted to SEK 2,047 M (2,168).

Cash and cash equivalents and short-term investments

Group	2008	2007
Short-term investments	**215**	**483**
Cash and bank balances	1,085	1,382
Investments with a maturity of less than three months	747	303
Cash and cash equivalents	**1,832**	**1,685**
Amount at year-end	**2,047**	**2,168**

Information about transactions that did not give rise to cash flow

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

Group	2008	2007
Exchange-rate differences in cash and cash equivalents	27	31
Of which, exchange-rate differences in cash and cash equivalents attributable to cash and cash equivalents at the beginning of the year	11	12
Exchange-rate differences in cash flow for the year	**16**	**19**

Refer also to Note 47, Cash flow statement.

Net indebtedness

Net indebtedness (interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables) amounted to SEK 3,207 M (744) on December 31. The maturity period for interest-bearing liabilities was 24 months (24) at the end of the year. NCC's unutilized committed lines of credit at year-end amounted to SEK 4,884 M (3,290) with a remaining average duration of 32 months (17).

Net indebtedness trend

Group	2008	2007
Net indebtedness, January 1	–744	–430
Cash flow before financing	–178	1,165
Cash flow from financing operations, NCC Roads' Polish operations		370
Sale of treasury shares		22
Dividend	–2,277	–1,951
Other changes in net indebtedness	–8	81
Net indebtedness, December 31	**–3,207**	**–744**

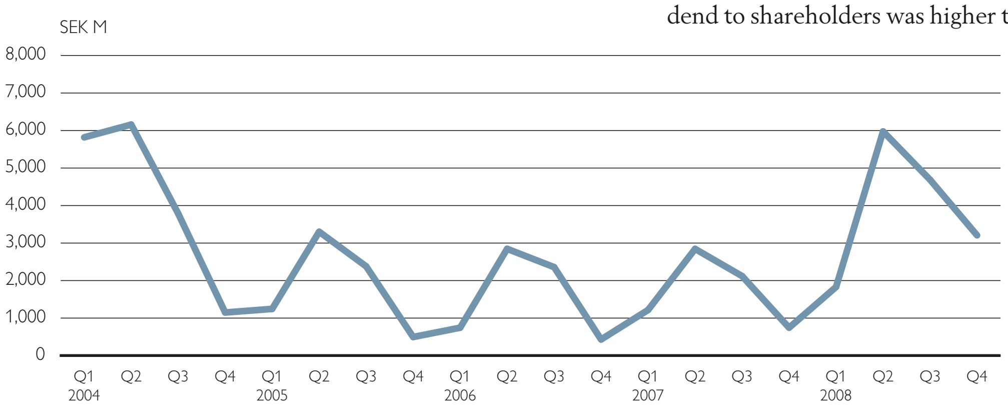
Financial objective cash flow

Group	2008	2007
Cash flow from operating activities	128	1,031
Reversal of increase/decrease in properties classed as current assets, net	1,846	2,099
Cash flow before investments in properties classed as current assets	**1,974**	**3,131**

Parent Company

The Parent Company's cash flow was lower than in the preceding year. Cash flow before changes in working capital decreased due to weaker profits and the fact that the major impairment losses posted in 2007 were reversed in non-cash items. Tied-up working capital was lower since work in progress decreased because of the reduced operations. Investing activities increased because investments in Group companies were lower than in the preceding year. The year's dividend to shareholders was higher than in the preceding year.

Trend of net indebtedness, per quarter



Net indebtedness is affected by seasonal variations. During the second and third quarters, more capital is normally tied up due to a high degree of activity in the asphalt and aggregate operations. Dividends are paid to shareholders during the second quarter. In 2004, property sales of nearly SEK 5 billion were implemented, which meant that net indebtedness was reduced to SEK 1.1 billion. During recent years, the capital tied up in property and housing operations has increased.

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NOTES

NOTE 1 | ACCOUNTING PRINCIPLES

The NCC Group applies the International Financial Reporting Standards (IFRS) adopted by the EU and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The Group also applies recommendation RFR 1.1 and statements issued by the Swedish Financial Reporting Board and complies with the explanations provided in the industry-specific comments of the Swedish Construction Federation on how IFRS can be interpreted by construction companies. The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on February 11, 2009. 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 7, 2009.

AMENDMENTS TO IFRS AND INTERPRETATIONS APPLIED AS OF 2008

Amendments to IAS 39 Financial Instruments: Recognition and Measurement enable, under certain circumstances, the reclassification of financial assets as "available-for-sale" or "held-for-trading." Any reclassification shall be disclosed in accordance with the amendments simultaneously applied to IFRS 7 Financial Instruments: Disclosures. NCC has not utilized the opportunity to reclassify financial assets.

No new IFRS became effective in 2008.

In 2008, the following IFRIC interpretations became effective:

- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions
- IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Neither of these interpretive statements had any impact on NCC's financial reporting.

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

The following EU-approved IFRS, amendments to IFRS and interpretive statements issued by IFRIC become effective as of the 2009 fiscal year and have not yet been applied in the compilation of the current financial report.

IFRS 8 Operating Segments defines what an operating segment is and specifies the information to be submitted about operating segments in financial reporting. This information is to be disclosed from the perspective of the chief operating decision maker. In the NCC Group, the chief operating decision maker has been identified as the individual who makes strategic decisions, namely the CEO. Reporting of operating segments in the NCC Group corresponds with the internal reporting submitted to the chief operating decision maker. The newly formed business area NCC Housing is considered a separate operating segment. Application of IFRS 8 will entail further disclosure of information concerning operating segments.

Amendments to IAS 1 Presentation of Financial Statements involve some changes to the presentation of financial statements and the recommendation of new, non-mandatory terms for the financial statements. This amendment will not affect the determination of the amounts reported. NCC is currently evaluating the presentation of its financial statements in accordance with the amended IAS 1.

Amendments to IAS 23 Borrowing Costs require the mandatory capitalization of borrowing costs directly attributable to the acquisition, construction or production of assets that take a substantial period of time to prepare for their intended use or sale. This amendment will be applied to projects starting January 1 or later without retroactive application and will affect NCC's financial reporting.

The following amendments to IFRS do not currently affect NCC's financial reporting:

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

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

At the time the Annual Report was issued, our assessment was that the European Parliament would approve IFRIC 12 in 2009 and that it would be applied from the fiscal year starting January 1, 2010 or later.

IFRIC 15 Agreements for the Construction of Real Estate contains guidelines for interpreting how revenues from the construction of buildings may be recognized in accordance with IAS 18 Revenue, normally upon delivery, or in accordance with IAS 11 Construction Contracts, whereby revenues are recognized on a percentage-of-completion basis.

This interpretation will impact NCC's accounting. Housing projects will primarily be recognized at the time of delivery of the property/apartment, in contrast to current practice, whereby projects are recognized in pace with completion and sale. This change will affect when revenues and profit are recognized as well as the following balance-sheet items: Housing projects, Worked-up, non-invoiced revenues, Interest-bearing liabilities and Shareholders' equity. Key figures will be affected. Although NCC currently applies IAS 18 with regard to property development projects, IFRIC 15 provides additional interpretations concerning when profit/loss can be recognized, which may result in accrual effects for results from earlier years.

For NCC's other operations, the rules in IAS 11 and IAS 18 concerning percentage-of-completion revenue recognition may still be applied whenever it is possible to do so according to the applicable rules.

At the time the Annual Report was issued, our assessment was that the European Parliament would approve the interpretation above in 2009 and that it would be applied from the fiscal year starting January 1, 2010, with advance application encouraged.

The following interpretive statements will not affect NCC's financial reporting:

- IFRIC 13 Customer Loyalty Programs
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

PARENT COMPANY ACCOUNTS COMPARED WITH CONSOLIDATED ACCOUNTS

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

The accounting principles presented below differ from those used in the consolidated accounts:

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

The differences are presented under the respective headings below.

CONSOLIDATED ACCOUNTS

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

Purchase method

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

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

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

Subsidiaries

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

Minority interest

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

Associated companies

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

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

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

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

Joint ventures

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

Elimination of intra-Group transactions

Receivables, liabilities, revenues and costs, as well as unrealized gains and losses, that arise when a Group company sells goods or services to another Group company are eliminated in their entirety. Unrealized losses are eliminated in the same way as unrealized gains, but only insofar as there are no impairment requirements. This also applies to joint ventures and associated companies, in an amount corresponding to the Group's holding. See Note 45, Transactions with related companies.

Internal pricing

Market prices are applied for transactions between Group entities.

Foreign subsidiaries and joint ventures

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

REVENUES

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

Construction contracts and similar assignments

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

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

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

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

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

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

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

Balance-sheet items such as "worked up, non-invoiced revenues" and "project invoicing not yet 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. See Note 34, Worked-up, non-invoiced revenues and Note 40, Project invoicing not yet worked up.

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

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

Proprietary housing projects

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

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

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

Work in progress in the Parent Company

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

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

Work in progress on another party's account comprises the difference between invoicing and costs incurred. Income is recognized when the project is completed. As a result of this accounting method, this entry may include profits not entered as income. When a project is expected to incur a loss, a provision is posted for such a loss. For details, see Note 42, Work in progress on another party's account and net sales.

Result from sales of development properties
NCC's sales include revenues from sales of properties classed as current assets. Sales also include rental revenues from properties classed as current assets. Property sales are recognized at the time when material risks and rewards are transferred to the purchaser, which normally coincides with the transfer of ownership rights.

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

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

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

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

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

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

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

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

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

When necessary, although at least once a year, NCC conducts impairment tests of recognized asset values, for indications of whether values have declined. In the event that the recoverable value 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 the income statement. 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 value of goodwill is less than the carrying amount, an impairment loss is posted. Previously impaired goodwill is not reversed.

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

GOVERNMENT ASSISTANCE
Government assistance is an action by the government designed to provide a financial advantage that is limited to a

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

LEASING

In the consolidated financial statements, leasing is classified as either financial or operational. Financial leasing exists if the financial risks and benefits associated with ownership are essentially transferred to the lessee. All other cases are regarded as operational leasing. Assets leased in accordance with financial leasing agreements are capitalized in the consolidated balance sheet. Corresponding obligations are entered as long-term and current liabilities. Leased assets are depreciated, while leasing payments are recognized as interest payments and debt amortization. The assets are recognized in the balance sheet under appropriate asset items. As a lessor, the asset is recognized in accordance with a financial leasing agreement as a receivable in the balance sheet. Operational leasing is recognized in the income statement. 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, see Note 44. In the Parent Company, all leasing agreements are recognized in accordance with the regulations for operational leasing.

TAXES

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

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

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

In the Parent Company, untaxed reserves are reported 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 the income statement, as an appropriation.

REPORTING BY SEGMENT

The Group's primary segments are business areas, which are areas of the Group that are identifiable for accounting purposes and provide goods and services whose risks and opportunities differ from those of the other business areas. NCC's business areas are Construction units in the various countries, NCC Property Development and NCC Roads. For reporting by segment, see Note 3, Segment reporting.

EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's net profit for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. The calculation of earnings per share is not affected by preferred shares or convertible debentures, since the Group has no such items. NCC has a small number of Series B treasury shares; see p. 63 under Repurchase of shares.

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 according to plan. Goodwill in foreign operations is valued in the particular functional currency and is converted from this functional currency to the Group's reporting currency at the exchange rates prevailing on the balance-sheet date.

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

TANGIBLE FIXED ASSETS

NCC's property holdings are divided into:

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

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

Owner-occupied properties

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

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

Managed properties

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

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 p. 61. For information on the value and type of assets, see Note 29, Financial fixed assets. For valuations of participations in associated companies, joint ventures and financial instruments, see the respective headings. The Parent Company reports shares in Group companies at acquisition cost less, where applicable, impairment losses.

CURRENT ASSETS

Properties classed as current assets

Group property holdings recognized as property and housing projects are valued as inventories when the intention is to sell the properties on completion. Property projects are valued at the lower of acquisition value and net realizable value. Property projects are defined as properties held for development and sale within NCC Property Development. Housing projects pertain to unsold residential properties, unsold portion of proprietary residential properties with ownership rights, undeveloped land and properties held for future development in the NCC Housing business area formed on January 1, 2009.

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, see Note 32, Properties classed as current assets.

Properties held for future development, property development

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

Ongoing property projects

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

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

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

Completed property projects

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

Valuation of commercial property projects

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

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

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

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

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

Housing projects

Housing projects are divided between:

- Properties held for future development
- Finished, unsold residential properties
- Unsold portion of ongoing housing projects based on ownership rights

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

Properties held for future development, housing

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

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

Completed, unsold residential properties

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

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

Unsold portion of ongoing housing projects based on ownership rights

As of 2008, 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. Comparative figures have been adjusted.

Properties classed as current assets transferred from subsidiaries

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

INVENTORIES

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

FINANCIAL INSTRUMENTS

Acquisition and divestments of financial instruments are recognized on the date of transaction, meaning the date on which the company undertakes to acquire or divest the asset, apart from those cases in which NCC acquires or divests listed securities, in which case the date of reporting settlement is applied.

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 removed 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 removed 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 the income statement. 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 reported as subsidiaries, associated companies or joint ventures are reported here. These assets are recognized at fair value and the value change is recognized directly in shareholders' equity, although not value changes deriving from impairment, which are recognized in profit or loss. Impairment losses are posted when there are objective reasons for assuming that impairment is required. When the asset is sold, the accumulated profit/loss, which was previously recognized in shareholders' equity, is recognized in profit or loss.

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 currency risk in transaction flows, Hedging of net investments and Hedging of the Group's interest maturities.

Hedging of currency 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 shareholders' equity, 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 shareholders' equity 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, associated companies and joint ventures. In the consolidated accounts, the exchange-rate differences on these hedging positions, after taking tax effects into account, are moved directly to shareholders' equity, insofar as they are matched by the year's translation differences within shareholders' equity. 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 shareholders' equity 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

Reporting of Group and shareholder contributions

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

Repurchase of shares

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

EMPLOYEE BENEFITS

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

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

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

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

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

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

Severance payments

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

PROVISIONS

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

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

Guarantee commitments

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

Other provisions

Provisions for restoration costs are posted when such obligations arise. Provisions are posted for that portion of restoration that arises for start-up of a quarry and construction of plants at pits and quarries, and on current account when activities are related to additional extractions at pits and quarries.

A provision for restructuring is recognized when a detailed or formal restructuring plan has been established and the restructuring has either started or been announced publically. No provisions are posted for future operating expenses.

BORROWING COSTS

All borrowing costs are expensed on current account in the period in which they are incurred.

PLEDGED ASSETS

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

For information on types of collateral, see Note 46, Pledged assets, contingent liabilities and contingent assets.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities are 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. At present, there are no contingent assets in NCC. For information on the distribution and size of contingent liabilities, see Note 46, Pledged assets, contingent liabilities and contingent assets.

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, see Note 47, Cash flow statement.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

To be recognized as fixed (non-current) assets held for sale, the assets must be available for immediate sale and it must be highly probable that the sale will be effected within a year from the reclassification. Operations that are being discontinued are defined as any part of a company that is being discontinued in accordance with a cohesive plan and which can comprise an independent organizational unit or a major line of business or geographical area. For the 2008 and 2007 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.

NOTE 2 | DISTRIBUTION OF NET SALES

	Group		Parent Company	
	2008	2007	2008	2007
Construction contracts and housing projects	44,752	45,534	21,204	22,730
Aggregates, asphalt, paving and road-service operations	10,529	9,100		
Property projects	2,054	3,528		
Rental revenue	76	56		
Other sales	54	179	35	8
Total	**57,465**	**58,397**	**21,239**	**22,738**

PARENT COMPANY	2008	2007
Sales distributed by operating segment[1]		
NCC Construction Sweden	21,239	22,738
Total	**21,239**	**22,738**

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

NOTE 3 | SEGMENT REPORTING

Segment reporting is prepared for the Group's business segments and geographical areas. Since the Group's internal reporting system is based on follow-ups of the return achieved by the Group's operations, business segments are the primary basis of division.

The earnings, assets and liabilities of segments include directly attributable items, and items that can be allocated to the segments in a reasonable and reliable manner. Non-allocated items consist of interest and dividend income, gains on sales of financial investments and interest expenses, as well as losses on the sale of financial investments. Assets and liabilities that have not been allocated to a segment are deferred tax assets, deferred tax liabilities, financial investments and financial receivables and liabilities.

The segments' investments in tangible and intangible fixed assets include all investments.

Market-based pricing is applied for intra-Group transactions.

Business segments

The Group consists of the following business segments:

NCC's construction units, which construct housing, offices, other buildings, industrial facilities, roads, civil engineering structures and other types of infrastructure, with a focus on the Nordic region.

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

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

	NCC Construction								
GROUP, 2008	Sweden	Denmark	Finland	Norway	Germany	NCC Property Development	NCC Roads	Other and eliminations[1]	Group
External net sales	24,657	3,878	6,832	6,572	2,428	2,130	10,529	439	57,465
Internal net sales	851	465	956	404		2	789	–3,467	
Total net sales	25,508	4,342	7,788	6,976	2,428	2,133	11,317	–3,027	57,465
Depreciation	–151	–34	–21	–28	–8	–3	–299	–25	–568
Impairment losses[2]	–205	–156	–98	–2	–58		–26	–70	–615
Reversal of impairment losses							1		1
Result from associated companies						4	5		9
Operating profit/loss	959	–91	102	217	–142	735	446	–8	2,219
Assets, excluding deferred tax assets, financial receivables and investments	9,807	3,003	5,689	2,155	2,452	4,553	5,106	894	33,659
– of which, participations in associated companies					–5		2		–4
Liabilities, excluding deferred tax liabilities and financial liabilities	11,045	2,377	4,271	3,052	983	3,098	4,784	555	30,164
Capital employed at year-end	2,425	1,173	2,623	762	1,784	3,200	2,695	–2,206	12,456
Cash flow before financing	910	276	–812	115	–101	–295	–289	19	–178
Gross investments in fixed assets and properties classed as current assets	1,749	529	1,990	107	616	2,173	608	18	7,789
– of which, intangible and tangible fixed assets	273	23	19	21	6	20	608	16	986
Average number of employees	8,522	1,650	2,742	1,587	774	128	4,176	363	19,942

GROUP, 2007	Sweden	Denmark	Finland	Norway	Germany	NCC Property Development	NCC Roads	Other and eliminations[1]	Group
External net sales	24,207	5,669	6,751	6,122	2,301	3,575	9,100	673	58,397
Internal net sales	674	241	681	212		9	794	–2,611	
Total net sales	24,881	5,910	7,432	6,335	2,301	3,583	9,893	–1,938	58,397
Depreciation	–140	–36	–16	–26	–7	–3	–258	–39	–526
Impairment losses[2]	–9					–4	–90	–154	–258
Reversal of impairment losses				1					1
Result from associated companies	1	1				3	5	1	11
Operating profit	1,424	36	434	76	117	780	679	–757	2,790
Assets, excluding deferred tax assets, financial receivables and investments	9,783	3,226	3,852	2,035	2,412	4,327	4,512	986	31,134
– of which, participations in associated companies					–5		12		7
Liabilities, excluding deferred tax liabilities and financial liabilities	11,314	2,331	3,618	2,927	1,205	4,327	4,379	135	30,235
Capital employed at year-end	2,200	1,778	1,516	657	1,621	2,160	2,027	–1,321	10,639
Cash flow before financing	975	–470	152	262	–259	678	1,080	–1,254	1,165
Gross investments in fixed assets and properties classed as current assets	2,231	1,080	1,650	71	890	1,493	381	13	7,809
– of which, intangible and tangible fixed assets	247	32	41	31	17	3	381	33	785
Average number of employees	8,606	2,105	2,772	1,624	744	124	3,970	1,102	21,047

1) NCC's Head office, results from minor subsidiaries and associated companies, the remaining portions of International Projects, including the Polish construction operations, eliminations of inter-company transactions, inter-company gains and other group adjustments are included under this heading. Since September 2007, NCC's industrial development project, NCC Complete, is reported under this heading. Comparative figures for NCC Construction Sweden and Other and eliminations have been adjusted.

2) Pertains to fixed and current assets.

NOTE 3 | cont. SEGMENT REPORTING

Geographical areas

The Group's segments are divided into four geographical areas and Other countries. Operations in the other countries account for less than 10 percent of sales.

Geographical areas are the Group's secondary segment. The information that is presented pertaining to the segments' external revenues relates to the geographical areas grouped in accordance with where the customers are located. The information pertaining to the segments' assets and investments during the year in tangible and intangible fixed assets is based on geographical area grouped in accordance with the location of the assets. Tax assets have not been distributed by geographical area.

	Net sales		Assets		Gross investments			
							of which, intangible fixed asstes	
GROUP	2008	2007	2008	2007	2008	2007	2008	2007
Sweden	29,844	28,947	16,137	16,167	2,450	2,741	630	448
Denmark	6,808	8,375	6,307	6,182	1,429	1,536	147	133
Finland	8,317	7,713	7,499	5,406	3,087	2,342	116	59
Norway	8,378	8,538	3,265	3,315	206	288	85	118
Other countries	4,118	4,824	2,671	2,678	617	902	8	27
Total	**57,465**	**58,397**	**35,879**	**33,748**	**7,789**	**7,809**	**986**	**785**

NOTE 4 | AVERAGE NUMBER OF EMPLOYEES

	2008		2007	
	No.of employees	of whom men	No.of employees	of whom, men
Parent Company				
Sweden	7,821	7,166	7,886	7,299
Subsidiaries				
Sweden	2,930	2,601	2,811	2,598
Denmark	2,878	2,491	3,299	2,860
Estonia	58	49	59	49
Finland	2,849	2,414	2,736	2,284
Latvia	160	138	159	139
Lithuania	133	107	166	126
Norway	2,032	1,849	2,074	1,874
Poland	46	40	696	580
Russia	190	133	151	106
Germany	774	630	744	614
Other countries	71	61	266	241
Total in subsidiaries	**12,121**	**10,513**	**13,161**	**11,471**
Group total	**19,942**	**17,679**	**21,047**	**18,770**

Percentage of women	2008	2007
Distribution of company management by gender		
Group total, including subsidiaries		
– Boards of Directors	16.6	15.2
– Other senior executives	16.4	14.2
Parent Company		
– Board of Directors	22.2	11.1
– Other senior executives	23.1	23.1

NOTE 5 | PERSONNEL EXPENSES

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

	2008			2007		
	Board of Directors and other senior executives (of which, bonus)	Other employees	Total	Board of Directors and other senior executives (of which, bonus)	Other employees	Total
Parent Company						
Sweden	20	3,153	3,173	26	3,026	3,052
Total in Parent Company	**20**	**3,153**	**3,173**	**26**	**3,026**	**3,052**
	(0.5)			(6.5)		
Social security expenses			1,501			1,373
– of which, pension costs	9	349	358	9	249	258
Pension commitments	50			43		
Group total	**226**	**8,818**	**9,044**	**246**	**8,525**	**8,771**
	(34.5)			(44.8)		
Social security expenses			2,574			2,578
– of which, pension costs			804			763
Pension commitments	74			72		

The Board of Directors and Presidents category comprises 13 people (13) in the Parent Company and 146 (167) in the Group.

NOTE 5 | cont. PERSONNEL EXPENSES

Sickness absence

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

	Group		Parent Company	
%	2008	2007	2008	2007
Total sickness absence as a percentage or ordinary working time	3.6	4.0	3.8	4.1
Percentage of total sickness absence accounted for by uninterrupted sickness absence of 60 days or more	45.5	49.4	44.4	49.3
Sickness absence by gender:				
Men	3.8	4.1	3.9	4.3
Women	2.3	2.7	2.2	2.6
Sickness absence by age category:				
29 years or younger	3.3	3.5	3.3	3.5
Between 30 and 49 years	2.6	2.9	2.7	3.0
50 years or older	4.9	5.3	5.0	5.5

Senior executives' employment conditions and remuneration

The Chairman of the Board and other Board members elected by the Annual General Meeting receive director fees in an amount resolved by the Annual General Meeting. No 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 members of Group Management is proposed by the CEO and approved by the Chairman of the Board.

Remuneration for the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pensions. The term "other senior executives" pertains to the senior executives who, together with the CEO, constitute Group Management, as well as those senior executives who are not members of Group Management but who report directly to the CEO. During 2008, there were 13 such executives of whom ten constitute Group Management and of whom seven were employed by the Parent Company and six by subsidiaries.

Variable remuneration

The maximum variable remuneration payable to CEO Olle Ehrlén in 2008 amounted to 50 percent of his basic salary. The variable remuneration was based on financial targets established by the Board. The provision posted for 2008 corresponded to 0 percent of his fixed salary, meaning that no variable remuneration was paid. Variable remuneration for other senior executives in 2008 corresponded to 30 to 50 percent of basic salary based on financial goals and 0 to 10 percent of basic salary based on individual goals, making a maximum of 30 to 50 percent. The provision posted for variable remuneration payments to other senior executives during 2008 corresponded to 0–45 percent (5–50) of basic salary.

Remuneration and other benefits in 2008

SEK 000s	Total salary, remuneration and benefits[2]	of which, benefits	of which, variable remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	555				
Deputy Chairman of the Board Fredrik Lundberg	444				
Member of the Board Ulf Holmlund	362				
Member of the Board Antonia Ax:son Johnson	362				
Member of the Board Ulla Litzén[1]	275				
Member of the Board Anders Rydin[1]	87				
Member of the Board Marcus Storch	362				
President and CEO Olle Ehrlén	6,743	66		4,356	15,891
Other senior executives employed by NCC AB (6 people)	11,244	131	516	4,991	11,248
Total Parent Company	**20,434**	**197**	**516**	**9,347**	**27,139**
Other senior executives employed by subsidiaries (6 people)	20,348	399	2,818	4,400	2,488
Total senior executives	**40,782**	**596**	**3,334**	**13,747**	**29,627**

[1] Ulla Litzén was elected and Anders Rydin declined re-election at the Annual General Meeting on April 8, 2008.

[2] The director fees were raised in accordance with a resolution of the 2008 Annual General Meeting. Amounts in the table have been subject to accrual accounting.

Remuneration and other benefits in 2007

Chairman of the Board Tomas Billing	500				
Deputy Chairman of the Board Fredrik Lundberg	400				
Member of the Board Ulf Holmlund	325				
Member of the Board Antonia Ax:son Johnson	325				
Member of the Board Anders Rydin	325				
Member of the Board Marcus Storch	325				
President and CEO Alf Göransson	1,378	14		336	
President and CEO Olle Ehrlén	8,641	62	2,337	4,270	11,645
Other senior executives employed by NCC AB (6 people)	13,619	124	3,586	4,584	8,488
Total Parent Company	**25,838**	**200**	**5,923**	**9,190**	**20,133**
Other senior executives employed by subsidiaries (6 people)	21,908	409	5,085	3,458	1,508
Total senior executives	**47,746**	**609**	**11,008**	**12,648**	**21,641**

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

NOTE 5 | cont. PERSONNEL EXPENSES

Pensions
NCC's goal for its policy is that, in addition to ITP, pensions paid to senior executives shall comprise defined contribution commitments, which means that after paying the annual premium, NCC has no further commitments. President and Chief Executive Officer Olle Ehrlén's retirement age is 60 years. Between ages 60 and 65 years, NCC pledges to pay old-age pension, including survivor's cover. As of age 65, pension is payable from the ITP plan, plus supplementary pension for salary increments exceeding 20 base amounts. Other senior executives may retire at the age of 60 to 63, in two cases as of 65. In Sweden, NCC provides defined contribution pension that is payable temporarily between ages 60 and 65 years, including survivor's cover. As of age 65, pension is generally payable from the ITP plan, plus in one case from a supplementary pension plan pledged by NCC. Instead of this, two senior executives receive annual payments of pension premiums that correspond to 30 percent of fixed annual salary; this is a defined contribution pension commitment. Pensions payable to other senior executives in other countries are subject to similar terms and conditions.

Severance pay
From the time Olle Ehrlén turns 59 years and six months, NCC and Olle Ehrlén and the company are subject to a mutual period of notice of employment termination of six months. Other senior executives are subject to 12 months' notice and are entitled to 12 months of severance pay, in two cases 18 months, if their employment is terminated by the employer. In one case, there is no severance pay. In all cases bar one, remuneration payable by NCC to other senior executives during the period of notice or the time during which severance amounts are payable will be reduced by an amount corresponding to any remuneration received from a new employer or own business. If employment termination is initiated by the senior executive, he/she must give six months' notice, in one case 12 months.

Option program
The rolling options program of 1999–2001 expired on February 28, 2007, following which there are no options programs.

Other options
Certain of NCC's senior executives and Board members have acquired call options in NCC on normal commercial terms.

NOTE 6 | DEPRECIATION/AMORTIZATION

	Group		Parent Company	
	2008	2007	2008	2007
Other intangible assets	–25	–29	–1	–1
Owner-occupied properties	–43	–43	–7	–5
Machinery and equipment	–500	–455	–58	–51
Total depreciation/amortization	**–568**	**–526**	**–65**	**–57**

NOTE 7 | FEES AND REMUNERATION TO AUDITORS AND AUDIT FIRMS

	Group		Parent Company	
	2008	2007	2008	2007
Audit firms				
PricewaterhouseCoopers				
Auditing assignments	13		3	
Other assignments	2		1	
KPMG				
Auditing assignments		14		3
Other assignments		4		1
Other auditors				
Auditing assignments	1	1		
Other assignments	3	1		
Total fees and remuneration to auditors and audit firms	**19**	**20**	**4**	**4**

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

NOTE 8 | RESULT FROM PROPERTY MANAGEMENT

GROUP	2008	2007
Rental revenues	1	1
Operation and maintenance costs	–1	–1
Operating net	**0**	**0**

NOTE 9 | RESULT FROM SALES OF PROPERTIES

	2008	2007		
GROUP	Owner-occupied properties	Managed properties NCC Property Development	Owner-occupied properties	Total
Sales value	56	46	63	109
Carrying amount	–41	–46	–44	–90
Total	**15**	**0**	**19**	**19**

	2008	2007
PARENT COMPANY	Owner-occupied properties	Owner-occupied properties
Sales value	17	
Carrying amount	–11	
Total	**6**	**0**

NOTE 10 | IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Production costs				
Housing projects	–537	–9	–98	
Property projects within NCC Property Development		–4		
Result from participations in associated companies				
Associated companies			–1	–27
Financial expenses				
Other securities	–1			
Result from participations in subsidiaries				
Shares in subsidiaries			–260	–1,252
Impairment loss, fixed assets				
Managed properties	–8			
Owner-occupied properties	–33	–66		
Machinery and equipment[1]	–3	–66		
Goodwill within NCC's Construction units[2]	–32			
Goodwill within NCC Roads[2]		–90		
Other intangible assets		–22		
Total	**–614**	**–257**	**–359**	**–1,279**

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

2) Goodwill impairment; refer also to Note 21, Intangible assets.

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

	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Production costs	–537	–13	–98	
Impairment loss, fixed assets	–76	–245		
Result from participations in associated companies			–1	–27
Financial expenses	–1			
Result from participations in Group companies			–260	–1,252
Total	**–614**	**–257**	**–359**	**–1,279**

NOTE 11 | RESULT FROM SALES OF/PARTICIPATIONS IN GROUP COMPANIES

	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Dividend			1,593	2,941
Capital gain on sale	8	415	23	26
Impairment losses			–266	–1,252
Reversal of impairment losses			6	
Total	**8**	**415**	**1,356**	**1,715**

NOTE 12 | RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

	2008			2007		
GROUP	Property operations	Other	Total	Property operations	Other	Total
Participation in results of associated companies after taxes	3	3	6	3	5	8
Capital gains on sales	1	2	3		3	3
Total	**4**	**5**	**9**	**3**	**8**	**11**

PARENT COMPANY	2008	2007
Dividends from associated companies and earnings in partnerships and limited partnerships	–4	21
Impairment losses	–1	–27
Capital gain on sales		1
Total	**–5**	**–5**

NOTE 13 | OPERATING EXPENSES

GROUP	2008	2007
Change in inventories	–150	–30
Personnel costs	11,619	11,350
Depreciation	568	526
Impairment losses	614	258
Reversal of impairment losses	–1	–1
Total	**12,652**	**12,102**

Purchases of production-related goods and services, as well as raw materials and supplies, are reported as production costs.
Change in inventories no longer includes changes in the unsold share of ongoing housing projects, with ownership rights, since these have been reclassified as Housing projects. Comparative figures have been restated.

NOTE 14 | RESULT FROM OTHER FINANCIAL FIXED ASSETS

PARENT COMPANY	2008	2007
Dividends received		1
Total		1

NOTE 15 | RESULT FROM FINANCIAL CURRENT ASSETS

PARENT COMPANY	2008	2007
Interest income, Group companies	103	106
Interest income, others	10	16
Exchange-rate differences	–65	–56
Total	48	66

NOTE 16 | INTEREST EXPENSE AND SIMILAR INCOME STATEMENT ITEMS

PARENT COMPANY	2008	2007
Interest expense, Group companies	–72	–44
Interest expense, others	–135	–79
Exchange-rate differences	–201	–61
Other financial items	3	
Total	–405	–184

NOTE 17 | NET FINANCIAL ITEMS

GROUP	2008	2007
Interest income on financial assets held for resale	55	44
Interest income on non-impaired investments held to maturity	12	10
Interest income on non-impaired loans and accounts receivable	17	39
Interest income on bank balances	17	18
Net profit on available-for-sale financial assets[1]	493	1
Net profit on financial assets/liabilities held for resale	8	3
Net exchange-rate changes	5	12
Other financial income	8	4
Financial income	**615**	**131**
Interest expense on financial liabilities recognized at accrued acquisition value	–420	–285
Net loss on financial assets/liabilities held for resale	–2	–4
Impairment loss on financial investments	–1	
Other financial expenses	–26	–23
Financial expense	**–449**	**–313**
Net financial items	**166**	**–182**
Of which, changes in value calculated using valuation techniques	11	12

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

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

GROUP	2008 Exchange rates 2007[1]	2008	Exchange-rate effect
Net sales	56,631	57,465	834
Operating profit	2,199	2,219	20
Profit after financial items	2,375	2,385	10
Net profit for the year	1,818	1,820	2

[1] Figures for 2008 converted at 2007 exchange rates.

			Average exchange rate		Year-end rate	
			Jan–Dec		Dec 31	
Country	SEK	Currency	2008	2007	2008	2007
Denmark	100	DKK	128.95	124.18	146.73	126.70
EU	1	EUR	9.61	9.25	10.93	9.45
Norway	100	NOK	117.04	115.47	110.56	118.34
Poland	1	PLN	2.74	2.45	2.64	2.62
US	1	USD	6.59	6.76	7.70	6.43

NOTE 19 | EARNINGS PER SHARE

	2008		2007	
GROUP, SEK	Before dilution	After dilution	Before dilution	After dilution
Earnings per share	16.69	16.69	20.75	20.73

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

	2008		2007	
SEK M	Before dilution	After dilution	Before dilution	After dilution
Net profit for the year attributable to Parent Company shareholders	1,809	1,809	2,247	2,247
Weighted average number of shares outstanding				
Thousands of shares				
Total number of shares, January 1	108,415	108,436	108,084	108,436
Sale of treasury shares			330	
Total number of shares, December 31	108,415	108,436	108,415	108,436
Weighted average	108,415	108,436	108,365	108,436

NOTE 20 | APPROPRIATIONS AND UNTAXED RESERVES

	Appropriations		Untaxed reserves	
PARENT COMPANY	2008	2007	2008	2007
Accumulated depreciation in excess of plan				
– machinery and equipment	–6	–15	36	30
Reserve in work in progress	–67	–44	527	460
Total	–73	–59	563	490

NOTE 21 | INTANGIBLE ASSETS

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

2007	Goodwill	Usufructs	Other	Internally developed intangible assets	Total other	Other
Reported acquisition value on January 1	**1,904**	**103**	**61**	**28**	**192**	**4**
Investments		25	15		40	
Divestment and scrappage	–18	–2	–5		–7	
Reclassifications			–5		–5	
Translation difference during the year	68	4	3		7	
Reported acquisition value on December 31	**1,954**	**130**	**69**	**28**	**227**	**4**
Accumulated depreciation on January 1		**–42**	**–26**	**–9**	**–77**	**–2**
Investments		–1			–1	
Divestment and scrappage		2	1		3	
Translation difference during the year		–1	–2		–3	
Depreciation according to plan during the year		–10	–13	–6	–29	–1
Accumulated depreciation on December 31		**–52**	**–40**	**–15**	**–107**	**–3**
Accumulated impairment losses on January 1	**–204**	**–2**			**–2**	
Divestment and scrappage	1					
Translation differences during the year	–10					
Impairment losses during the year	–90		–22		–22	
Accumulated impairment losses on December 31	**–303**	**–2**	**–22**		**–24**	
Residual value on January 1	**1,700**	**59**	**35**	**19**	**113**	**2**
Residual value on December 31	**1,651**	**76**	**7**	**13**	**96**	**1**

Impairment testing of goodwill in cash-generating units
Goodwill totaling SEK 1,722 M is included in NCC's balance sheet. The item is distributed as follows among NCC's business areas:

Unit	2008	2007
NCC Construction Sweden	422	422
NCC Roads	1,132	1,004
Other units	218	224
NCC Group	**1,772**	**1,651**

There are goodwill values in NCC's construction units and in NCC Roads. Impairment testing of these units has been conducted by discounting future cash flow after tax and thus calculating their value in use. The future cash flow has been calculated using the following method:

Unless another course of action arises from discussions with the management of the various cash-generating units, a five-year forecast has been prepared. This forecast is based on the assumption that sales will grow at a sustainable rate (1.5 percent) based on the figures for 2008, that tied-up working capital will be the same as in 2008 and that the future margins will be the average of those for the most recent four years.

In certain cases, the profitability of the units has reached a turnaround stage and in others the future market prospects are not the same as the historical track record. In these cases, sales, margin and capital requirements have been adjusted based on a five-year business plan produced by the local management of the cash-generating unit.

Important variables:
Sales: The general socioeconomic trend, the investment plans of other industries, public finances and investment plans, monetary policy and the interest rate trend, local market conditions and the price trend.
Operating expenses: Anticipated wage trends, the cost trend for building materials and at the subcontractor level (mainly applies to NCC's construction units), bitumen and energy prices (mainly applies to NCC Roads) and ongoing internal action programs to boost operational efficiency.
Capital requirements: NCC's construction units often apply pre-invoicing, which means that increased sales do not result in an increased need of working capital. However, the segments that develop housing have a need for working capital that is determined by the forthcoming production and sales rate for new projects. A constant production rate and reduced sales increase capital requirements. NCC Property Development ties up capital insofar as project costs incurred exceed payment received from project sales.

NOTE 21 | cont. INTANGIBLE ASSETS

NCC Roads' operations mainly tie up capital in gravel and rock pits and machinery. The need to reinvest in order to maintain capacity is largely determined by the future capacity utilization rate.

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

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

Assumptions regarding required return:

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

The market's risk premium: 4.5 percent.

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

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

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

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

Based on the above assumptions, the required return after tax varies from approximately 4 to 11 percent, depending on the level of indebtedness and the total value in use.

The impairment losses of SEK 32 M that arose in 2008 are based on the following assumptions:

The assessment made by company management, based on the conducted valuations, is that NCC Construction Denmark has an impairment requirement of SEK 32 M, due to a deterioration in market conditions for housing, both single-family dwellings and apartments.

Other intangible assets

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

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

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

Amortization is included in the following lines in the income statement

	Group		Parent Company	
	2008	2007	2008	2007
Production costs	–17	–21		
Selling and administrative costs	–8	–8	–1	–1
Total	**–25**	**–29**	**–1**	**–1**

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

	Group		Parent Company	
	2008	2007	2008	2007
Total on line Impairment of fixed assets	–76	–245		
of which, impairment of goodwill, based on the above	–32	–90		

NOTE 22 | TANGIBLE FIXED ASSETS

	Group				Parent Company		
2008	Owner-occupied properties	Construction in progress	Machinery and equipment	Total	Owner-occupied properties	Machinery and equipment	Total
Reported acquisition value on January 1	**1,226**	**1**	**5,970**	**7,198**	**177**	**469**	**646**
Investments	99	2	766	867		96	96
Increase through acquisitions	5		13	18			
Divestment and scrappage	–32		–599	–631		–22	–22
Transfer within NCC Group						–65	–65
Decrease through sales of companies	–10			–10			
Reclassifications	11	3	–197	–183			
Translation difference during the year	86		231	317			
Reported acquisition value on December 31	**1,385**	**6**	**6,185**	**7,576**	**178**	**478**	**656**
Accumulated impairment losses and depreciation on January 1	**–587**		**–4,196**	**–4,783**	**–58**	**–288**	**–346**
Transfer within NCC Group						35	35
Divestment and scrappage	2		481	483		8	8
Decrease through sales of companies			–2	–2			
Reclassifications	–4		178	174			
Translation difference during the year	–43		–168	–211			
Reversed impairment	1			1			
Impairment losses during the year 1)	–34		–3	–37			
Depreciation during the year	–43		–500	–543	–7	–58	–65
Accumulated impairment losses and depreciation on December 31 2)	**–708**		**–4,210**	**–4,919**	**–65**	**–303**	**–368**
Residual value on January 1	**640**	**1**	**1,774**	**2,415**	**119**	**181**	**300**
Residual value on December 31	**676**	**6**	**1,975**	**2,657**	**113**	**175**	**288**
Reported value of financial lease			**232**	**232**			
Tax assessment value of fixed assets in Sweden							
– Buildings	168			168	14		14
– Land	180			180	12		12
Carrying amount of fixed assets in Sweden assigned tax assessment value	**239**			**239**	**113**		**113**
1) Impairment losses on owner-occupied properties are included on the line "Impairment losses" in the income statement.							
2) Accumulated impairment losses at year-end	–125		–112	–238			

NOTE 22 | cont. TANGIBLE FIXED ASSETS

2007	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
Reported acquisition value on January 1	**1,317**	**1**	**6,068**	**7,386**	**77**	**381**	**459**
Investments	42	8	613	664		85	85
Increase through acquisitions	15		67	82			
Transfer within NCC Group					100	28	128
Divestment and scrappage	–75		–466	–541		–26	–26
Decrease through sales of companies	–109	–8	–486	–603			
Reclassifications	–6		–12	–18			
Translation difference during the year	41		186	227			
Reported acquisition value on December 31	**1,226**	**1**	**5,970**	**7,198**	**177**	**469**	**646**
Accumulated impairment losses and depreciation on January 1	**–522**		**–4,127**	**–4,649**	**–53**	**–260**	**–313**
Divestment and scrappage	30		370	400		24	24
Decrease through sales of companies	21		206	227			
Reclassifications	9		5	13			
Translation difference during the year	–16		–128	–144			
Reversed impairment[1]			1	1			
Impairment losses during the year[1]	–66		–67	–133			
Depreciation during the year	–43		–455	–498	–5	–51	–57
Accumulated impairment losses and depreciation on December 31[2]	**–587**		**–4,196**	**–4,783**	**–58**	**–288**	**–346**
Residual value on January 1	**796**	**1**	**1,940**	**2,736**	**24**	**121**	**146**
Residual value on December 31	**640**	**1**	**1,774**	**2,415**	**119**	**181**	**300**
Reported value of financial lease			**211**	**211**			
Tax assessment value of fixed assets in Sweden							
– Buildings	161			161	14		14
– Land	152			152	12		12
Carrying amount of fixed assets in Sweden assigned tax assessment value	**307**			**307**	**119**		**119**
[1] Impairment losses on owner-occupied properties are included in the line "Impairment losses" in the income statement.	–93		–150	–243			

[2] Accumulated impairment losses at year-end

Depreciation is included on the following lines in the income statement

PARENT COMPANY	2008	2007
Production costs	42	40
Selling and administrative costs	23	17
Total depreciation in the income statement	**65**	**56**

NOTE 23 | MANAGED PROPERTIES

GROUP	2008	2007
Fair value on January 1	**21**	**65**
Investment in properties	11	
Revaluation effect during the year	–8	
Capital gains on sales	6	
Sales revenue, divested properties	–17	–46
Translation differences		2
Fair value on December 31	**12**	**21**
Tax assessment value of fixed assets in Sweden		
– Buildings	6	18
– Land	1	8

Managed properties are recognized in accordance with the fair value method. At present, there are no managed properties in the Parent Company.
For information about the effect of managed properties on net profit for the period, see Notes 8 and 9.

NOTE 24 | PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Ownership share, % 1)	No. of participations 2)	Carrying amount 2008	Carrying amount 2007
Real estate companies:				
NCC Property Development BV, 33.213.877, the Netherlands	93		4	5
NCC Property Development Nordic AB, 556743-6232, Solna	100	1	960	
NCC Property Development AB, 556080-5631, Solna				1,131
Total participations in real estate companies			**964**	**1,136**
Other companies:				
Allmänna El Motala AB, 556145-1856, Solna	100	1		
Alsike Utvecklings AB, 556245-9452, Uppsala	100	16	2	2
Anjo Bygg AB, 556317-8515 ägt av Svelali AB, 556622-7517, Halmstad	100	1	33	33
Bergnäsets Ställningsmontage i Luleå AB, 556393-2838, Luleå	100	1	2	2
Boendeutveckling i Ursvik AB, 556718-5961, Solna	100	1	135	154
Dansk Beton Teknik A/S, 62,47,01,19, Denmark	100			1
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		
Fastighets AB Vikingakullen, 556673-5832, Solna	100			
Frösunda Exploaterings AB, 556430-1876, Solna	100	1		
Frösunda Exploaterings KB, 916636-6451, Stockholm	98 3)		1	1
Fågelbro Mark AB, 556234-0868, Stockholm	100	200	34	36
Förseglet Fastighets AB, 556681-8935, Stockholm	100	1	2	2
Hercules Grundläggning AB, 556129-9800, Stockholm	100	196	59	59
Hotellus Fastighet 1 AB, 556554-6602, Solna	100	1		
Hydrobudowa S.A., KRS40301, Poland				94
JCC Johnson Construction Company AB, 556113-5251, Solna	100	1		
Kartberget AB, 556727-0987, Karlstad	100	1		
Kungsplattan AB, 556713-0850, Solna	100	1	2	
Kvarntorget Bostad AB, 556729-8541, Uppsala	100	1		
Lava Leasing AB, 556308-2139, Solna	100	660	2	2
Luzern, AB, 556336-4727, Lund	100	1	3	3
Marielund 1:7 AB, 556522-7369, Stockholm	100	1	6	14
Mälarstadens Exploaterings AB, 556336-2135, Södertälje	100	1		
NCC Bau & Holding GmbH, FB-nr 201178a, Austria	100			
NCC Beckomberga nr 1 AB, 556617-6243, Stockholm	100	1	1	1
NCC Boende AB, 556726-4121, Solna	100			
NCC Boende Holding 1 AB, 556761-3459, Solna	100	1		
NCC Construction Denmark A/S, 69,89,40,11, Denmark	100	400	115	115
NCC Construction Norway AS, 911,274,426, Norway	100	17,500	160	160
NCC Construction Sweden AB, 556613-4929, Solna	100	500	50	50
NCC Deutschland GmbH, HRB 8906 FF, Germany	100		410	409
NCC Försäkrings AB, 516401-8151, Solna	100	500	78	78
NCC Industries AB, 556001-8276, Stockholm	100	15	22	22
NCC International AB, 556033-5100, Solna	100	1,000	258	307
NCC International Denmark A/S, 26,70,86,21, Denmark	100	300		
NCC Knallen Stockholm AB, 556716-8637, Stockholm	100	1		
NCC Komponent AB, 556627-4360, Solna	100	1	4	4
NCC Leasing Alfa AB, 556522-7724, Solna	100	1		
NCC Nordic Construction Company AB, 556065-8949, Solna	100	3,809	1,018	1,018
NCC Polska Sp. Z.o.o., KRS20513, Poland	100	65		
NCC Purchasing Group AB, 556104-9932, Stockholm	100	2	1	1
NCC Rakennus Oy, 1765514-2, Finland	100	4	391	391
NCC Reinsurance AG, CH-0203003243-9, Switzerland	100	3	78	77
NCC Roads Holding AB, 556144-6732, Solna	100	275	1,633	1,633
NCC Seminariet i Uppsala AB, 556698-6823, Solna	100	1	4	4
NCC Södra Ekkällan AB, 556679-8780, Solna	100	1	1	2
NCC Treasury AB, 556030-7091, Solna	100	120	17	17
NCC Zinkensdamm AB, 556716-8652, Stockholm	100	1		
Nils P Lundh, AB, 556062-7795, Solna	100	1		
Norrströmstunneln AB, 556733-7034, Solna	100	1		
Nybergs Entreprenad AB, 556222-1845, Gotland	100	10	11	11
Portalgatan Förvaltnings AB, 556385-9296, Uppsala	100		3	1
Siab Investment AB, 556495-9079, Stockholm	100	1		
Sintrabergen Holding AB, 556498-1248, Stockholm	100	3		
Ställningsmontage och Industritjänst i Södra Norrland AB, 556195-2226, Solna	100	2	1	1
Svenska Industribyggen AB, 556087-2508, Stockholm	100	1		
Söderby Park Fastigheter HB, 916630-4817, Stockholm	100		10	10
Södertäljebyggare Exploaterings KB, 916635-5900, Södertälje	100	1	1	1
Tipton Ylva AB, 556617-6326, Stockholm	100	1	1	1
Ursvik Sopsug AB, 556764-2334, Sundbyberg	57	1		
Total participations in other companies			**4,595**	**4,763**
Total participations in Group companies			**5,559**	**5,899**

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

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

Only directly owned subsidiaries are specified. The number of indirectly owned subsidiaries is 153 (159).

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

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

GROUP	2008	2007
Carrying amount on January 1	**25**	**47**
Acquisition of associated companies	1	
Divestment of associated companies	–5	–24
Share in associated company profits[1]	–11	1
Reclassification	–1	
Translation difference	1	1
Carrying amount on December 31	**10**	**25**

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

GROUP Name of company, Corp. Reg. No., Registered office	Ownership share, %[1]	No. of partici-pations[2]	Carrying amount 2008	Carrying amount 2007
AS Baltifalt, 10217746, Estonia				13
Asfalt & Maskin, 960,585,593, Norway	50		2	2
Glysisvallen AB, 556315-5125, Hudiksvall	50	1	1	1
Rydbokrossen HB, 916609-3956, Solna				1
Sicione SA, A-48265169, Spain				1
Återvinnarna i Sverige AB, 556560-7883, Stockholm	50	10	2	2
Östhammarkrossen KB, 916673-1365, Uppsala	50		2	2
Other NCC-owned associated companies 20 (23)			3	3
Total			**10**	**25**

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

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

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

GROUP	2008	2007
Revenues	544	1,145
Costs	–467	–1,052
Profit	**77**	**93**
Fixed assets	17	10
Current assets	940	1,138
Total assets	**957**	**1,148**
Long-term liabilities	213	493
Current liabilities	562	475
Total liabilities	**775**	**968**
Net assets	**182**	**180**

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
AF Götatunnelen	33
AF Nordøyatunnelen	42
Arandur OY	33
Bergbyggarna HB i Norr	50
Björnö Mark, KB	50
Bolig Interessentskabet Tuborg Nord	50
C825 Circle Line Project	35
Eurogate, HB	50
Fastighets AB Strömstaden	32
Granitsoppen AB	50
Granitsoppen, KB	50
Hercules-Trevi Foundations AB	50
Koy Polaris Parkki	50
Koy Polaristontti 2	50
Koy Polaristontti 3	50
Koy Polaristontti 5	50
Koy Polaristontti 7	50
Langebrokonsortiet – 2 I/S	50
NBV Beckomberga KB	25
NCC-MJEkonsortie I/S	50
Oraser AB	50
Polaris Business Park Oy	50
PULS Planerad Underhållsservice AB	50
Scanpile AB	50
Skattkärrs Byggnads AB	50
Stora Ursvik KB	50
SWTP Construction OY	33
Tipton Brown AB	33
Ullevi Park 1 i Gbg AB	50
Ullevi Park 2 i Gbg AB	50
Ullevi Park 4 i Gbg AB	50
Ullevi Park Holding 1 i Göteborg AB	50
Ullevi Park Holding 2 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

NOTE 27 | PARTICIPATIONS IN ASSOCIATED COMPANIES

Participations in associated companies included in financial fixed assets

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Ownership share, % 1)	No. of partici-pations 2)	Carrying amount 2008	Carrying amount 2007
Björnö Mark, KB, 916638-1419, Norrtälje	50		2	2
Fastighets AB Strömstaden, 556051-7202, Norrköping	32	2	2	2
Kallax Cargo AB, 556565-1147, Luleå				1
PULS Planerad Underhålls Service AB, 556379-1259, Malmö	50	15	8	8
Stora Ursvik KB, 969679-3172, Stockholm	50		110	109
Tipton Brown AB, 556615-8159, Stockholm	33	125	15	15
Återvinnarna i Sverige AB, 556560-7883, Stockholm	50	10	2	2
Other 16 (17)				
Total			**139**	**139**

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

NOTE 28 | FINANCIAL INVESTMENTS

GROUP	2008	2007
Financial investments classified as fixed assets		
Available-for-sale financial assets		
Shares and participations	28	43
Investments held to maturity		
Interest-bearing securities	199	207
Total	**227**	**250**
Short-term investments classified as current assets		
Financial assets that have been fair valued through income statement		
Interest-bearing securities	122	400
Investments held to maturity		
Interest-bearing securities	93	83
Total	**215**	**483**

Carrying amount	2008	2007
Other long-term holdings of securities include:		
Unlisted securities		
Tuborg Nord B		15
Other, unlisted	28	28
Total	**28**	**43**

Investments held to maturity had an established interest rate ranging from 2.4 to 5.8 percent, and had due dates ranging from 0.3 to 3.9 years.

NOTE 29 | FINANCIAL FIXED ASSETS

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

PARENT COMPANY, 2007	Participations in Group companies	Receivables, Group companies	Participations in associated companies and joint ventures	Receivables from associated companies and joint ventures	Other long-term securities	Other long-term receivables	Total
Reported acquisition value on January 1	**13,607**	**165**	**443**	**37**	**7**	**235**	**14,494**
Assets added	801	88		7	1	67	964
Transferred within NCC Group	5						5
Reclassifications						4	4
Assets removed	–33	–60			–2	–25	–120
Reported acquisition value on December 31	**14,380**	**193**	**443**	**44**	**6**	**281**	**15,347**
Accumulated write-ups on January 1	**268**						**268**
Accumulated write-ups on December 31	**268**						**268**
Accumulated impairment losses on January 1	**–7,528**		**–276**	**–1**		**–4**	**–7,809**
Reclassifications						–1	–1
Assets removed	32					3	35
Impairment losses during the year	–1,252		–27				–1,281
Accumulated impairment losses on December 31	**–8,749**		**–303**	**–1**		**–2**	**–9,056**
Residual value on December 31	**5,899**	**193**	**139**	**43**	**6**	**279**	**6,559**

NOTE 30 | LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

GROUP	2008	2007
Long-term receivables classified as fixed assets		
Receivables from associated companies and joint ventures	31	27
Receivables from sales of property and housing projects		608
Pension receivable, net[1)]	870	688
Derivatives held for hedging purposes	1	19
Other long-term receivables	233	348
Long-term receivables classified as fixed assets	**1,135**	**1,691**
Long-term receivables classified as current assets		
Receivables from associated companies and joint ventures	33	32
Receivables from sales of property and housing projects	849	1,464
Advance payments to suppliers	13	16
Derivatives held for hedging purposes	85	23
Other current receivables	634	399
Long-term receivables classified as current assets	**1,613**	**1,935**

1) Also refer to Note 38, Pensions.

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

	Group		Parent Company	
	2008	2007	2008	2007
Tax on net profit for the year				
Current tax cost	–442	–340	–29	–222
Deferred tax cost/revenue	–123	–17	74	57
Total reported tax on net profit for the year	**–565**	**–357**	**45**	**–165**

	Group				Parent Company			
	2008		2007		2008		2007	
Effective tax	Tax, %	Profit/ Loss	Tax, %	Profit/ Loss	Tax, %	Profit/ Loss	Tax, %	Profit/ Loss
Pretax profit		**2,385**		**2,608**		**1,232**		**2,560**
Tax according to Company's current tax rate	–28	–671	–28	–731	–28	–345	–28	–717
Effect of other tax rates for non-Swedish companies	1	14	1	29				
Impairment loss, Group goodwill			–1	–20				
Other non-tax-deductible costs	–6	–146	–7	–180	–5	–62	–14	–366
Non-taxable revenues	10	240	21	536	39	477	36	917
Tax effect resulting from utilization of non-capitalized tax loss carryforwards	–1	–28		–9				1
Tax attributable to prior years		–10		–36	–2	–20		1
Changed tax rate	2	42		25		–4		
Other		–5		29				
Reported tax	**–24**	**–565**	**–14**	**–357**	**4**	**45**	**–6**	**–165**

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. In Sweden, the tax rate has been changed from 28.0 percent in 2008 to 26.3 percent in 2009. In the preceding year, the tax rates in Denmark and Germany were changed.

Tax items recognized directly against shareholders' equity

	Group		Parent Company	
	2008	2007	2008	2007
Current tax in Group contributions received /granted			9	188
Current tax in hedging instruments	117	33		
Other	36	20		
Total	**153**	**53**	**9**	**188**

Change in deferred tax in temporary differences and tax loss carryforwards

	Group		Parent Company	
	2008	2007	2008	2007
Opening value	**–155**	**–199**	**227**	**170**
Acquisition of subsidiaries	–23	–10		
Total reported tax on net profit for the year	–123	–17	74	57
Tax items reported directly against shareholders' equity	36	20		
Translation differences	1	11		
Other	–24	40		
Closing acquisition value	**–289**	**–155**	**301**	**227**

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

	Assets		Liabilities		Net	
GROUP	2008	2007	2008	2007	2008	2007
Tangible fixed assets	62	93			62	93
Financial fixed assets			–1	–1	–1	–1
Non-completed projects			–845	–685	–845	–685
Properties held for future development			–135	–91	–135	–91
Provisions	634	677		–5	634	672
Personnel benefits/pension provisions	15	32	–229	–193	–214	–160
Tax loss carryforwards	275	146			275	146
Other	148	62	–213	–190	–65	–128
Deferred tax asset/tax liability	**1,134**	**1,011**	**–1,423**	**–1,166**	**–289**	**–155**
Offsetting	–931	–734	931	734		
Net deferred tax asset/tax liability	**203**	**277**	**–492**	**–432**	**–289**	**–155**

	Assets		Liabilities		Net	
PARENT COMPANY	2008	2007	2008	2007	2008	2007
Provisions	230	220			230	220
Personnel benefits/pension provisions	7	7			7	7
Other	50				50	
Deferred tax liability	14				14	
Net deferred tax asset/tax liability	**301**	**227**			**301**	**227**

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 0.4 billion (1.3). 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 are capitalized.

NOTE 32 | PROPERTIES CLASSED AS CURRENT ASSETS

GROUP, 2008	Properties held for future development	Ongoing property projects	Completed property projects	Total property-development projects[2)]	Properties held for future development, housing	Unsold ongoing proprietary housing	Unsold completed housing	Total housing projects[3)]	Total
Reported acquisition value on January 1	**1,434**	**766**	**10**	**2,210**	**5,963**	**1,891**	**731**	**8,585**	**10,795**
Investments	454	1,404	286	2,144	2,919	1,582	107	4,608	6,752
Increase through company acquisitions					51			51	51
Divestment and scrappage	–59	–891	–280	–1,230	–1,578	–835	–106	–2,519	–3,749
Decrease through company divestments					–67			–67	–67
Reclassifications	–23	–115	190	52	–480	–919	1,490	91	143
Translation difference during the year	175	132	28	335	465	172	252	889	1,224
Reported acquisition value on December 31	**1,981**	**1,296**	**234**	**3,511**	**7,273**	**1,891**	**2,474**	**11,638**	**15,149**
Accumulated impairment losses and depreciation on January 1	**–65**			**–65**	**–32**		**–1**	**–32**	**–98**
Reclassifications					–7			–7	–7
Translation difference during the year	–7			–7	–18		–21	–39	–46
Impairment losses during the year[4)]					–285		–252	–537	–537
Accumulated impairment losses and depreciation on December 31[1)]	**–72**			**–72**	**–342**		**–273**	**–615**	**–687**
Residual value on January 1	**1,369**	**766**	**10**	**2,145**	**5,931**	**1,891**	**730**	**8,553**	**10,698**
Residual value on December 31	**1,909**	**1,296**	**234**	**3,439**	**6,931**	**1,891**	**2,201**	**11,023**	**14,462**
1) Accumulated impairment losses at year-end	–28			–28	–342		–273	–615	–642

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

Ongoing sold housing projects are reported under Worked-up, not invoiced revenues; see Note 34, Worked-up, non-invoiced revenues.

NOTE 32 | cont. PROPERTIES CLASSED AS CURRENT ASSETS

GROUP, 2007	Properties held for future development	Ongoing property projects	Completed property projects	Total property-development projects[2)]	Properties held for future development, housing	Unsold ongoing proprietary housing	Unsold completed housing	Total housing projects[3)]	Total
Reported acquisition value on January 1	**1,189**	**425**	**567**	**2,181**	**4,548**	**1,074**	**405**	**6,027**	**8,209**
Investments	542	895	12	1,449	3,881	1,425	154	5,460	6,909
Increase through company acquisitions	25			25	115			115	140
Divestment and scrappage	–95	–698	–732	–1,525	–1,468	–1,099	–12	–2,579	–4,104
Reclassifications	–277	123	151	–3	–1,241	444	161	–636	–639
Translation difference during the year	50	21	12	83	129	48	23	200	283
Reported acquisition value on December 31	**1,434**	**766**	**10**	**2,210**	**5,963**	**1,891**	**731**	**8,585**	**10,795**
Accumulated impairment losses and depreciation on January 1	**–56**	**–3**	**–167**	**–226**	**–47**		**–1**	**–48**	**–274**
Divestment and scrappage		1	166	167	24			24	191
Reclassifications	–3	2	3	2	1			1	3
Translation difference during the year	–2		–2	–4	–1			–1	–5
Impairment losses during the year[4)]	–4			–4	–9			–9	–13
Accumulated impairment losses and depreciation on December 31[1)]	**–65**			**–65**	**–32**		**–1**	**–33**	**–98**
Residual value on January 1	**1,133**	**422**	**400**	**1,955**	**4,501**	**1,074**	**404**	**5,979**	**7,934**
Residual value on December 31	**1,369**	**766**	**10**	**2,145**	**5,931**	**1,891**	**730**	**8,553**	**10,698**
[1)] Accumulated impairment losses at year-end	–27			–27	–31			–31	–58

[2)] Pertains to properties classed as current assets reported in NCC Property Development.
[3)] Pertains to properties classed as current assets reported in NCC Construction units.
[4)] Impairment losses are included in "Production costs" in the income statement.

Ongoing sold housing projects are reported under Worked-up, non-invoiced revenues; see Note 34, Worked-up, non-invoiced revenues.

	2008			2007		
PARENT COMPANY	Properties held for future development, housing	Unsold completed housing	Total housing projects	Properties held for future development, housing	Unsold completed housing	Total housing projects
Reported acquisition value on January 1	**259**	**20**	**279**	**341**	**22**	**363**
Investments	19	106	125	20	11	31
Transferred within NCC Group	1		1			
Divestment and scrappage	–11	–11	–22	–4	–6	–10
Reclassifications	–25	283	258	–98	–7	–105
Reported acquisition value on December 31	**243**	**398**	**639**	**259**	**20**	**279**
Accumulated impairment losses on January 1	**–13**	**–1**	**–13**	**–28**	**–1**	**–29**
Divestment and scrappage				14		14
Impairment losses during the year[1)]	–28	–48	–76			
Accumulated impairment losses on December 31	**–41**	**–48**	**–89**	**–13**	**–1**	**–14**
Residual value on Januari 1	**246**	**19**	**264**	**313**	**21**	**334**
Residual value on December 31	**201**	**350**	**549**	**246**	**19**	**264**

[1)] Included in the "Impairment losses" row in the income statement.

NOTE 33 | MATERIALS AND INVENTORIES

	Group		Parent Company	
	2008	2007	2008	2007
Aggregates	394	307		
Building materials	103	90	17	1
Other	127	77		
Total	**624**	**474**	**17**	**1**

The unsold portion of ongoing housing projects with ownership rights has been reclassified from materials and inventories to housing projects, refer to Note 32, Properties classed as current assets.

NOTE 34 | WORKED-UP, NON-INVOICED REVENUES

GROUP	2008	2007
Worked-up revenues from non-completed contracts	11,017	9,196
Invoicing for non-completed contracts	–8,809	–6,240
Total	2,208	2,956

NOTE 35 | SHARE CAPITAL

Changes in share capital		Number of shares	Share capital, SEK M
1988	Start of year	6,720,000	672
	Split, 1:4	20,160,000	
	Directed placement in connection with the acquisitions of ABV	16,259,454	407
1991	Conversions of debentures	1,449,111	36
1993	Conversions of debentures	468,928	11
	Directed placements in connection with purchase of minority-held NK-shares	1,838,437	46
1994	New issue	19,841,991	496
	Conversions of debentures	13,394,804	335
1997	Directed placements, in connection with the acquisition of Siab	28,303,097	708
2004	Reduction of share capital[1]		–1,844
2008	**End of year**	**108,435,822**	**867**

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

Holding of Series B shares		Number of shares
2000	Repurchases	2,775,289
2001	Repurchases	699,300
2002	Repurchases	2,560,800
2003	Repurchases	3
2005	Sale	–4,840,998
2006	Sale	–843,005
2007	Sale	–330,251
2008	**End of year**	**21,138**

The share capital is divided into 108,435,822 shares with a quotient value of SEK 8.00 each. During 2008, 518,400 (691,900) 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	46,396,448	62,039,374	108,435,822

Series A carry ten voting rights each and Series B shares carry one voting right.

A specification of changes in shareholders' equity is presented on p. 50. The Board of Directors proposes an ordinary dividend of SEK 4.00 per share, making a total of SEK 433,658,736.

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 2000–2007	–16,196,834	16,196,834	
Shares repurchased during 2000–2003		–6,035,392	–6,035,392
Sale of treasury shares during 2005-2007		6,014,254	6,014,254
No. of shares on Dec. 31, 2007[1]	**46,914,848**	**61,499,836**	**108,414,684**
Conversion of Series A to Series B shares during 2008	–518,400	518,400	
No. of shares at Dec. 31, 2008[2]	**46,396,448**	**62,018,236**	**108,414,684**
Number of voting rights	463,964,480	62,018,236	525,982,716
Percentage of voting rights	88	12	100
Percentage of share capital	43	57	100
Closing price Dec. 31, 2008, SEK	46.10	49.50	
Market capitalization, SEK M	2,139	3,070	5,209

[1] The 1999–2001 options program expired on February 28, 2007.

[2] Between January 1 and February 27, 2009, no additional Series A shares were converted into Series B shares.

NOTE 36 | INTEREST-BEARING LIABILITIES

GROUP	2008	2007
Long-term liabilities		
Liabilities to credit institutions	1,978	1,154
Financial lease liabilities	232	212
Other long-term loans	409	224
Total	**2,620**	**1,590**
Current liabilities		
Current portion of liabilities to credit institutions	2,715	1,666
Other current liabilities	214	35
Total	**2,929**	**1,701**
Total interest-bearing liabilities	**5,548**	**3,291**

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

Financial leasing

For information on payment schedules for financial leasing liabilities, also see Note 44 Leasing.

PARENT COMPANY	2008	2007
Long-term liabilities		
Liabilities to NCC's pension foundation	1,200	990
Group companies	457	490
Total	**1,657**	**1,480**
Current liabilities		
Associated companies	2	2
Group companies	1,252	653
Other current liabilities	29	6
Total	**1,283**	**661**
Total interest-bearing liabilities	**2,940**	**2,141**

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

NOTE 37 | PROVISIONS

GROUP, 2008	Pensions	Taxes	Guarantees	Other	Total
On January 1	**112**	**431**	**1,860**	**1,223**	**3,627**
Provisions during the year		263	431	308	1,002
Amount utilized during the year	–68	–170	–309	–310	–857
Reversed, unutilized provisions		–7	–117	–28	–152
Via sold companies				2	2
Reclassification		–31	–2	194	161
Translation differences	–3	6	62	–3	62
On December 31	**42**	**492**	**1,925**	**1,387**	**3,846**

GROUP, 2007	Pensions	Taxes	Guarantees	Other	Total
On January 1	**119**	**461**	**1,445**	**1,139**	**3,165**
Provisions during the year	25	537	843	310	1,715
Amount utilized during the year	–39	–528	–367	–206	–1,140
Reversed, unutilized provisions		–37	–75	–33	–145
Via sold companies		–10	–11	–10	–32
Translation differences	8	9	26	23	64
On December 31	**112**	**431**	**1,860**	**1,223**	**3,627**

NOTE 37 | cont. PROVISIONS

PARENT COMPANY, 2008	Pensions	Guarantees	Other	Total
On January 1	**12**	**840**	**43**	**895**
Provisions during the year		314	9	323
Amount utilized during the year	–3	–151	–2	–156
Reclassification			50	50
On December 31	**9**	**1,003**	**100**	**1,112**

PARENT COMPANY, 2007	Pensions	Guarantees	Other	Total
On January 1	**13**	**601**	**44**	**657**
Provisions during the year		261	4	265
Amount utilized during the year	–1	–21	–5	–27
On December 31	**12**	**840**	**43**	**895**

Specification of other provisions and guarantees

	Group		Parent Company	
	2008	2007	2008	2007
Provision for proprietary housing projects, recognized profit	375	7		
Restoration reserve	151	138		
Other	861	1,078	100	43
Other provisions	**1,387**	**1,224**	**100**	**43**
Guarantee commitments	1,925	1,860	1,003	840
Total	**3,312**	**3,084**	**1,103**	**883**

Guarantee commitments

Guarantee provisions pertain to anticipated future costs. To estimate a future guarantee cost, individual assessments are made from project to project. Standard percentage rates are used for the calculation of the size of the future cost, whereby the standard percentage is varied depending on the nature of the project. In order to eliminate various risks, a provision for guarantee claims is posted at the rate at which the risks are expected to arise after having been identified. Initially, the guarantee cost is posted for each project. This means that the cost can be recognized and booked gradually for each project. The longest maturity for a guarantee provision is ten years, while most of them have maturities of approximately two to three years. Guarantee commitments also include rental guarantees issued as part of property transactions implemented by NCC Property Development.

Provision for proprietary housing projects, recognized profit

For proprietary housing projects, provisions are posted for the difference between the completed contract method and the percentage-of-completion method. Only profit corresponding to the completion rate multiplied by the sales rate is recognized.

Restoration reserve

The restoration reserve is mainly attributable to NCC Roads. The provisions are intended to cover future costs for restoring pits used to mine gravel and aggregates. The provisions are posted continuously, once the future costs have been identified. Accordingly, the reserves are utilized at the same rate as restoration occurs.

Other

The provisions consist of additional costs and for uncertainty in projects, such as outstanding disputes and legal matters. Part of the provisions is intended to cover losses that arise in operations and is utilized gradually as the project is worked up. "Other" also includes future restructuring costs.

NOTE 38 | PENSIONS

Pension costs

GROUP	2008	2007
Defined benefit plans		
Current service cost	153	135
Past service cost	13	14
Interest expense	130	106
Expected return on plan assets	–194	–179
Actuarial gains (–) and losses (+) reported during the year	32	8
Losses (+) or gains (–) on reductions and payments		–6
Total cost of defined benefit plans	**134**	**77**
Total cost of defined contribution plans	**562**	**559**
Payroll taxes and return tax	**96**	**75**
Total cost of remuneration after terminated employment	**792**	**711**

The entire cost during the year of remuneration after terminated employment is included in operating profit.

NCC secures commitments for disability pensions and family pensions for white-collar employees in Sweden through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this constitutes a defined benefit plan that covers several employers. For the 2008 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 2008, the contributions for pension insurance arranged by Alecta amounted to SEK 45 M (53).

Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2008, Alecta's surplus in the form of its collective solvency rate amounted to 112.0 percent (152.0). 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	2008	2007
Obligations secured in full or in part in funds:		
Present value of defined benefit obligations	3,946	3,632
Fair value of plan assets	3,392	3,349
Net value of obligations funded in full or in part	554	283
Adjustments:		
Accumulated unrecognized actuarial gains (+) and losses (–)	–1,336	–825
Net obligation	**–782**	**–542**
Special payroll tax/employer contributions	**–46**	**–34**
Net amount in balance sheet (obligation +, asset –)	**–829**	**–576**
Net amount is recognized in the following balance-sheet items:		
Financial fixed assets	–870	–688
Provisions for pensions and similar obligations	42	112
Net amount in balance sheet (obligation +, asset –)	**–829**	**–576**
Net amount is distributed among plans in the following countries:		
Sweden	–855	–660
Norway	27	84
Net amount in balance sheet (obligation +, asset –)	**–829**	**–576**

Change in obligation for defined benefit plans

GROUP	2008	2007
Obligation for defined benefit plans on January 1	**3,632**	**3,070**
Benefits paid	–53	–29
Current service cost plus interest expense	243	209
Decrease through company divestment		–8
Reductions	36	–3
Actuarial gains and losses	147	340
Exchange-rate differences	–59	53
Obligation for defined benefit plans on December 31	**3,946**	**3,632**

Change in plan assets

GROUP	2008	2007
Fair value of plan assets on January 1	**3,349**	**3,059**
Contribution by employer	352	263
Benefits paid	–22	–29
Compensation	–25	–72
Decrease through company divestment		–1
Reductions	–1	–13
Expected return	194	179
Actuarial gains and losses	–404	–83
Exchange-rate differences	–51	46
Fair value of plan assets on December 31	**3,392**	**3,349**
The plan assets comprise:		
Shares	824	1,021
Funds	279	307
Properties	129	103
Interest-bearing securities	2,134	1,884
Others	27	34
Fair value of plan assets on December 31	**3,392**	**3,349**

Return on plan assets

GROUP	2008	2007
Fair value of plan assets	–210	95
Expected return on plan assets	194	179
Unrecognized actuarial result for plan assets during the year (gain +)	**–404**	**–83**

Historical values

GROUP	2008	2007	2006	2005
Present value of defined benefit obligations	3,946	3,632	3,070	2920
Fair value of plan assets	3,392	3,349	3,059	2631
Surplus (–)/deficit (+) in the plan	**554**	**283**	**11**	**289**
Experience-based adjustment of plan assets	–403	–86	15	–49
Experience-based adjustment of benefit obligation	45	96	45	51

Actuarial assumptions, weighted average value, %

GROUP	2008	2007
Discount interest rate	4.1	4.3
Expected return on plan assets	5.6	6.3
Future salary increases	3.3	3.3
Future pension increases	2.0	2.0
Anticipated inflation	2.0	2.0

Pension liability according to the balance sheet

	Group		Parent Company	
	2008	2007	2008	2007
Provision for pensions, other	42	112	9	12

Cost of pension payments

PARENT COMPANY	2008	2007
Proprietary pension payments		
Proprietary costs, excluding interest expense	222	186
Interest expense	9	7
Cost of proprietary pension payments	231	193
Pension payments through insurance		
Insurance premiums	114	131
Subtotal	**345**	**324**
Special payroll tax on pension costs	87	66
Pension costs during the year	**432**	**390**

Capital value of pension obligations

PARENT COMPANY	2008	2007
Capital value of pension obligations pertaining to proprietary pension payments on January 1	**1,933**	**1,763**
Cost, excluding interest expense, charged against profit	222	186
Interest expense	9	7
Pension payments	–15	–23
Capital value of pension obligations pertaining to proprietary pension on December 31	**2,149**	**1,933**

Fair value of especially detached assets

PARENT COMPANY	2008	2007
Fair value of especially detached assets on January 1	**2,386**	**2,231**
Return on especially detached assets	–229	70
Payment to/from pension foundations	188	85
Fair value of especially detached assets on December 31	**2,345**	**2,386**
Fair value of especially detached assets is divided among:		
Shares	624	756
Funds	257	282
Interest-bearing receivables	1,464	1,348
Fair value of especially detached assets on December 31	**2,345**	**2,386**

The pension foundations have an interest-bearing receivable of SEK 1,200 M (990) from NCC AB. Otherwise, the pension foundations have no financial instruments issued by the Company or assets used by the Company.

Net pension obligation

PARENT COMPANY	2008	2007
Capital value of pension obligations pertaining to proprietary pension payments on December 31	2,149	1,933
Fair value of especially detached assets on December 31	2,345	2,386
Surplus on especially detached assets	205	465
Net reported pension obligation	**9**	**12**

Assumptions underlying defined benefit obligations

PARENT COMPANY	2008	2007
Discount interest rate on December 31	3.84	3.64

The pension calculations are based on the salary and pension level on the balance-sheet date.

NOTE 39 | FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Finance policy (Principles for risk management)

Through its business operations, the Group is exposed to financial risks. These financial risks are interest-rate, credit, liquidity, refinancing and currency 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 exchange and interest rates, credit, refinancing and liquidity are managed by NCC's internal bank, NCC Treasury AB. Customer-credit risks are managed by the business area concerned.

Contractual conditions

NCC has a covenant in the form of the debt/equity ratio that is linked to a credit facility of EUR 275 M that was concluded with a bank syndicate and had a remaining term to maturity of about four years, with an option to extend the facility for another one year. NCC satisfies the financial covenants.

Refinancing risk

The refinancing risk is defined as the risk that NCC will not be able to obtain financing at a given time or that creditors will have difficulty in fulfilling their commitments. NCC strives to spread its risk among various sources of financing (market-financing programs, bank loans and other loan structures) in order to secure the Group's long-term access to borrowed capital.

NCC's policy for its refinancing risk is to ensure that the borrowing portfolio has a maturity structure that minimizes the Group's exposure from the perspective of the refinancing risk. The maturity periods must be well-diversified over time. The norm concerning distribution is that the weighted average remaining maturity must be at least 18 months. At December 31, the maturity of loans was 24 months (24).

Maturity structure, capital December 31, 2008

	Interest-bearing liabilities	
Matures	Amount	Proportion, %
2009	2,930	52
2010	712	13
2011		
2012	223	4
2013	1,307	23
2014–	419	8
Total	**5,591**	**100**

NCC has established the following investor-related market-financing programs:

Market-financing programs

	Limit	Utilized SEK M
Commercial paper (CP) program in Finland	EUR 300 M	120
Commercial paper (CP) program in Sweden	SEK 4,000 M	2,235
Medium Term Note (MTN) in Sweden	SEK 3,000 M	100
Total		**2,455**

Of NCC's total interest-bearing liability, investor-related loans accounted for 43 percent (34).

Liquidity risks

To achieve adequate flexibility and cost-effectiveness, while ensuring that future financing requirements are satisfied, the Group's access to funds consists essentially of committed lines of credit. NCC's credit policy states that the Group's access to funds must correspond to at least 7 percent of annual consolidated sales, with at least 5 percent of this in the form of unutilized committed lines of credit. Access to funds is defined as the Group's cash and cash equivalents, short-term investments and unutilized committed lines of credit, less market-financing programs with a remaining maturity of less than three months. On December 31, the volume of unutilized committed lines of credit amounted to SEK 4.9 billion (3.3), with a remaining average maturity of 2.7 years (1.4). Available cash and cash equivalents are invested in banks or in interest-bearing instruments with good credit ratings and liquid secondary markets. At year-end, the Group's cash and cash equivalents, including short-term investments, amounted to SEK 2.0 billion (2.2). Access to funds on December 31, 2008 corresponded to 9 percent (8) of sales.

The table below shows the Group's financial liabilities (including interest payments) and derivative instruments classed as financial liabilities.

Analysis of maturities (amounts including interest)

	2008						2007					
	Total	<3 months	3 months –1 years	1–3 years	3–5 years	>5 years	Total	<3 months	3 months –1 years	1–3 years	3–5 years	>5 years
Commercial paper	2,355	1,753	602				1,111	1,111				
Bank loans	1,535	326	82	857	55	215	583	5	496	60	14	7
Lending back from the pension foundation	1,515		63	126	1,326		1,312		64	129	1,119	
Financial leasing liabilities	256			256			212	3	209			
MTN loans	102	1	101				108	1	4	103		
Pension liabilities	51		2	4	45		137		5	10	122	
Other interest-bearing liabilities	254	99	72	5	59	19	341	89	172	22	15	43
Interest-rate swaps	45	4	4	16	5	16	5	2		2		
Currency forward contracts	523	523					96	96				
Accounts payable	4,356	4,356					4,974	4,974				
Dividend	434		434				2,276		2,276			
Total	**11,426**	**7,062**	**1,360**	**1,264**	**1,490**	**250**	**11,154**	**6,281**	**3,226**	**326**	**1,270**	**50**

Interest-rate risks

The interest-rate risk is the risk that changes in interest rates will adversely affect NCC's cash flow or the fair value of financial assets and liabilities. NCC's main financing sources are shareholders' equity, cash flow from operating activities and borrowing. Interest-bearing borrowing exposes the Group to an interest-rate risk. NCC's finance policy for the interest-rate risk is that the weighted average remaining maturity of net borrowing should normally be 12 months, subject to a mandate to deviate from this figure by +/– 6 months, and that the interest-rate maturity structure of the borrowing portfolio should be adequately spread over time. If the interest-rate terms of available borrowing vehicles are not compatible with the desired structure for the loan portfolio, interest swaps are the main instruments used to adapt the structure. In the financial accounts, hedge accounting is applied when there is an effective connection between the hedged loan and interest-rate swaps.

At the end of 2008, NCC's interest-bearing gross debt amounted to SEK 5,591 M (3,402) and the average interest-rate maturity was 12 months (7), including interest-rate swaps linked to the borrowing portfolio. Including other interest-rate swaps, interest-rate maturity was 20 months (21). Short-term investments and cash and cash equivalents amounted to SEK 2,048 M (2,168) and the average interest rate maturity for these assets was 2 months (2). The average interest rate maturity reduced by interest-rate exposure associated with cash and cash equivalents was 11 months (6), including interest-rate swaps linked to the borrowing portfolio. Including other interest-rate swaps, interest-rate maturity was 19 months (20).

On December 31, 2008, NCC had interest-rate swaps with a nominal value of SEK 962 M (882). At the same date, the interest-rate swaps had a negative fair value of SEK 26 M (positive: 18) net, comprising assets of SEK 3 M (21) and liabilities of SEK 29 M (3). The interest-rate swaps have expiration dates ranging from 0.2 (0.5) to 8.6 (9.7) years.

Interest-rate maturity structure at Dec 31, 2008

Maturity	Interest-bearing liabilities, incl. interest-rate swaps: Amount	Proportion, %
2009	4,355	77
2010	210	4
2011	163	3
2012		
2013	40	1
2014–	823	15
Total	**5,591**	**100**

Currency risks

The currency 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 highly probable forecast flows are hedged, mainly by using currency forward contracts. NCC applies a hedging method that 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. In the financial accounts, hedge accounting is applied when the requirements for hedge accounting are fulfilled. The Group's translation exposure is covered in accordance with the instructions in NCC's finance policy, which state that 80-100 percent of net assets are to be hedged, without taking tax effects into account.

Borrowing in the NCC Group primarily occurs through the central treasury unit and is then transferred to the business areas and subsidiaries in the form of internal loans. Lending is denominated in local currency, while financing largely occurs in SEK and EUR. The currency risk that thus arises is managed by means of currency swaps. The following tables illustrate NCC's financing and the currency swap agreements for financing. The stated values include underlying capital amounts.

Interest-bearing liabilities at Dec 31, 2008

Counter-value in SEK M	Financing excl. currency swap agreements at Dec 31, 2008: Amount	Proportion, %
DKK	95	2
EUR	577	10
NOK	27	
RUB	301	6
SEK	4,591	82
Total	**5,591**	**100**

Financing via currency swap agreements at Dec 31, 2008

Counter-value in SEK M	
Buy CHF	38
Sell DKK	–1,782
Sell EEK	–135
Sell EUR	–1,934
Sell LTL	–111
Sell LVL	–291
Buy NOK	510
Sell PLN	–13
Sell RUB	–98
Sell SGD	–149
Net	**–3,965**

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

	2008			2007		
Currency	Net outflow	Of which, hedged	Hedged portion, %	Net outflow	Of which, hedged	Hedged portion, %
DKK	94	91	97	94	32	34
EUR	927	557	60	983	819	83
NOK	12			32		
PLN	51	34	67	63	31	49
USD	52	46	88	98	88	90
CHF	14	13	93	0	0	0
Total	**1,150**	**741**	**64**	**1,270**	**970**	**76**

During 2008, no cash-flow hedges were closed, because it was no longer probable that the expected cash flow would be achieved.

Transaction exposure has been 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 SEK 32 M (7). Of this amount, assets of SEK 33 M (7) and liabilities of SEK 1 M (0) have been recognized in the balance sheet.

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below shows forecast and contracted currency outflows during 2009-2010, outstanding hedging positions at year-end and the hedged portion. Currency outflows in DKK and USD pertain solely to contracted flows.

Counter-value in SEK M

	1–3 months			3–6 months			6–9 months			9–12 months			>12 months			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 %
DKK	9	9	100	1	1	100										10	10	100
EUR	161	150	93	168	93	55	147	39	27	154	25	16	95	5	5	725	313	43
PLN	6	6	100	8	6	75	7	4	57	6	2	33	6	1	17	33	19	58
USD	2	2	100	1	1	100										3	3	100
Total	**178**	**167**	**94**	**178**	**101**	**57**	**154**	**43**	**28**	**160**	**27**	**17**	**101**	**6**	**6**	**771**	**345**	**45**

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

	2008-12-31					2007-12-31				
Currency	Net investment	Hedge position before tax	Hedged portion before tax %	Hedge position after tax	Hedged portion after tax %	Net investment	Hedge position before tax	Hedged portion before tax %	Hedge position after tax	Hedged portion after tax %
DKK	2,008	1,912	95	1,377	69	1,751	1,518	87	1,093	62
EUR	2,685	2,379	89	1,713	64	2,170	1,917	88	1,380	64
NOK	1,189	966	81	696	59	1,090	910	83	655	60
PLN						116	105	91	76	66
Total	**5,882**	**5,257**	**89**	**3,786**	**64**	**5,127**	**4,450**	**87**	**3,204**	**62**

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, 2008 was SEK 0 M (450) and SEK 5,268 M (4,000), respectively. Hedge accounting is applied when the criteria for hedge accounting are met. A negative exchange-rate difference of SEK 521 M (negative: 216) was recognized in shareholders' equity in connection with the recalculation of loans and currency forward contracts into SEK. For more information on hedge accounting, refer to Note 1 Accounting principles, Hedging of net investments.

The hedges fulfill effectiveness requirements, which means that all changes resulting from changed exchange rates are reported in the translation reserve in shareholders' equity.

Credit risks

Credit risks in financial operations

NCC's investment regulations for financial credit risks are revised continuously and characterized by caution. Transactions are only entered into with creditworthy counterparties with credit ratings of at least A (Standard & Poor's) or the equivalent international rating. ISDA's (International Swaps and Derivatives Association) framework agreement on netting is used with all counterparties with respect to derivative trading. The investment regulations specify maximum credit exposures and maturities for various counterparties.

Total counterparty exposure with respect to derivative trading, calculated as the net receivable per counterparty, amounted to SEK 131 M (91) at the end of 2008. The net receivable per counterparty is calculated in accordance with the market valuation method (FFFF 2007:1). Calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 2,048 M (2,168).

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

	2008		2007	
	Gross	Provision for doubtful receivables	Gross	Provision for doubtful receivables
Not due accounts receivable	7,035		8,854	2
Past-due accounts receivable 1–30 days	839	4	853	2
Past-due accounts receivable 31–60 days	158	3	52	2
Past-due accounts receivable 61–180 days	186	15	200	15
Past-due accounts receivable > 180 days	764	291	701	244
Total	**8,981**	**313**	**10,660**	**264**

Collateral for accounts receivable was received in an amount of SEK 832 M (2,234).

Provision for doubtful receivables

	2008	2007
Opening balance	**264**	**339**
Provision for the year	179	102
Reversal of previously posted impairment losses	–140	–190
Translation differences	10	13
Closing balance	**313**	**264**

Carrying amount and fair value of financial instruments

The carrying amount and the fair value of financial instruments are presented in the table below. For financial assets, the fair value has been established through a discounting of future payment flows to the market interest rate prevailing on the balance-sheet date. It is considered that the carrying amount for accounts receivable and accounts payable matches the fair value.

The fair value of currency derivatives is calculated by means of a discounting of the difference between the agreed forward rate and the forward rate that can be attained on the balance-sheet date for the remaining contractual period. The fair value of interest-rate swaps is calculated by means of a discounting of future cash flows. The interest rate used for discounting is the market-based interest rate for similar instruments at year-end.

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

CLASSIFICATION OF FINANCIAL INSTRUMENTS, fair value and carrying amount

GROUP, 2008	Financial assets fair valued 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 fair valued through profit and loss[1]	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities				199	28			227	237
Long-term receivables	1		71					72	72
Accounts receivable			7,820					7,820	7,820
Prepaid expenses and accrued income	1		11					12	12
Other receivables	19	66	955					1,040	1,040
Short-term investments	122			93				215	216
Total assets	**143**	**66**	**8,857**	**292**	**28**	**0**	**0**	**9,386**	**9,397**
Long-term interest-bearing liabilities[2]							2,620	2,620	2,620
Other long-term liabilities		29				3	806	837	837
Provisions for pensions, and similar obligations							42	42	42
Current interest-bearing liabilities							2,929	2,929	2,929
Accounts payable							4,356	4,356	4,356
Accrued expenses and deferred income						2	25	27	27
Other current liabilities		407				169	3	578	578
Total liabilities	**0**	**436**	**0**	**0**	**0**	**174**	**10,781**	**11,390**	**11,390**

GROUP, 2007	Financial assets fair valued 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 fair valued through profit and loss[1]	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities				207	43			250	247
Long-term receivables	3	16	840					859	859
Accounts receivable			8,323					8,323	8,323
Prepaid expenses and accrued income	1		18					18	18
Other receivables	5	18	1,558					1,581	1,581
Short-term investments	400			83				483	482
Total assets	**409**	**34**	**10,738**	**290**	**43**	**0**	**0**	**11,514**	**11,510**
Long-term interest-bearing liabilities							1,590	1,590	1,590
Other long-term liabilities							816	816	816
Provisions for pensions, and similar obligations							112	112	112
Current interest-bearing liabilities							1,701	1,701	1,701
Accounts payable							4,974	4,974	4,974
Accrued expenses and deferred income						3	14	17	17
Other current liabilities		88				27	2	117	117
Total liabilities	**0**	**88**	**0**	**0**	**0**	**30**	**9,209**	**9,327**	**9,327**

1) Held for resale.
2) Reloaning of SEK 1,200 M (990) from NCC's Pension Foundation is included.

NOTE 39 | cont. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

CLASSIFICATION OF FINANCIAL INSTRUMENTS, fair value and carrying amount

PARENT COMPANY, 2008	Financial assets fair valued 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 fair valued through profit and loss[1]	Other liabilities	Total carrying amount	Total fair value
Receivables from Group companies			147					147	147
Receivables from associated companies			46					46	46
Other long-term holdings of securities					7			7	7
Other long-term receivables			39					39	39
Accounts receivable			3,077					3,077	3,077
Current receivables from Group companies		28	3,289					3,317	3,339
Current receivables from associated companies			45					45	45
Other current receivables			48					48	48
Short-term investments			500					500	500
Total assets	**0**	**28**	**7,191**	**0**	**7**	**0**	**0**	**7,226**	**7,248**
Long-term liabilities to credit institutions[2]							1,582	1,582	1,582
Long-term liabilities to Group companies							1,547	1,547	1,547
Accounts payable							1,657	1,657	1,657
Current liabilities to Group companies		221					1,494	1,715	1,715
Current liabilities to associated companies							5	5	5
Other current liabilities							29	29	29
Total liabilities	**0**	**221**	**0**	**0**	**0**	**0**	**6,314**	**6,535**	**6,535**

PARENT COMPANY, 2007	Financial assets fair valued 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 fair valued through profit and loss[1]	Other liabilities	Total carrying amount	Total fair value
Receivables from Group companies			183					183	183
Receivables from associated companies			43					43	43
Other long-term holdings of securities					6			6	6
Other long-term receivables			41					41	41
Accounts receivable			3,299					3,299	3,299
Current receivables from Group companies		7	2,502					2,510	2,516
Current receivables from associated companies			10					10	10
Other current receivables			16					16	16
Short-term investments			1,100					1,100	1,100
Total assets	**0**	**7**	**7,194**	**0**	**6**	**0**	**0**	**7,207**	**7,213**
Long-term liabilities to credit institutions[2]							1,340	1,340	1,340
Long-term liabilities to Group companies							1,626	1,626	1,626
Accounts payable							1,821	1,821	1,821
Current liabilities to Group companies		46					1,353	1,400	1,400
Current liabilities to associated companies							8	8	8
Other current liabilities							5	5	5
Accrued expenses and deferred income							2	2	2
Total liabilities	**0**	**46**	**0**	**0**	**0**	**0**	**6,156**	**6,202**	**6,202**

1) Held for resale.

2) RELOANING OF SEK 1,200 (990) FROM NCC'S PENSION FOUNDATION IS INCLUDED.

No reclassification of financial assets and liabilities among the above categories was effected during the year.

NOTE 40 | INVOICED REVENUES, NOT WORKED-UP

GROUP	2008	2007
Invoicing on non-completed contracts	41,482	37,412
Accrued revenues from non-completed contracts	–36,182	–32,441
Total	5,300	4,971

NOTE 41 | OTHER LIABILITIES

GROUP	2008	2007
Other long-term liabilities		
Liabilities to associated companies	21	23
Derivative instruments held for hedging	32	
Other long-term liabilities	784	793
Total	837	816
Other current liabilities		
Advance payments from customers	266	351
Liabilities to associated companies	3	2
Derivative instruments held for hedging	576	115
Other current liabilities	4,261	3,763
Total	5,106	4,231

NOTE 42 | WORK IN PROGRESS ON ANOTHER PARTY'S ACCOUNT AND NET SALES

PARENT COMPANY	2008	2007
Invoicing excluding withheld amount	22,248	18,850
Withheld amount	301	330
Total invoicing	22,549	19,180
Costs incurred excluding reserve for losses	–19,307	–16,858
Reserve for losses	137	45
Total costs incurred	–19,170	–16,813
Total work in progress on another party's account	3,379	2,367
Profit-recognized invoicing		
Invoicing during the year	24,608	23,475
Invoiced but not recognized as profit on January 1	19,180	18,443
Less: Invoiced but not recognized as profit on December 31	–22,549	–19,180
Total revenues	21,239	22,738

NOTE 43 | ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2008	2007	2008	2007
Salary-related costs	1,919	1,664	954	929
Financial expense	27	17		2
Prepaid rental revenues	4	7	1	2
Project-related costs	1,892	2,590	439	423
Administrative costs	51	137		1
Guarantee costs	56	46		
Operating and sales costs	167	255		
Other expenses	133	106	39	51
Total	4,249	4,822	1,433	1,407

NOTE 44 | LEASING

In Finland, Norway and Denmark, framework agreements have been concluded for the operational leasing of cars and light goods vehicles, including relating administrative services. The agreements are based on variable interest rates. A separate agreement is required for the acquisition of leased objects and the extension of leasing agreements.

In Sweden, framework agreements have been concluded for the financial leasing of cars and light goods vehicles. The agreement is based on variable interest rates. NCC recommends purchasers and leasing agreements for individual vehicles can be extended. Within NCC Roads, framework agreements have been concluded for the operational leasing of production equipment for road maintenance operations. The agreements are based on variable interest rates and pertain to Sweden, Norway, Denmark and Finland. During 2005, NCC took over an operational leasing agreement on a property in Norway that runs until December 31, 2011. The property is leased to a number of other tenant s on operational leasing contracts. In 2006, a sale-leaseback agreement was concluded with the German finance group HSH Nordbank and its associated company AGV pertaining to properties in the Sonnengarten area of Berlin. At the same time, an 18-year lease was signed, which is recognized as an operational lease.

GROUP	2008	2007
Financial lessor		
Leasing contracts that expire:		
Later than one year but earlier than five years	14	20
Financial lessee		
Leasing contracts that expire:		
Within one year	46	34
Later than one year but earlier than five years	194	180
Future minimum leasing fees		
Within one year	77	36
Later than one year but earlier than five years	166	208
Present value of future leasing fees		
Within one year	64	34
Later than one year but earlier than five years	154	191
Reconciliation of future leasing fees and their present value		
Future minimum leasing fees	243	244
Less interest charge	–25	–20
Present value of future minimum leasing fees	218	224
Variable fees included in net profit for the year:		
Interest		
Leased machinery and equipment	2	7
Leased buildings	1	1
Total	3	8

Operational leasing

	Group		Parent Company	
	2008	2007	2008	2007
Operational lessor				
Future minimum leasing fees – lessor (leased premises)				
Distributed by maturity period:				
Within one year	2	2		
Later than one year but earlier than five years	26	18	25	11
Later than five years		22		19
Operational lessee				
Future minimum leasing fees – lessee				
Leasing contracts that expire:				
Within one year	572	505		1
Later than one year but earlier than five years	848	740	19	21
Later than five years	602	666		
The year's cost for operational leasing amounts to	729	612	9	9

NOTE 45 | TRANSACTIONS WITH RELATED COMPANIES

The main companies that are closely related to NCC are the Nordstjernan Group, companies in the Axel Johnson Group and the Lundberg Group, associated companies and joint ventures. The Parent Company has a close relationship with its subsidiaries; see Note 24, Participations in Group companies. For information on NCC's senior executives, see Note 5, Personnel expenses. Transactions involving NCC's associated companies and joint ventures were of a production nature. The transactions were conducted on a purely commercial basis.

GROUP	2008	2007
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	128	148
Purchases from associated companies and joint ventures	63	92
Dividend from associated companies	3	2
Long-term receivables from associated companies and joint ventures	31	27
Current receivables from associated companies and joint ventures	50	42
Interest-bearing liabilities to associated companies and joint ventures	30	22
Current liabilities to associated companies and joint ventures	28	31
Contingent liabilities to Group companies	105	7
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	10	11
Purchases from the Nordstjernan Group	1,011	1,006
Current receivables from the Nordstjernan Group	3	6
Current liabilities to the Nordstjernan Group	90	89
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	52	
Purchases from the Axel Johnson Group	7	6
Current receivables from the Axel Johnson Group	26	
Current liabilities to the Axel Johnson Group		1
Transactions with the Lundberg Group		
Sales to the Lundberg Group	51	99
Purchases from the Lundberg Group	3	1
Current receivables from the Lundberg Group	10	22

PARENT COMPANY	2008	2007
Transactions with Group companies		
Sales to Group companies	322	211
Purchases from Group companies	1,189	1,142
Interest income from Group companies	103	106
Interest expense to Group companies	72	44
Dividend from Group companies	1,593	2,941
Long-term receivables from Group companies	157	193
Current receivables from Group companies	4,251	3,789
Interest-bearing liabilities to Group companies	1,708	1,143
Current liabilities to Group companies	1,553	1,883
Contingent liabilities to Group companies	12,961	12,909
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	73	39
Purchases from associated companies and joint ventures	43	75
Dividend from associated companies and joint ventures		1
Long-term receivables from associated companies and joint ventures	46	43
Current receivables from associated companies and joint ventures	45	10
Interest-bearing liabilities to associated companies and joint ventures	2	2
Current liabilities to associated companies and joint ventures	3	6
Contingent liabilities to associated companies and joint ventures	105	7
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	6	8
Purchases from the Nordstjernan Group	650	612
Current receivables from the Nordstjernan Group	2	3
Current liabilities to the Nordstjernan Group	70	69
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	52	
Purchases from the Axel Johnson Group	5	5
Current receivables from the Axel Johnson Group	26	
Current liabilities to the Axel Johnson Group		1
Transactions with the Lundberg Group		
Sales to the Lundberg Group	50	97
Purchases from the Lundberg Group	1	1
Current receivables from the Lundberg Group	10	11

NOTE 46 | PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Group		Parent Company	
	2008	2007	2008	2007
Pledged assets				
For own liabilities:				
Property mortgages	27	23		
Chattel mortgages	8	8		
Promissory note receivables		18		
Assets subject to liens, etc.	232	215		
Restricted bank deposits	60	95	14	12
Total pledged assets	**327**	**359**	**14**	**12**
Contingent liabilities				
Own contingent liabilities:				
Guarantees on behalf of Group companies			12,961	12,909
Deposits and concession fees	3,049	3,053	3,049	3,053
Construction loans	2,575	2,347	2,575	1,705
Other guarantees and contingent liabilities	175	222	174	832
Held jointly with other companies:				
Liabilities in consortiums, partnerships and limited partnerships	194	127	10	7
Total contingent liabilities	**5,993**	**5,749**	**18,769**	**18,506**

There are no contingent assets.

Assets subject to liens
Pertains to leased equipment in the form of vehicles and computers.

Sureties on behalf of Group companies
Sureties on behalf of subsidiaries have mainly been issued as collateral for
- utilized guarantee limits with banks and insurance companies
- NCC Treasury AB's borrowing and
- fulfillment of construction-contract agreements

Deposits and concession fees
Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by NCC. Such guarantees shall be relinquished as soon as one year has passed after the final acquisition cost for the tenant-owner association's building has been established.

Building loans
Security provided as collateral for a building loan raised from a tenant-owner association applies until loans are transferred to the agreed long-term financing.

NOTE 47 | CASH FLOW STATEMENT

Cash and cash equivalents

GROUP	2008	2007
Cash and bank balances	1,085	1,382
Short-term investments	747	303
Total according to balance sheet and cash flow statement	**1,832**	**1,685**

PARENT COMPANY	2008	2007
Cash and bank balances	1,966	1,319
Short-term investments	500	1,100
Total according to cash flow statement	**2,466**	**2,419**

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

A number of minor acquisitions were implemented in 2008: Valtatie Oy, Rydbokrossen HB and Rångedala Grus AB. According to acquisition analyses, the value of acquired assets and liabilities was as follows:

GROUP	2008	2007
Intangible fixed assets	–54	–6
Buildings and land	–14	–16
Tangible fixed assets	–109	–41
Properties classed as current assets		–30
Inventories	–42	–7
Accounts receivable and other current receivables	–25	–51
Cash and cash equivalents	–4	
Long-term liabilities	5	15
Accounts payable and other current liabilities	52	25
Current interest-bearing liabilities	26	22
Minority interests		2
Deferred tax liability	12	4
Purchase considerations paid	**–153**	**–83**
Acquired cash and cash equivalents	4	
Impact on the Group's cash and cash equivalents	**–149**	**–83**

Sales of subsidiaries

A number of minor companies were divested, the largest being Hydrobudowa S.A.

GROUP	2008	2007
Intangible fixed assets		7
Buildings and land	12	94
Tangible assets	40	312
Financial fixed assets	15	55
Properties classed as current assets	13	
Inventories	15	92
Accounts receivable and other current assets	211	365
Cash and cash equivalents	71	107
Long-term liabilities	–27	–30
Accounts payable and other current liabilities	–185	–181
Current interest-bearing liabilities	–13	–379
Minority interests	–3	–45
Deferred tax liability	–5	–18
Capital gains	13	475
Purchase considerations	**157**	**854**
Sold cash and cash equivalents	–71	–107
Impact on the Group's cash and cash equivalents	**86**	**747**

Change in properties classed as current assets

	Group		Parent Company	
	2008	2007	2008	2007
Investments in property projects	–2,210	–1,493		
Sales of property projects	2,332	1,682		
Investments in housing projects	–4,676	–5,392	–405	–30
Sales of housing projects	2,708	3,104	24	109
Increase (–)/Decrease (+) in properties classed as current assets, net	**–1,846**	**–2,099**	**–381**	**79**

Acquisition of tangible fixed assets

Group

Acquisitions of tangible fixed assets during the year amounted to SEK 677 M (553), of which SEK 0 M (0) was financed through loans.

Acquisitions of subsidiaries amounted to SEK 153 M (83), of which SEK 4 M (0) had no effect on cash flow. Sales of subsidiaries amounted to SEK 157 M (854), of which SEK 71 M (107) had no effect on cash flow.

Parent Company

Acquisitions of tangible fixed assets during the year amounted to SEK 66 M (213), 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, therefor 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 89 M (93). Interest paid during the year amounted to SEK 351 M (261).

Parent Company

Interest received during the year amounted to SEK 113 M (122). Interest paid during the year amounted to SEK 164 M (118).

Cash flow attributable to joint ventures consolidated in accordance with the proportional method

GROUP	2008	2007
Operating activities	10	187
Change in working capital	197	175
Investing activities	14	–24
Financing activities	–436	–120
Total cash flow	**–215**	**218**

Cash and cash equivalents unavailable for use

GROUP	2008	2007
Restricted bank deposits	60	95
Cash and cash equivalents in joint ventures	86	296
Total cash and cash equivalents unavailable for use	**146**	**391**

Transactions that do not give rise to disbursements

GROUP	2008	2007
Sales of assets through receipt of promissory note	12	
Acquisition of an asset through financial leasing	119	108

NOTE 48 | DIVESTED OPERATIONS

The divested operations pertain to NCC Roads' Polish asphalt and aggregates operations that were sold to Strabag in April 2007.

	Remaining operation		Divested operation		Group total	
	2008	2007	2008	2007	2008	2007
Income statement						
Net sales	57,465	58,270		127	57,465	58,397
Operating expenses	–55,246	–55,814		208	–55,246	–55,607
Operating profit	**2,219**	**2,455**		**335**	**2,219**	**2,790**
Net financial items	166	–194		12	166	–182
Profit after financial items	**2,385**	**2,261**		**347**	**2,385**	**2,608**
Tax	–565	–367		10	–565	–357
Net profit	**1,820**	**1,894**		**357**	**1,820**	**2,252**
Attributable to NCC's shareholders	1,809	1,888		359	1,809	2,247
Minority interests	11	6		–2	11	4
Net profit	**1,820**	**1,894**		**357**	**1,820**	**2,252**
Balance sheet						
Fixed assets	6,139	6,424			6,139	6,424
Current assets	30,108	27,645			30,108	27,645
Total assets	**36,247**	**34,069**		**0**	**36,247**	**34,069**
Total liabilities	**29,382**	**26,832**		**0**	**29,382**	**26,832**
Net assets	**6,865**	**7,237**		**0**	**6,865**	**7,237**
Cash flow						
Cash flow from operating activities	128	1,078		–47	128	1,031
Investment activities	–306	–539		673	–306	134
Financing activities	298	–743		–20	298	–763
Cash flow for the year	**121**	**–204**		**606**	**121**	**402**

NOTE 49 | 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.

The consolidated accounts for 2008 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 accounts. Nordstjernan AB accounts for 26.7 percent of the share capital and 55.1 percent of the voting rights in NCC AB. Nordstjernan AB, Corporate Registration Number 556000-1421, has its registered Head Office in Stockholm.

NOTE 50 | CRITICAL ESTIMATES AND ASSESSMENTS

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

Percentage-of-completion profit recognition

A fundamental condition for being able to estimate percentage-of-completion profit recognition is that project revenues and project costs can be established reliably. This reliability is based on such factors as compliance with NCC's systems for project control and that project management has the necessary skills. The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to SEK 47.2 billion (41.6); refer to Note 34, Worked-up non-invoiced revenues, and Note 40, Invoiced revenues, not worked-up, respectively.

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 2008, impairment losses on properties classed as current assets amounted to SEK 0.5 billion and their year-end carrying amount corresponded to SEK 14.5 billion.

The assessment of net realizable value is based on a series of assumptions that, in the prevailing market conditions, are very difficult to assess, 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 value. After impairment losses of SEK 32 M, goodwill in the Group is valued at SEK 1.8 billion.

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 value has been based. Important assumptions include expected growth, margins and weight average cost of capital. If these assumptions change, the value of the remaining goodwill could be affected; refer to Note 21, Intangible assets, for information on the assumptions and estimations made.

Valuation of receivables

NCC's accounts receivable, including receivables for sold property projects, amount to SEK 8.7 billion; 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

The provisions for NCC's guarantee commitments are based on calculations and company management's assessments and experience concerning similar transactions. At year-end, the guarantee commitments amounted to SEK 1.9 billion; refer to Note 37, Provisions. A prerequisite for ensuring the safety of these assessments is that NCC's production and materials maintain the same quality and standard as in prior years. In certain cases, it has been established that work performed has not met with the normal NCC standard and quality. For example, construction methods that have been used but that failed to function correctly in all respects. This applies, for example, to the so-called ones-step sealing method. In these cases, an assessment has been made of NCC's possible commitment to rectify any defects.

Pension obligations

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

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

Contingent liabilities, legal disputes, etc.

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

PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS

The Board of Directors proposes that	
the funds available for distribution by the Annual General Meeting	1,610,122,260
be appropriated as follows:	
Ordinary dividend to shareholders of SEK 4.00 per share	433,658,736
To be carried forward	1,176,463,524
Total, SEK	**1,610,122,260**

The Board of Directors and President hereby give their assurance that the Annual Report and the consolidated accounts have been compiled in compliance with the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated July 19, 2002 regarding the application of international accounting standards and with generally acceptable accounting practices for listed companies and thus provide a fair and accurate impression of the financial position and earnings of the Group and the Parent Company. The Reports of the Board of Directors for both the Group and the Parent Company accurately review the Group's and the Parent Company's operations, financial positions and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on February 11, 2009. 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 7, 2009 for adoption.

Solna, February 11, 2009

Tomas Billing
Chairman of the Board

Antonia Ax:son Johnson
Member of the Board

Ulf Holmlund
Member of the Board

Ulla Litzén
Member of the Board

Fredrik Lundberg
Member of the Board

Marcus Storch
Member of the Board

Lars Bergqvist
Member of the Board representing employees

Sven Frisk
Member of the Board representing employees

Ruben Åkerman
Member of the Board representing employees

Olle Ehrlén
President and CEO

Our audit report was submitted on February 20, 2009

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

We have audited the Annual Report, the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of NCC AB for the 2008 fiscal year. The Company's Annual Report is included in the printed version of this document on pages 36–93. The Board of Directors and the President are responsible for these accounts and the administration of the Company, and for ensuring that the Annual Accounts Act is applied when the Annual Report is compiled, and that the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act are applied for compiling the consolidated accounts. Our responsibility is to express an opinion on the Annual Report, consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report and the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, evaluating the material estimations made by the Board of Directors and President when compiling the Annual Report and the consolidated financial statements, and evaluating the overall presentation of information in the Annual Report and consolidated financial statements. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the President or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Annual Report has been prepared in accordance with the Annual Accounts Act and provides a true and fair picture of the Company's and the Group's earnings and financial position in accordance with Generally Accepted Accounting Standards in Sweden. The consolidated accounts have been compiled in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and provide an accurate impression of the Group's earnings and financial position. The Report of the Board of Directors is compatible with the other parts of the Annual Report and consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and the Group, that the profit in the Parent Company be dealt with in accordance with the proposal in the Report of the Board of Directors, and that the members of the Board and the President be discharged from liability for the fiscal year.

Stockholm, February 20, 2009
PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

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.

Net margin: Profit after net financial items as a percentage of net sales.

Net sales: The net sales of construction operations are reported in accordance with the percentage of completion principle. These revenues are reported in pace with the gradual completion of construction projects within the Group. In the Parent Company, net sales correspond to income-recognized sales from completed projects. Within other operations, net sales correspond to invoicing for the year.

Operating margin: Operating profit as a percentage of net sales.

Operating net: Result from property management before depreciation.

Order backlog: Value at the end of the year of the remaining non-worked-up project revenues for projects received, including proprietary projects for sale that have not been completed.

Orders received: Value of received projects and changes in existing projects during the period concerned. Proprietary projects for sale, if a decision to initiate the assignment has been taken, are also included among assignments received.

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 TERMS

Aggregates: Rock materials resulting from the disintegration of rock through crushing; also called macadam.

Ballast: Normal term for gravel, disintegrated materials, mainly rock materials, used for construction and civil engineering purposes.

Buildings/other buildings: In descriptions of operations, this term pertains to commercial buildings, mainly offices, retail outlets, shopping malls and garages.

Contract forms: Negotiated contract/mutual-trust contract: When NCC cooperates on an exclusive basis with the customer throughout the construction process – from planning to final inspection.

General contract/implementation contract: When NCC conducts construction work on behalf of a client who has conducted the building design. NCC appoints and is responsible for the subcontractors.

Turnkey contract/design and build contract: When NCC has turnkey responsibility for a project, from the concept and building design stage right through to completion.

Construction costs: The cost of constructing a building, including building accessories, utility-connection fees, other contractor-related costs and VAT. Construction costs do not include the cost of land.

Development right: The right to develop a site. With respect to housing, a development right corresponds to a home (apartment or detached house) with an average of approximately 90 square meters of floor space. Ownership, 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 contracts: Usually a multi-year contract in which the customer imposes functional requirements rather than detailed requirements concerning materials and design.

Leasing rate: The percentage of anticipated rental revenues that corresponds to signed leases (also called leasing rate based on revenues).

Macadam: Rock materials resulting from the disintegration of rock through crushing; also called aggregates.

NCC Partnering: A cooperation format applied in the construction and civil engineering industry, whereby the client, consultants and contractor establish open and trusting cooperation at an early stage of the process based on shared goals, joint activities and joint financial targets in order to optimize the project.

Properties: In descriptions of operations, "properties" refers to buildings, housing or land.

Proprietary project: When NCC, for its own development purposes, acquires land, designs a project, conducts construction work and then sells the project. Pertains to both housing projects and commercial property projects.

Required yield: The property yield required by NCC Property Development's investors for their investment, which is to be achieved through rental guarantees. Operating revenues less operating expenses divided by the investment value.

Total-package project: When NCC is responsible for the entire chain of services, from concept to project sale.

MULTI-YEAR REVIEW

INCOME STATEMENT, SEK M	1999	2000	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008
Net sales	37,460	38,728	47,521	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465
Production costs	–33,446	–34,641	–45,232	–40,950	–41,739	–41,809	–42,749	–45,158	–50,729	–52,572	–52,005
Gross profit	**4,014**	**4,087**	**2,289**	**4,215**	**3,513**	**3,628**	**3,785**	**4,347**	**5,147**	**5,825**	**5,460**
Selling and administrative expenses	–3,062	–2,545	–4,004	–3,157	–2,717	–2,523	–2,577	–2,677	–2,795	–3,059	–3,197
Result from property management			254	103	50	29	45	17	–5		
Result from sales of managed properties	163	640	229	322	–26	51	–60	92	9		
Result from sales of owner-occupied properties					16	6	6	19	22	19	15
Impairment losses on fixed assets		–16	–282	–6	–64	–138	–149	–94	–22	–245	–76
Impairment losses/reversal of impairment losses on properties, NCC Property Development[1]	31	–44	–77	–4	–782	–69					
Result from sale of Group companies	7	–1	8	303	4	73	64	–5	7	415	8
Competition-infringement fee										–175	
Result from participations in associated companies	211	294	47	44	11	60	33	49	29	11	9
Operating profit/loss	**1,364**	**2,415**	**–1,536**	**1,820**	**5**	**1,117**	**1,147**	**1,748**	**2,392**	**2,790**	**2,219**
Financial income	363	503	529	327	219	148	209	116	116	131	615
Financial expense	–476	–765	–1,123	–841	–547	–310	–412	–284	–245	–313	–449
Net financial items	**–113**	**–262**	**–595**	**–514**	**–328**	**–162**	**–203**	**–168**	**–129**	**–182**	**166**
Profit/loss after net financial items	**1,251**	**2,153**	**–2,130**	**1,306**	**–323**	**955**	**945**	**1,580**	**2,263**	**2,608**	**2,385**
Tax on profit for the year	–408	–655	–121	–461	–77	–96	–68	–393	–555	–357	–565
Net profit/loss for the year	**843**	**1,498**	**–2,251**	**844**	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**
Attributable to:											
NCC's shareholders	838	1,494	–2,269	821	–421	856	873	1,178	1,706	2,247	1,809
Minority interests	5	4	18	24	21	3	3	9	1	4	11
Net profit/loss for the year	**843**	**1,498**	**–2,251**	**844**	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**

[1] As of 2004, Impairment losses/reversal of impairment losses on properties, NCC Property Development are reported as production costs.

1999 The main reason for the increase in earnings was an improvement in the construction operations of foreign subsidiaries. The sale of the Neptun Maritime and BPA shareholdings contributed a capital gain of SEK 201 M. Asphalt and ballast operations were acquired from Superfos, a Danish construction group.

2000 Earnings for 2000 included surplus pension funds from Alecta amounting to SEK 912 M. The main reason for the improved earnings was a high rate of activity within real estate operations. Rieber & Søn's asphalt and aggregate operations were also acquired.

2001 Earnings for 2001 were charged SEK 1,740 M for write-downs and provisions. A comprehensive restructuring and action program was introduced to improve profitability. As of 2001, sales of NCC Property Development's property projects were reported as part of net sales. The effect for 2001 was an approximately SEK 1.5 billion increase in sales.

2002 Operations were affected by the action program initiated in 2001. Restructuring measures were implemented in the Nordic countries. The phase-out of non-core operations was initiated. The sale of the subsidiary NVS generated a capital gain of SEK 301 M.

2003 Earnings for 2003 were charged SEK 782 M for impairment losses within NCC Property Development and SEK 195 M for impairment losses within NCC Roads, including restructuring measures. The subsidiary Altima was spun off. Altima's earnings for full-year 2003 are included.

2004 Properties were sold for nearly SEK 5 billion and net indebtedness was reduced by SEK 3.7 billion to SEK 1.1 billion.

2005 Earnings increased, primarily as a result of a strong housing market in the Nordic region and also because of improved profitability in the Nordic contracting operations. Impairment losses of approximately SEK 220 M were incurred for such assets as goodwill, property projects and associated companies. All financial objectives were achieved and net indebtedness was reduced to SEK 0.5 billion.

2006 A boom in the Nordic region gave rise to considerable activity, resulting in rising sales and earnings. Sales of housing, above all else, contributed to the healthy earnings, as did contracting operations, which showed increased profitability. Costs of SEK 186 M for the NCC Complete development project were charged against earnings. All of the financial objectives were achieved and net indebtedness was reduced to SEK 0.4 billion.

2007 The economic boom in combination 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 its second highest earnings ever and all of the financial objectives were achieved. This was also the year that the housing market came to an abrupt halt and a recession started, which was compounded by a global financial crisis. Earnings were charged with impairment losses and restructuring costs totaling SEK 741 M. The divestment of NCC's share in the Polish concession company AWSA contributed SEK 493 M to earnings.

BALANCE SHEET, SEK M	1999	2000	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008
ASSETS											
Fixed assets											
Goodwill	2,193	3,210	2,787	2,538	2,045	1,597	1,790	1,772	1,700	1,651	1,772
Other intangible assets	41	87	146	130	82	31	31	61	113	96	122
Managed properties	5,950	4,570	3,895	1,306	897	41	449	71	65	21	12
Owner-occupied properties and construction in progress	723	1,057	1,072	1,190	868	821	830	865	796	640	682
Machinery and equipment	1,961	3,218	3,242	3,055	1,926	1,803	1,848	1,937	1,940	1,774	1,975
Participations in associated companies	1,076	833	872	805	694	609	200	44	47	25	10
Other long-term holdings of securities	278	384	236	201	167	311	311	265	242	250	227
Long-term receivables	1,183	1,203	670	1,253	1,217	1,392	1,363	1,246	2,739	1,968	1,338
Total fixed assets	**13,405**	**14,562**	**12,920**	**10,478**	**7,896**	**6,605**	**6,822**	**6,263**	**7,642**	**6,424**	**6,139**
Current assets											
Property projects	3,276	4,036	5,477	4,215	3,755	2,002	2,105	2,005	1,955	2,145	3,439
Housing projects	1,870	3,152	3,335	3,358	3,510	3,495	4,345	4,395	5,979	8,553	11,023
Materials and inventories	495	721	669	727	575	604	609	502	443	474	624
Participations in associated companies			120	132	116	53					
Accounts receivable	5,291	7,140	6,880	6,401	6,167	6,185	6,476	7,137	7,934	8,323	7,820
Worked-up, non-invoiced revenues		1,135	3,507	2,683	2,420	2,696	2,998	2,737	2,840	2,956	2,208
Prepaid expenses and accrued income	1,411	909	689	884	692	582	587	638	852	1,048	1,169
Other receivables	911	2,831	2,551	2,620	2,399	1,912	1,819	1,361	1,532	1,979	1,778
Short-term investments	3	1			2	32	113	153	173	483	215
Cash and cash equivalents	2,368	2,206	3,164	3,717	2,463	2,574	2,514	1,919	1,253	1,685	1,832
Total current assets	**15,625**	**22,131**	**26,392**	**24,737**	**22,101**	**20,133**	**21,567**	**20,848**	**22,961**	**27,645**	**30,108**
TOTAL ASSETS	**29,030**	**36,693**	**39,312**	**35,215**	**29,997**	**26,738**	**28,389**	**27,110**	**30,603**	**34,069**	**36,247**
SHAREHOLDERS' EQUITY											
Shareholders' equity	9,795	9,971	7,322	7,597	6,188	6,728	6,715	6,785	6,796	7,207	6,840
Minority interests	30	20	94	83	78	84	84	94	75	30	25
Total shareholders' equity	**9,825**	**9,991**	**7,416**	**7,680**	**6,266**	**6,812**	**6,799**	**6,879**	**6,870**	**7,237**	**6,865**
LIABILITIES											
Long-term liabilities											
Long-term interest-bearing liabilities	3,878	4,757	4,826	4,924	4,267	3,148	3,485	2,004	2,023	1,590	2,620
Other long-term liabilities	20	2,212	24	20	38	34	343	392	561	816	837
Deferred tax liabilities	513	858	504	687	659	502	481	199	461	431	492
Provisions for pensions and similar obligations	1,445	884	1,022	1,168	20	180	180	143	119	112	42
Other provisions	657	714	1,370	1,475	1,472	1,641	1,683	1,611	2,157	2,729	3,190
Total long-term liabilities	**6,513**	**9,425**	**7,746**	**8,274**	**6,456**	**5,506**	**6,172**	**4,348**	**5,321**	**5,678**	**7,180**
Current liabilities											
Current liabilities, interest-bearing	3,505	6,073	8,904	4,987	4,125	1,107	1,187	1,052	552	1,701	2,929
Accounts payable	3,124	4,463	4,890	4,460	3,855	3,891	3,908	4,520	4,874	4,974	4,356
Tax liabilities	193	333	398	292	118	261	260	137	170	101	140
Invoiced revenues, not worked-up	1,466	2,632	3,468	3,486	3,521	3,563	4,375	4,367	4,823	4,971	5,300
Accrued expenses and prepaid income	2,511	2,472	3,548	3,003	3,161	3,231	3,305	3,271	4,592	5,177	4,371
Other current liabilities	1,893	1,304	2,942	3,033	2,497	2,368	2,383	2,535	3,400	4,231	5,106
Total current liabilities	**12,692**	**17,277**	**24,150**	**19,261**	**17,276**	**14,421**	**15,418**	**15,883**	**18,411**	**21,154**	**22,202**
Total liabilities	**19,205**	**26,702**	**31,896**	**27,535**	**23,732**	**19,926**	**21,590**	**20,231**	**23,732**	**26,832**	**29,382**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**29,030**	**36,693**	**39,312**	**35,215**	**29,997**	**26,738**	**28,389**	**27,110**	**30,603**	**34,069**	**36,247**

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. Property development projects were also reduced through divestment.

2005 NCC Property Development continued to divest managed properties and received payment for properties sold in the preceding years, which led to a reduction in total assets.

2006 As a result of additional sales of property projects within NCC Property Development, long-term receivables from sales of property projects increased. Investments in land for housing projects increased.

2007 Increase in capital tied-up in property projects within NCC Property Development, and in housing projects within NCC's Construction units in Sweden, Denmark and Finland.

2008 Continued increase in tied-up capital, primarily in housing operations, due to low sales.

MULTI-YEAR REVIEW, cont.

KEY FIGURES	1999	2000	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008
Accounts, SEK M											
Net sales	37,460	38,728	47,521	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465
Operating profit/loss	1,364	2,415	–1,536	1,820	5	1,117	1,147	1,748	2,392	2,790	2,219
Profit/loss after net financial items	1,251	2,153	–2,130	1,306	–323	955	945	1,580	2,263	2,608	2,385
Profit/loss for the year	843	1,498	–2,251	844	–400	859	876	1,187	1,708	2,252	1,820
Investments in fixed assets	2,761	4,298	2,269	1,662	1,102	850	866	901	798	780	983
Investments in property projects	2,301	2,738	2,819	1,439	1,334	413	438	626	1,049	1,493	2,210
Investments in housing projects[1]	1,678	2,276	860	1,525	1,667	1,921	1,920	2,140	3,908	5,392	4,676
Cash flow, SEK M											
Cash flow from operating activities	–63	279	916	2,747	959	3,399	4,161	2,046	2,171	1,031	128
Cash flow from investing activities	–542	–2,635	–1,662	2,308	–196	1,097	1,083	69	–514	134	–306
Cash flow before financing	–605	–2,356	–746	5,055	762	4,517	5,244	2,115	1,657	1,165	–178
Cash flow from financing activities	–159	2,161	1,617	–4,452	–1,962	–4,380	–5,264	–2,745	–2,307	–763	298
Change in cash and cash equivalents	–764	–195	871	603	–1,199	115	–20	–596	–666	432	147
Profitability ratios											
Return on shareholders' equity, %	9	15	neg	11	neg	14	14	18	27	34	27
Return on capital employed, %	10	13	neg	10	1	10	9	17	24	28	23
Financial ratios at year-end, SEK M											
Interest-coverage ratio, %	3.3	4.8	–1.1	2.4	0.5	3.6	3.6	6.9	11.5	10.2	7.0
Equity/assets ratio, %	34	27	19	22	21	25	24	25	22	21	19
Interest-bearing liabilities/total assets, %	30	32	37	31	28	16	17	12	9	10	15
Net indebtedness	5,296	8,118	10,306	5,816	4,891	679	1,149	496	430	744	3,207
Debt/equity ratio, times	0.5	0.8	1.4	0.8	0.8	0.1	0.2	0.1	0.1	0.1	0.5
Capital employed at year-end	18,628	21,705	22,153	18,759	14,678	11,098	11,503	10,032	9,565	10,639	12,456
Capital employed, average	18,974	19,797	22,999	20,770	17,770	13,152	14,054	10,930	10,198	10,521	11,990
Capital turnover rate, times	2.0	1.8	2.1	2.2	2.5	3.5	3.3	4.5	5.5	5.6	4.8
Share of risk-bearing capital, %	36	30	20	24	23	27	26	26	24	23	20
Average interest rate, %	5.3	5.5	5.6	5.3	4.6	4.8	4.8	4.8	4.8	5.2	6.0
Average period of fixed interest, years	2.3	1.6	1.2	1.3	0.9	1.3	1.3	1.1	2.6	1.8	1.6
Order status, SEK M											
Orders received	37,500	46,316	50,647	43,098	40,941	45,362	45,624	52,413	57,213	63,344	51,864
Order backlog	19,380	25,835	30,750	23,788	23,752	27,077	27,429	32,607	36,292	44,740	40,426
Per share data, SEK											
Profit/loss after taxes, before dilution	7.70	14.00	–21.60	7.95	–4.10	8.36	8.53	11.07	15.80	20.75	16.69
Profit/loss after taxes, after dilution	7.70	13.80	–21.60	7.55	–4.10	7.89	8.05	10.86	15.74	20.73	16.69
Cash flow from operating activities, after dilution	–0.58	2.57	8.45	25.34	8.84	31.35	38.39	18.88	20.03	9.51	1.18
Cash flow before financing, after dilution	–5.58	–21.73	–6.88	46.63	7.03	41.67	48.38	19.52	15.29	10.75	–1.64
P/E ratio, before dilution	13	5	neg	7	neg	10	10	13	12	7	3
Ordinary dividend	4.00	4.50	2.25	2.75	2.75	4.50	4.50	5.50	8.00	11.00	4.00[2]
Extraordinary dividend	7.00				6.70[3]	10.00	10.00	10.00	10.00	10.00	
Dividend yield, %	11.2	6.5	3.2	5.2	17.0	16.5	16.5	10.9	9.6	15.1	8.1
Dividend yield excl. extraordinary dividend, %	4.1	6.5	3.2	5.2	5.0	5.1	5.1	3.9	4.3	7.9	8.1
Shareholders' equity before dilution	90.30	93.90	69.75	74.20	60.45	65.70	65.58	63.30	62.86	66.48	63.10
Shareholders' equity after dilution	90.30	91.98	67.55	70.08	57.08	62.07	61.95	62.60	62.69	66.48	63.10
Share price/shareholders' equity, %	108	73	100	71	92	134	134	225	298	209	78
Share price at year-end, NCC B, SEK	98.00	69.00	70.00	53.00	55.50	88.00	88.00	142.50	187.50	139.00	49.50
Number of shares, millions											
Total number of issued shares[4]	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
Treasury shares at year-end		2.7	3.4	6.0	6.0	6.0	6.0	1.2	0.3		
Total number of shares outstanding at year-end before dilution	108.4	105.7	105.0	102.4	102.4	102.4	102.4	107.2	108.1	108.4	108.4
Average number of shares outstanding before dilution during the year	108.4	107.0	105.0	103.6	102.4	102.4	102.4	106.4	108.0	108.3	108.4
Market capitalization before dilution, SEK M	10,564	7,353	7,347	5,366	5,625	8,984	8,984	15,282	20,242	14,999	5,209
Personnel											
Average number of employees	24,122	25,192	28,170	25,554	24,076	22,214	22,375	21,001	21,784	21,047	19,942

1) As of 2007, includes investments in the unsold share of housing projects with ownership rights.
2) Board of Directors' motion to the Annual General Meeting.
3) Extraordinary dividend in 2003 pertains to all shares in Altima.
4) All shares issued by NCC are common shares.

Figures for 1999 to 2004 are not IFRS adjusted.
Figures for 2004 are not adjusted for IAS 39, Financial Instruments.
For definitions of key figures, see p. 95.

QUARTERLY DATA

	Quarterly amounts, 2008				Full year	Quarterly amounts, 2007				Full year
SEK M	Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2007
NCC Group										
Orders received	11,993	17,408	12,794	9,670	51,864	12,209	18,105	16,782	16,247	63,344
Order backlog	45,123	46,165	45,288	40,426	40,426	38,456	42,559	45,599	44,740	44,740
Net sales	11,412	15,623	13,945	16,485	57,465	11,816	15,109	14,177	17,295	58,397
Operating profit/loss	169	968	787	294	2,219	–53	1,315	866	662	2,790
Operating margin, %	1.5	6.2	5.6	1.8	3.9	–0.4	8.7	6.1	3.8	4.8
Profit/loss after financial items	117	883	702	684	2,385	–85	1,271	814	608	2,608
Net profit/loss attributable to NCC's shareholders	93	670	514	532	1,809	–66	1,027	744	542	2,247
Cash flow before financing	–1,122	–1,888	1,333	1,500	–178	–1,067	–13	815	1,429	1,165
Net indebtedness	–1,830	–5,975	–4,688	–3,207	–3,207	–1,217	–2,844	–2,120	–744	–744
Earnings per share after dilution, SEK	0.86	6.18	4.74	4.91	16.69	–0.61	9.48	6.86	5.00	20.73
Average number of shares outstanding after dilution during the year, millions	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
NCC Construction Sweden										
Orders received	6,685	7,650	5,923	4,926	25,185	5,333	6,763	9,015	8,806	29,917
Order backlog	23,082	24,127	24,332	21,606	21,606	17,336	18,175	21,593	22,473	22,473
Net sales	5,329	6,747	5,832	7,599	25,508	5,180	5,942	5,610	8,149	24,881
Operating profit	209	365	270	115	959	244	364	330	486	1,424
Operating margin, %	3.9	5.4	4.6	1.5	3.8	4.8	6.2	5.9	5.9	5.7
Capital employed	1,654	1,945	2,161	2,425	2,425	1,302	1,503	1,769	2,200	2,200
NCC Construction Denmark										
Orders received	1,500	780	702	378	3,360	1,451	1,699	728	1,093	4,971
Order backlog	4,411	3,984	3,855	3,339	3,339	4,881	4,976	4,391	3,848	3,848
Net sales	914	1,231	961	1,236	4,342	1,330	1,558	1,287	1,735	5,910
Operating profit/loss	7	21	–3	–115	–91	15	20	–17	17	36
Operating margin, %	0.7	1.7	–0.3	–9.3	–2.1	1.2	1.3	–1.3	1.0	0.6
Capital employed	1,446	1,264	1,196	1,173	1,173	1,410	1,518	1,320	1,778	1,778
NCC Construction Finland										
Orders received	1,200	2,348	1,363	959	5,870	2,134	2,496	2,518	1,914	9,062
Order backlog	5,658	5,951	5,759	5,218	5,218	5,348	5,834	6,587	6,423	6,423
Net sales	1,928	2,073	1,716	2,071	7,788	1,485	1,967	1,742	2,237	7,432
Operating profit/loss	88	86	38	–110	102	80	159	99	96	434
Operating margin, %	4.6	4.1	2.2	–5.3	1.3	5.4	8.1	5.7	4.3	5.8
Capital employed	1,828	2,103	2,299	2,623	2,623	1,352	1,475	1,500	1,516	1,516
NCC Construction Norway										
Orders received	669	1,593	831	389	3,482	1,497	2,873	1,241	1,508	7,118
Order backlog	5,842	5,536	4,805	3,120	3,120	6,081	7,461	7,355	6,871	6,871
Net sales	1,621	1,963	1,550	1,842	6,976	1,329	1,565	1,528	1,913	6,335
Operating profit/loss	17	55	33	112	217	–42	47	55	16	76
Operating margin, %	1.0	2.8	2.2	6.1	3.1	–3.1	3.0	3.6	0.8	1.2
Capital employed	679	717	751	762	762	614	570	627	657	657
NCC Construction Germany										
Orders received	214	918	842	316	2,291	314	843	765	843	2,764
Order backlog	2,121	2,380	2,781	2,594	2,594	1,842	2,125	2,225	2,374	2,374
Net sales	453	675	540	760	2,428	349	541	655	755	2,301
Operating profit/loss	2	8	–71	–81	–142	2	28	23	65	117
Operating margin, %	0.4	1.2	–13.2	–10.7	–5.9	0.5	5.1	3.4	8.7	5.1
Capital employed	1,819	1,798	1,704	1,784	1,784	1,497	1,632	1,663	1,621	1,621
NCC Property Development										
Net sales	441	331	292	1,070	2,133	1,287	1,496	658	143	3,583
Operating profit	181	122	92	340	735	47	353	102	278	780
Capital employed	2,547	2,993	3,299	3,200	3,200	2,343	2,476	2,219	2,160	2,160
NCC Roads										
Orders received	1,824	4,003	3,306	2,855	11,989	1,495	3,381	2,510	2,892	10,278
Order backlog	3,280	4,025	3,602	3,460	3,460	1,888	2,784	2,125	1,852	1,852
Net sales	1,243	3,270	3,762	3,042	11,317	1,062	2,490	3,171	3,171	9,893
Operating profit/loss	–289	305	389	41	446	–337	558	411	46	679
Operating margin, %	–23.2	9.3	10.4	1.3	3.9	–31.7	22.4	13.0	1.5	6.9
Capital employed	2,204	3,021	3,100	2,695	2,695	2,841	2,755	2,856	2,027	2,027
NCC Roads, Excl. Polish operations										
Orders received	1,824	4,003	3,306	2,855	11,989	1,372	3,379	2,510	2,892	10,151
Order backlog	3,280	4,025	3,602	3,460	3,460	1,888	2,784	2,125	1,852	1,852
Net sales	1,243	3,270	3,762	3,042	11,317	940	2,488	3,171	3,171	9,766
Operating profit/loss	–289	305	389	41	446	–289	176	411	46	344
Operating margin, %	–23.2	9.3	10.4	1.3	3.9	–30.8	7.1	13.0	1.5	3.5
Capital employed	2,204	3,021	3,100	2,695	2,695	2,277	2,755	2,856	2,027	2,027

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

NCC AB is a Swedish public limited liability company whose shares are listed on Nasdaq OMX Stockholm. NCC AB is governed in accordance with Swedish company law. NCC also complies with other applicable Swedish and international laws and regulations. In addition, NCC has undertaken to comply with Nasdaq OMX Stockholm's regulations, which include the Swedish Code of Corporate Governance. NCC has applied the Code since it was introduced in 2005. This report is not part of the formal annual report documentation and has not been examined by the Company's auditors.

GENERAL SHAREHOLDER MEETINGS

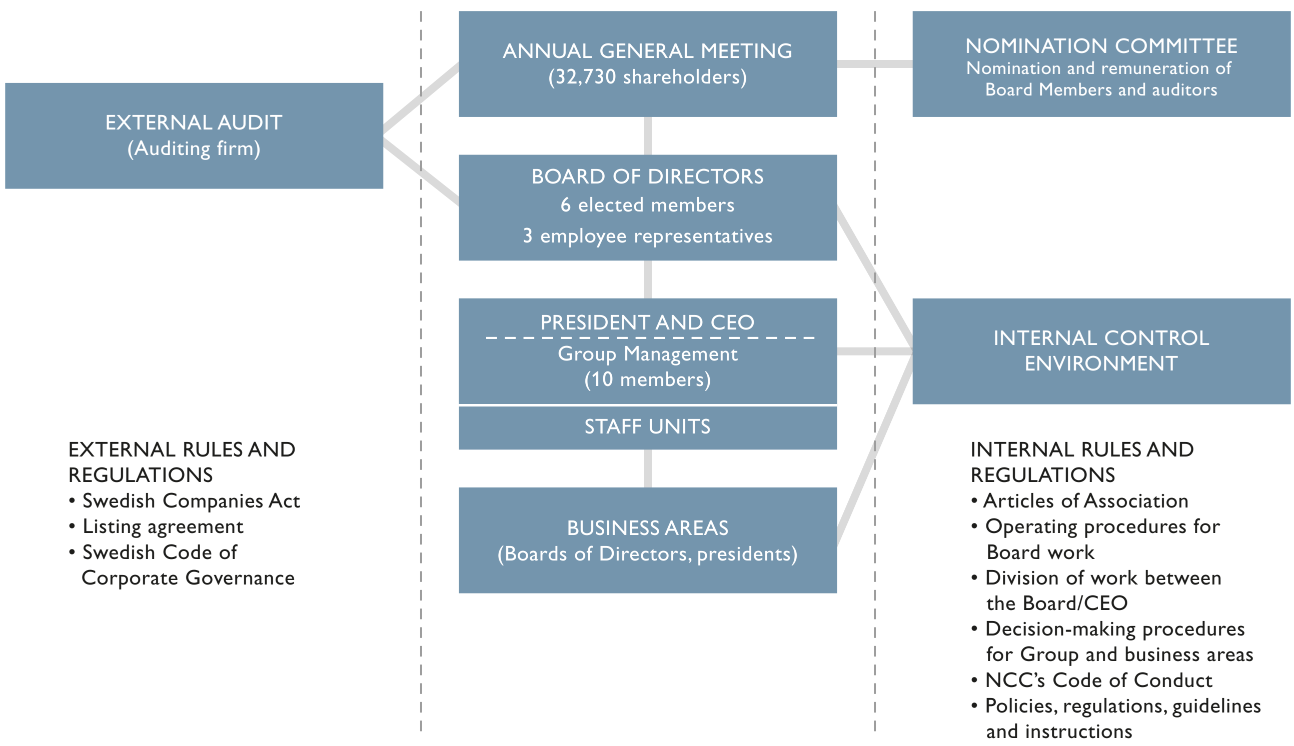
The procedures for notifying shareholders of General Meetings are stipulated in the Articles of Association. Notice of meetings shall be made in the form of an announcement in Post- och Inrikes Tidningar and Dagens Nyheter. Notice of the Annual General Meeting shall be issued not earlier than six weeks and not later than four weeks prior to the Meeting. Notice of Extraordinary General Meetings convened to address amendments to the Articles of Association shall be issued not earlier than six weeks and not later than two weeks prior to the Meeting. General Meetings may be held in the municipalities of Stockholm, Solna or Sigtuna. At General Meetings, shareholders may be accompanied by not more than two advisors, on condition that the shareholder has given the Company prior notice of this.

The 2008 Annual General Meeting was held on April 8 and was attended by 187 shareholders representing 59 percent of the share capital and 86 percent of the total number of voting rights.

OWNERSHIP STRUCTURE AND VOTING RIGHTS

NCC shares are issued in two series, designated Series A and Series B shares. Each Series A share carries ten votes and each Series B share one vote. All of the shares carry identical rights to participation in the Company's assets and profits and identical entitlement to dividends. The distribution of shares and voting rights is shown on p. 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 such matters. Following a conversion decision, the matter is reported to Euroclear Sweden AB (formerly VPC) for registration. Conversions become effective when the shares are registered.

NCC'S CONTROL STRUCTURE 2008



COMPOSITION OF THE BOARD

The Board shall consist of not fewer than five and not more than ten members elected by the Annual General Meeting. The employees are represented on the Board. The Board Members are elected for a period of one year. During 2008, there were six elected Board Members. The Board also included three representatives and two deputies for the employees. Three of the Board members (Antonia Ax:son Johnson, Tomas Billing and Marcus Storch) were dependent on the principal owner Nordstjernan and one member (Fredrik Lundberg) was dependent on the second largest shareholder L E Lundbergföretagen. Ulf Holmlund and Ulla Litzén are independent in relation to NCC's major shareholders. All Board Members are independent in relation to the company and company management. Information on individual Board Members is presented on pp. 106–107.

NOMINATION ACTIVITIES

The Annual General Meeting elects a Nomination Committee, which nominates candidates to the Annual General Meeting for election as Board members, proposes the fees to be paid to Board members and nominates auditors and the fees to be paid to them. The Annual General Meeting held on April 8, 2008 re-elected Viveca Ax:son Johnson (Chairman of Nordstjernan AB), Ulf Lundahl (Deputy CEO of L E Lundbergföretagen AB) and Mats Lagerqvist (President of Swedbank Robur AB) to the Nomination Committee, with Viveca Ax:son Johnson as chairman. Tomas Billing, Chairman of the NCC Board, was a co-opted member of the Committee, but had no voting right. No remuneration was paid to members of the Nomination Committee.

A report on the Nomination Committee's work and motions ahead of the 2009 Annual General Meeting is presented on NCC's website www.ncc.se under the "Corporate Governance" tab.

BOARD DUTIES

In 2008, NCC's Board held six scheduled meetings and the statutory meeting held directly after the Annual General Meeting, making a total of seven meetings. The number of meetings complied with a pre-established schedule. The Board's work focuses primarily on strategic issues, business plans, the financial accounts and major investments and divestments, plus other decisions that, in accordance with the NCC's decision-making procedures, have to be addressed by the Board. Reporting on the progress of the Company's operations and financial position was a standing item on the agenda. The Board has established operating procedures for its work and instructions for the division of duties between the Board and the CEO, as well as for financial reporting to the Board. The Board made several worksite visits in connection with Board meetings. Other senior executives within NCC participated in Board meetings in order to present matters. NCC's senior legal counsel was secretary of the Board.

On several occasions, the Board has evaluated the matter of establishing committees to deal with remuneration and audit-related issues. The Board has decided not to establish such committees and instead to address remuneration and audit-related issues within the framework of ordinary Board work (also see the section entitled "Work involving audit, financial reporting and internal control" on p. 102.

CHAIRMAN OF THE BOARD

The Chairman of the Board directs the work conducted by the Board and maintains regular contact with the CEO, in order to continuously monitor the Group's operations and development. The Chairman represents the Company in ownership matters.

Composition and attendance 2008

	Feb. 7	April 8	April 28	Aug. 21	Nov. 10	Dec. 5
Board Members elected by the Annual General Meeting						
Tomas Billing	✓	✓	✓	✓	✓	✓
Antonia Ax:son Johnson	✓	✓	✓	–	✓	✓
Ulla Litzén*			✓	✓	✓	✓
Ulf Holmlund	✓	✓	✓	✓	✓	✓
Fredrik Lundberg	✓	✓	✓	✓	✓	✓
Anders Rydin**	✓	✓				
Marcus Storch	✓	✓	✓	✓	✓	✓
Regular employee representatives						
Lars Bergqvist	✓	✓	✓	✓	✓	✓
Sven Frisk	–	✓	✓	✓	✓	✓
Ruben Åkerman	✓	✓	✓	✓	✓	✓

* Elected to the Board at the Annual General Meeting on April 8, 2008.
** Retired from the Board at the Annual General Meeting on April 8, 2008.

WORK INVOLVING AUDIT, FINANCIAL REPORTING AND INTERNAL CONTROL

According to the Swedish Code of Corporate Governance, the Board must document and disclose information about the manner in which the Board assures the quality of financial reporting and communicates with the Company's auditors. This information is contained in the "Board report on internal controls pertaining to financial reporting for the 2008 fiscal year" on pp. 104–105.

The CEO is responsible for ensuring that the Board receives continuous reports and information of such a quality that the Board is able to make well-founded assessments.

Business and financial reports are presented at each scheduled Board Meeting. Quarterly and year-end reports constitute the Company's fundamental financial reporting, which is supplemented by business unit information from NCC's internal reporting system. Each scheduled Board Meeting also addresses matters of material significance in terms of principle or major financial importance.

According to the Swedish Code of Corporate Governance, the Board must establish an audit committee. If, as in the case at NCC, the Board considers it more appropriate, the entire Board of Directors may fulfill the duties of an audit committee. The fact that the Board is relatively small facilitates its work. The Board meets the auditors twice a year, including one occasion without the presence of executive management. In addition, the Chairman of the Board has direct contact with the auditors on a number of occasions during the year.

The Board of Directors is evaluated within the framework of the Nomination Committee's work. In addition, the Board performs an annual evaluation of its work and the format for performing Board work, which constitutes part of the Nomination Committee's evaluation. For the purpose of examining the Company's Annual Report, consolidated financial statements, accounting records and the Company's management by the Board of Directors and President, the Annual General Meeting appoints a maximum of three Authorized Public Accountants, with a maximum of three deputies. A registered firm of accountants may also be appointed auditor of the Company. The Nomination Committee evaluates the audit work and nominates auditors. Auditors are appointed for a period of four years. The Annual General Meeting on April 8, 2008 addressed the matter of the election of auditors, and elected the registered firm of accountants PricewaterhouseCoopers AB as the Company's auditors up to the Annual General Meeting in 2012. Authorized Public Accountant Håkan Malmström was appointed PricewaterhouseCoopers AB's auditor in charge. For more information about auditors, see p. 107.

REMUNERATION OF THE BOARD OF DIRECTORS

The Nomination Committee proposes the fees to be paid to the Board of Directors. The Annual General Meeting on April 8, 2008 resolved that the director fees for Board work in 2008 would total SEK 2,535,000 to be distributed among the Board Members elected by the Annual General Meeting. The Chairman received SEK 575,000, the Deputy Chairman SEK 460,000 and the four other Board Members received SEK 375,000 each. The employee representatives do not receive director fees.

REMUNERATION OF EXECUTIVE MANAGEMENT

According to the Swedish Code of Corporate Governance, the Board must establish a remuneration committee to prepare matters relating to remuneration and other terms of employment for executive management. If, as in the case at NCC, the Board considers it more appropriate, the entire Board of Directors may fulfill the duties of a remuneration committee. Guidelines for salary and other remuneration for the Company's senior executives are resolved by the Annual General Meeting. Remuneration paid to the CEO is proposed by the Chairman and established by the Board. The CEO does not participate in this decision. Remuneration to other senior executives is proposed by the CEO and approved by the Chairman of the Board. Remuneration to the CEO and other senior executives consists of a fixed salary, variable remuneration, pension and other benefits. Framework conditions for variable remuneration are decided by the Board. The term "other senior executives" pertains to the executives who, in addition to the CEO, comprise Group Management. A specification of salaries and other remuneration paid to Board members, the CEO and senior executives is presented in Note 5, Personnel expenses.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The Board of Directors has established instructions for the division of duties between the Board and the CEO, and for financial reporting to the Board (also refer to above, "Work involving audit, financial reporting and internal control").

DEPUTY CHIEF EXECUTIVE OFFICERS

NCC has not appointed any Deputy Chief Executive Officers.

GROUP MANAGEMENT

In 2008, 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 and NCC Roads, plus the Chief Financial Officer and the Senior Vice Presidents for Corporate Communications and Corporate Legal Affairs. Further information on members of Group Management is presented on pp. 108–109.

Group Management mainly focuses on strategic matters and generally meets once per month.

INTERNAL GOVERNANCE

NCC's operations require a considerable amount of delegated responsibility. Procedures have been formulated within the Group in order to clarify exactly who is to do what at each stage of the decision-making process. In addition to strategic and organizational matters, the areas regulated include investments and divestments, rental and leasing agreements, financing, sureties, guarantees, the assessment of tenders and business agreements.

The number of projects in production varies from year to year but totals several thousands. The organization of each project varies according to the specific project's size and complexity. Each project is led by a project manager who is responsible for product format, purchases, financial aspects, production, quality, completion and handover to the customer. Major projects are monitored on a monthly basis by the CEO and Chief Financial Officer. Tenders for projects exceeding SEK 300 M are subject to special assessment and must be approved by the CEO. Tenders for projects exceeding SEK 500 M must be confirmed by NCC AB's Board. Proprietary housing and property projects representing an investment exceeding SEK 20 M must be approved by the CEO and such projects exceeding SEK 100 M must be authorized by NCC AB's Board.

GOVERNANCE OF BUSINESS AREAS

The Group comprises business areas that constitute separate subsidiaries managed by presidents. Each business area has a Board of Directors, of which, among others, NCC AB's CEO, Chief Financial Officer and Senior Legal Counsel are members. For certain decisions, the approval of the CEO or NCC AB's Board Chairman or Board of Directors is required. The decision-making procedure consists of proposals, endorsement, decisions and confirmation. A matter requiring a decision is normally processed by the entity that initiated the matter or which is responsible for it in terms of function. Many types of decisions are preceded by consultation. Country managers (the heads of NCC's Construction units in each country) are responsible for initiating coordination in matters involving several NCC units in the particular country. Such matters include the Group's brands and image, utilizing synergism, maintaining uniform systems for salaries, accounting and IT, and coordinating salary-setting and personnel policies.

CODE OF CONDUCT

A comprehensive program to formulate and implement the values that are to hallmark NCC's operations has been under way in recent years. These values have been translated into norms and rules governing how NCC employees are to behave in various situations. They were summarized in a document that was adopted by Group Management in 2003 and was revised in 2006 under the name 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.

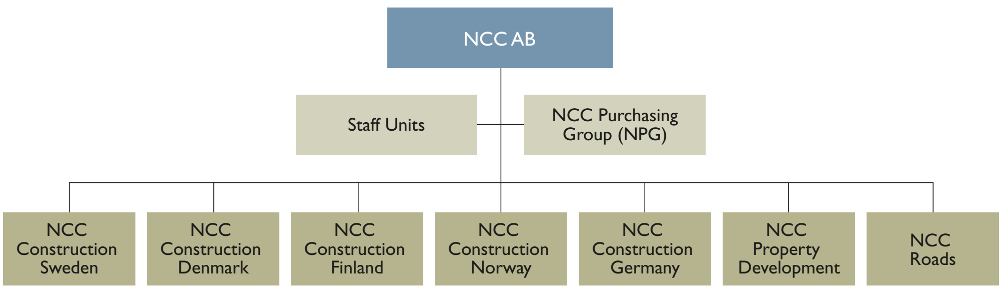
Every manager has an obligation, within his or her area of responsibility, to ensure that employees and business partners are informed about the contents of the Code of Conduct and urged to observe them. NCC managers must always set a good example. Adherence to the Code of Conduct is followed up continuously as a natural part of ongoing operations.

Repeated and serious violation of the Code of Conduct results in corrective action. If any of NCC's business partners repeatedly and seriously violates NCC's Code of Conduct, cooperation is discontinued.

The Compliance Program, consisting of a comprehensive training program in business ethics and competition law, was introduced in 2002. The program is now an integral part of NCC's ordinary training of newly appointed managers and has been received by approximately 2,700 managers within the Group since 2002. The program is a part of the employment relationship.

Further information on control and corporate governance within NCC is presented on the Group's website – www.ncc.se – where the Articles of Association and the Code of Conduct are also available.

NCC'S ORGANIZATION 2008*



* See p. 6 for a description of the organization in 2009.

INTERNAL CONTROL REPORT

THE BOARD OF DIRECTOR'S REPORT ON INTERNAL CONTROL PERTAINING TO FINANCIAL REPORTING FOR THE 2008 FISCAL YEAR

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control. This report has been prepared pursuant to Rule 10.5 of the Swedish Code of Corporate Governance and is thus limited to the internal control of financial reporting.

This report does not represent part of the formal annual report documentation.

The NCC Group is a decentralized international organization with business areas structured in a corporate format based on rules concerning the companies' governance in accordance with company law. Each year, the Board of Directors establishes rules of procedure for the work of the Board of Directors and an instruction concerning the division of work between the Board and the Chief Executive Officer. Operational management of the Group is based on decision-making within the NCC Group that is adopted annually by the Board. The decision-making regulations stipulate the matters that require the Board's approval or confirmation. In turn, this is reflected in the decision-making regulations and attestation regulations applying for the subsidiaries. At Board meetings, the CEO and, where applicable, subsidiary presidents present the matters that require treatment by the Board.

The CEO must ensure that the Board receives factual, exhaustive and relevant information to enable the Board to make well-founded decisions, and to keep it continuously informed of the development of the Company's operations and its financial position.

In addition, NCC's auditor, PricewaterhouseCoopers AB, must report the results of its examination and proposed measures to the NCC Board on two occasions per year, including one occasion without the attendance of Company management. Prior to these meetings, views from the audit of the business areas and subsidiaries have been presented to the Board meetings held in the particular business area/subsidiary or to the respective business area management. Actions must be taken concerning the views that arise and these actions must be followed up systematically within the particular unit.

The control environment, organization, decision-making paths, authorities and responsibilities that are documented and communicated in control documents, as well as internal policies, guidelines and manuals, form the basis for the internal control pertaining to financial reporting.

Information and communication regarding the internal policies, guidelines, manuals and codes to which the financial reporting is subject is available on NCC Starnet Ekonomi (NCC's Intranet). Starnet Ekonomi is a living regulatory system that is updated regularly through the addition of, for example, new regulations concerning IFRS and Nasdaq OMX Stockholm. NCC's Chief Financial Officer has principal responsibility for Starnet Ekonomi which, among other documents, contains the following:

- Policies and regulations for the valuation and classification of assets, liabilities, revenues and costs.
- Definitions of the terms used within NCC.
- Accounting and reporting instructions.
- Framework for self-evaluation of internal controls.
- The organization of the financial control function.
- Time schedules for audit and reporting occasions, among others.
- Decision-making regulations.
- Attestation instructions.

All financial reporting must comply with the rules and regulations found on Starnet Ekonomi.

Financial reporting occurs in part in the form of figures in the Group-wide reporting system and in part in the form of written comments in accordance with a specially formulated template. Instructions and regulations concerning both written and figure-based reporting are available on Starnet Ekonomi. The rules and regulations are updated under the auspices of the Chief Financial Officer. In addition, regular training programs and conferences are arranged for management and financial control personnel pertaining to joint principles concerning the requirements to which the internal control is subject. This is within the Chief Financial Officer's sphere of responsibility.

NCC applies a **risk-assessment and risk-management method** to ensure that the risks to which the Company is exposed are managed within the established framework. The material risks that have to be taken into account are operating risks, development risks, seasonal risks, the risk of errors in profit recognition, financial risks and insurance risks. Within NCC, this is done in several different ways:

- **Monthly meetings** with the president and financial manager of each particular business area. These meetings are always attended by the CEO and the Chief Financial Officer. The monthly meetings address such matters as orders received, earnings, major ongoing and problematical projects, cash flow and outstanding accounts receivable. The meetings also address tenders and major investments, in accordance with the decision-making regulations.
- **Board meetings** in the various business areas, which are held at least five times per year. Minutes are taken of these meetings. The members of each particular board include NCC AB's CEO and the Chief Financial Officer, as well as the Senior Legal Counsel. These meetings address the complete income statement, balance sheet and cash flow statement in terms of both outcome and forecast, alternatively budget. The meetings also address tenders and investments, in accordance with the decision-making regulations. Investments and divestments of real estate exceeding SEK 100 M must be approved by NCC AB's Board. All investments exceeding SEK 20 M must be approved by NCC AB's CEO.
- **Major tenders** to be submitted by the business area (exceeding SEK 300 M) must be approved by NCC AB's CEO. Tenders exceeding SEK 500 M must be endorsed by NCC AB's Board.
- NCC AB's Board receives monthly **financial reports** and the current financial status is presented at each Board meeting.

Financial risk positions, such as interest rate, credit, liquidity, exchange rate and refinancing risks, are managed by the specialist function, NCC Corporate Finance. NCC's **finance policy** stipulates that NCC Corporate Finance must always be consulted and, in cases where Corporate Finance sees fit, must manage financial matters.

At NCC, financial reporting and the management of risks are based on a number of **control activities** that are conducted at various levels of the companies and business areas. This occurs in part via the IT systems that support the various operational processes and in part through appropriately designed manual controls intended to prevent, discover and correct faults and nonconformities. Great importance is attached to ensuring that the transactions included in the financial reporting are correct. NCC also attaches considerable weight to the follow-up of projects.

Follow-ups to safeguard the quality of the internal controls are conducted in various ways within NCC. Since the introduction of the Swedish Code of Corporate Governance, NCC has developed a system (framework) for documented self-evaluation of internal controls. Such self-evaluation is performed regularly for NCC's business areas and Group office, and constitutes part of the basis for the Board's assessment of the internal controls.

Controls to ensure that projects are running smoothly are evaluated through operational audits, which lead to continuous evaluations and follow-ups to check that any shortcomings are being rectified. The internal controls are also followed up via Board work within the various business areas and, in cases where it is considered that targeted action is required, the financial control and controller organization is utilized.

NCC's auditor, PricewaterhouseCoopers AB, also examines a selection of NCC's controls as part of its audit process.

In view of the follow-ups conducted via the operational audits and through the financial control and controller organization, the Board is of the opinion that there is no need for a special internal examination function.

In the light of the above, the Board of Directors considers that NCC has a well-balanced control structure.

This report has not been examined by the company's auditors.

BOARD OF DIRECTORS AND AUDITORS

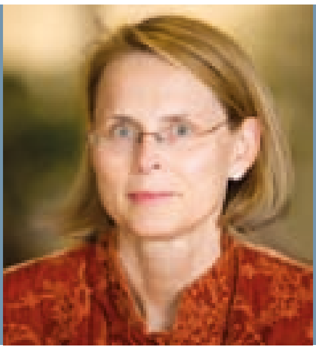
APPOINTED BY ANNUAL GENERAL MEETING

Tomas Billing

Fredrik Lundberg

Antonia Ax:son Johnson

Ulf Holmlund



Ulla Litzén

Marcus Storch

TOMAS BILLING

Chairman. Born 1963.
Board member since 1999 and Chairman since 2001.
President of Nordstjernan AB. Chairman of Nordstjernan Industriutveckling AB and Välinge Flooring Technology AB. Board member of Etac AB. Previous experience: President of Hufvudstaden AB and Monark Bodyguard AB, among other positions.
Shareholding in NCC AB: 20,600 Series A shares and 55,400 Series B shares.

FREDRIK LUNDBERG

Deputy Chairman. Born 1951.
Board member and Deputy Chairman since 1997.
President and Chief Executive Officer of L E Lundbergföretagen AB. Chairman of Cardo AB, Holmen AB and Hufvudstaden AB. Deputy Chairman of Svenska Handelsbanken AB. Board member of L E Lundbergföretagen AB, Sandvik AB and Industrivärden AB.
Shareholding in NCC AB: 0.

ANTONIA AX:SON JOHNSON

Born 1943.
Board member since 1999. Chairman of Axel Johnson AB, Axel Johnson Inc. and Axel and the Margaret Ax:son Johnson Foundation. Deputy Chairman of Nordstjernan AB. Board member of Axfast AB, Axfood AB, Mekonomen AB and the Axel and Margaret Ax:son Johnson Foundation for Public Benefit, as well as the World Childhood Foundation.
Shareholding in NCC AB: 167,400 Series A shares and 72,400 Series B shares via private companies.

ULF HOLMLUND

Born 1947.
Board member since 2004. Board member of Atrium Ljungberg AB, Anticimex Holding AB and Nils Hanssons Åkeri AB. Previous experience: President of LjungbergGruppen AB (1983–2003) and President of Fastighets AB Celtica (1993–2003), among other positions.
Shareholding in NCC AB: 10,000 Series B shares.

ULLA LITZÉN

Born 1956.
Board member since April 8, 2008. Board member of Alfa Laval AB, Atlas Copco AB, Boliden AB, Rezidor Hotel Group AB and AB SKF. Previous experience includes: President of W Capital Management AB (2001–2005) and Vice President of Investor AB (1996–2001).
Shareholding in NCC AB: 3,400 Series B shares.

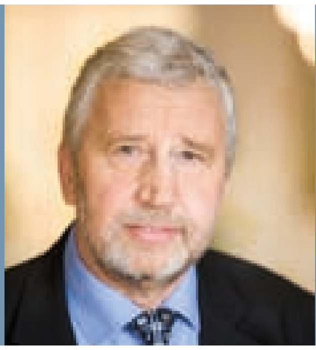
MARCUS STORCH

Born 1942.
Board member since 1998. Chairman of the Nobel Foundation. Deputy Chairman of Axel Johnson AB and Mekonomen AB. Board member of AB Hannells Industrier, Axfood AB and Nordstjernan AB. Member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences. Previous experience: President of AGA AB (1981–1997), among other positions.
Shareholding in NCC AB: 20,000 Series B shares via private companies.

The details regarding shareholdings in NCC pertain to shares that were directly owned or owned via companies at December 31, 2008. 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

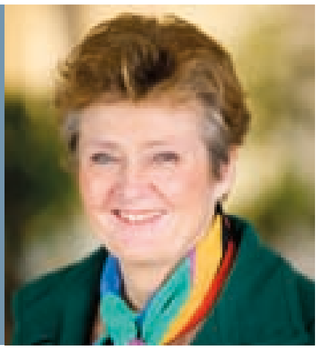
Lars Bergqvist



Sven Frisk

Ruben Åkerman

Karl-Johan Andersson



Marita Mannerfjord

SECRETARY

Ulf Wallin

LARS BERGQVIST

Born 1951. Construction engineer.
Board member since 1991. Employed since 1975.
Shop steward at NCC. Employee representative of Ledarna (Swedish Association of Supervisors). Other assignments: Chairman of Byggcheferna (union of construction managers).
Shareholding in NCC AB: 200 Series B shares.

SVEN FRISK

Born 1946. Carpenter.
Board member since 1999. Employed since 1978.
Construction carpenter and shop steward at NCC. Employee representative of Svenska Byggnadsarbetareförbundet (Swedish Building Workers' Union). Other assignments: Chairman of Svenska Byggnadsarbetareförbundet's local union branch in Gothenburg.
Shareholding in NCC AB: 0.

RUBEN ÅKERMAN

Born 1945. Carpenter.
Board member since 2004. Employed since 1964. Shop steward at NCC. Employee representative of Svenska Byggnadsarbetareförbundet (Swedish Building Workers' union).
Shareholding in NCC AB: 0.

KARL-JOHAN ANDERSSON

Born 1964. Paver.
Substitute Board member since 2007. Employed since 1984. Paver and shop steward within NCC. Employee representative of SEKO (Union for Employees in the Service and Communication Sectors). Other assignments: Substitute member of SEKO's Executive Committee. Member of SEKO's Road and Rail Department in Skåne. Chairman of the paving section in Skåne.
Shareholding in NCC AB: 0.

MARITA MANNERFJORD

Born 1944. Health-maintenance counselor.
Deputy Board member since 1998. Employed since 1968. Employee representative of Unionen (formerly SF, Swedish Industrial Salaried Employees' Association). Administrator in Work Environment and Health.
Shareholding in NCC AB: 0.

SECRETARY

ULF WALLIN

Born 1949. General Counsel in NCC AB up to and including December 31, 2008. NCC AB's Board Secretary since 1996.
Shareholding in NCC AB: 1,000 Series B shares.

AUDITORS

PRICEWATERHOUSECOOPERS AB

HÅKAN MALMSTRÖM

Auditor in charge. Born 1965. Other significant assignments: Auditor of Gambro AB, Karo Bio AB, Nordstjernan AB and TeliaSonera AB.

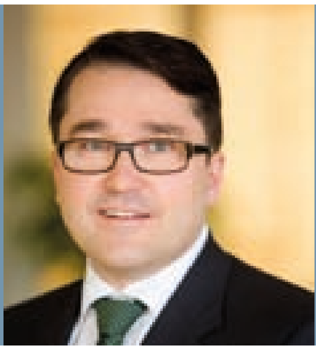
ULF WESTERBERG

Born 1959. Other significant assignments: Auditor of Brio AB, Home Properties AB, Malmbergs Elektriska AB and SBAB.

MANAGEMENT

GROUP MANAGEMENT


Olle Ehrlén


Tomas Carlsson

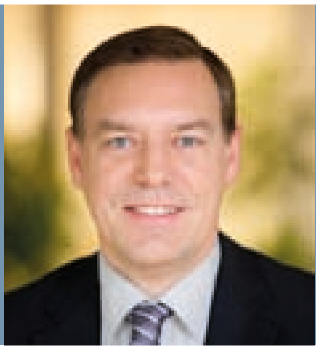

Torben Biilmann


Timo U. Korhonen


Peter Gjörup


Joachim Hallengren


Peter Wågström


Göran Landgren

OLLE EHRLÉN

Born 1949. President and CEO of NCC since February 12, 2007. Formerly Deputy Chief Executive Officer and President of NCC Construction Sweden since 2001. Employed by NCC since 1973. Previous experience: Regional Manager at NCC Building Stockholm, construction Staff Manager in civil engineering operations, Business & Technological Development Manager in construction operations and Department Manager in rebuilding operations, among other positions.
Shareholding in NCC AB: 10,900 Series B shares and call options corresponding to 29,874 Series B shares.

TOMAS CARLSSON

Born 1965. President of NCC Construction Sweden since February 12, 2007. Employed by NCC since 1991. Previous experience: Regional Manager at NCC Construction Sweden Western Region (2005–2006), Head of NCC Roads' New Markets (Poland, Baltic countries and St. Petersburg) 2000–2005, Production Manager at Skanska 1999–2000 (Southern Link), Supervisor at NCC Industry (Ballast) 1997–1999, various positions in NCC's civil engineering operations (1991–1996), among other positions.
Shareholding in NCC AB: 4,000 Series B shares and call options corresponding to 19,915 Series B shares.

TORBEN BIILMANN

Born 1956. President of NCC Construction Denmark since October 26, 2006. Employed by NCC since 1984 (what was then Rasmussen & Schiötz, which was acquired by NCC in 1996). Previous experience: Deputy president of NCC Construction Denmark, with responsibility for such items as strategy, operational development and housing investments (2005–2006), various management positions in NCC Construction Denmark since 1990, among other positions.
Shareholding in NCC AB: 0.

TIMO U. KORHONEN

Born 1952. President of NCC Construction Finland since 2001. Employed by NCC during 1988–1993 and since 1998. Previous experience: Regional Manager at Puolimatka, Business Area president at Lemminkäinen Construction and President of NCC International, among other positions. Other assignments: Board member of Finnish Federation of Building Industries and Mutual Pension Insurance Company Etera.
Shareholding in NCC AB: call options corresponding to 19,915 Series B shares.

PETER GJÖRUP

Born 1959. President of NCC Construction Norway since October 1, 2007. Employed by NCC since 1984. Previous experience: Manager of Norrland Region in NCC Construction Sweden among other positions in both civil engineering and building.
Shareholding in NCC AB: 53 Series A shares.

JOACHIM HALLENGREN

Born 1964. President of NCC Property Development as of April 1, 2009. Employed by NCC since 1995. Previous experience: Head of NCC Property Development's Swedish operations (2007–2009), Regional Manager NCC Property Development Western Sweden (2004–2007), Regional Manager NCC Property Development Southern Sweden (2003–2004), various positions within NCC's Property Development operations (1995–2003), among other positions.
Shareholding in NCC AB: 3,000 Series B shares.

PETER WÅGSTRÖM

Born 1964. President of NCC Housing as of January 1, 2009 and President of NCC Property Development up to March 31, 2009. Employed by NCC since 2004. Previous experience: Head of NCC Property Development's Swedish operations (2004–2006), various management positions in Drott (currently Fabege) 1998–2004 and member of Drott's Group Management (2000–2004) and various positions in Skanska's real estate operations (1991–1998), among other positions. Other assignments: Chairman of the Swedish Society of Real Estate Economics (SFF).
Shareholding in NCC AB: 2,000 Series B shares and call options corresponding to 19,915 Series B shares.

GÖRAN LANDGREN

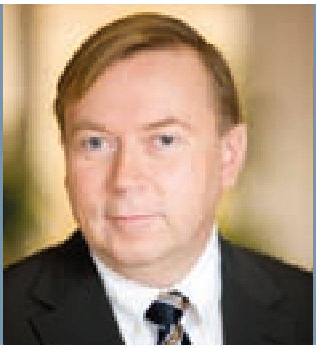
Born 1956. President of NCC Roads since September 1, 2006. Employed by NCC since 1981. Previous experience: Deputy President of NCC Construction Sweden with responsibility for marketing, business development and subsidiaries (2004–2006) and various positions in building and civil engineering operations at NCC (1981–2001). Employed by Peab as Head of the Civil Engineering Division (2001–2003).
Shareholding in NCC AB: 0.

Ann-Sofie Danielsson

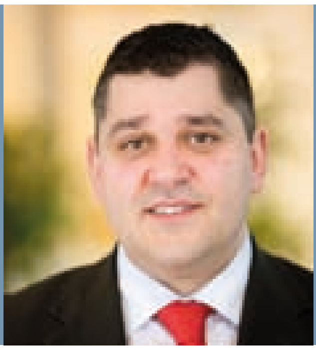
Annica Gerentz

Håkan Broman

OTHER SENIOR EXECUTIVES

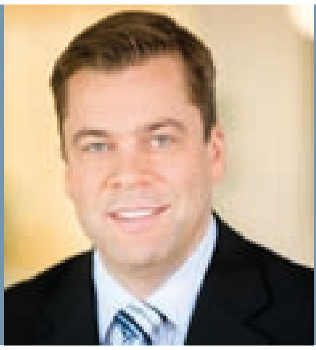


Olle Boback



Athanassios Boukas

Charlotte Z. Lindstedt*



Mats Pettersson

ANN-SOFIE DANIELSSON

Born 1959. Chief Financial Officer since March 1, 2007 and Financial Director since 2003. Employed by NCC since 1996. Previous experience: Finance Director and Group controller at NCC AB (1999–2003), Group Accounts Manager at NCC AB (1996–1999) and Group Accounts Manager at Nynäs AB (1993–1995), among other positions. Authorized Public Accountant at Tönnerviksgruppen and KPMG (1984–1992). Other assignments: Board member of Svenska Kraftnät.
Shareholding in NCC AB: 1,000 B shares and call options corresponding to 19,915 Series B shares.

ANNICA GERENTZ

Born: 1960. Senior Vice President Corporate Communications at NCC since 2004. Employed by NCC since 2000. Previous experience: Investor Relations Manager at NCC AB since 2000, president and journalist of Börsveckan (1998–2000), editor of Risk & Försäkring newsletter (1996–1998), journalist at Nyhetsbyrån Direkt (1989–1996), among others editorial manager, and journalist at Dagens Industri (1987–1989) and journalist at Expressen (1983–1987), among other positions. Other assignments: Board member of the Swedish Public Relations Association.
Shareholding in NCC AB: call options corresponding to 19,915 Series B shares.

HÅKAN BROMAN

Born 1962. General Counsel in NCC AB since January 1, 2009. Employed by NCC since 2000. Previous experience: corporate lawyer at NCC International Projects and NCC Property Development (2000–2008), corporate lawyer at ABB/Daimler Chrysler Transportation (1996–2000), lawyer at Ekelunds advokatbyrå (1993–1996) and positions in Swedish court system (1991–1993), among other positions; active in the European International Contractors (EIC) since 2001.
Shareholding in NCC AB: 500 Series B shares.

Management changes:
Peter Wågström became President of the new business area NCC Housing, effective January 1, 2009. Joachim Hallengren has been appointed President of NCC Property Development, effective April 1, 2009. Peter Wågström will continue to serve as President until Joachim Hallengren assumes office. Håkan Broman succeeded Ulf Wallin as General Counsel of NCC AB on January 1, 2009. Athanassios Boukas has been appointed new President of the Group's purchasing company, as of January 1, 2009.

OLLE BOBACK

Born 1953. President of NCC Construction Germany since 2001. Employed by NCC since 1974. Previous experience: department and regional manager in NCC's German operations, among other positions. Active in Germany for 20 years. Other assignments: Board member of Swedish Chamber of Commerce, Germany, and of Construction Federation in Berlin-Brandenburg.
Shareholding in NCC AB: 5,800 Series B shares and call options corresponding to 19,915 Series B shares.

ATHANASSIOS BOUKAS

Born 1968. President of NCC's Group purchasing company since 2009. Employed by NCC since 2007. Previous experience: manager of NCC's international purchasing offices, NCC Purchasing Group (2007–2009), Group Purchasing Manager Emerson Energy Systems (2006–2007), Manager of Strategic Purchasing at Emerson Energy Systems (2001–2006) and Strategic Purchaser at Ericsson Components (1996–2001).
Shareholding in NCC AB: 0

CHARLOTTE Z. LINDSTEDT*

Born 1959. Finance Director since 2004. Employed by NCC since 1989. Previous experience: President of NCC Treasury (1998–2004), senior trader at NCC Treasury (1989–1998), accountant at the Axel Johnson Group (1983–1989), among other positions.
Other assignments: Chairman of the Swedish Association of Corporate Treasures, member of FPG's Nomination Committee. Shareholding in NCC AB: 500 Series B shares and call options corresponding to 19,915 Series B shares.

MATS PETTERSSON

Born 1961. Vice President Human Resources since March 1, 2007, Personnel Manager in NCC Construction Sweden since 2005. Employed by NCC since 2005. Previous experience: personnel manager at Manpower (1999–2005), personnel manager at SSP Restaurants and at Eurest (1993–1999), head of cabin department and training, salesman and steward at Scanair (1985–1993), and travel guide, site manager and seller Fritidsresor (1981–1985), among other positions.
Shareholding in NCC AB: 0.

* Reports to the CFO.

THE NCC SHARE

The stock-market trend in 2008, which was exceptional with major fluctuations, declined sharply across the board. The trend for the NCC share was no exception. The total return for Series B shares (share performance plus dividend) was minus 49 percent. The year-end price of the NCC share corresponded to market capitalization of slightly more than SEK 5.2 billion.

NCC's shares were initially listed on the Stockholm Stock Exchange in 1988, under the Nordstjernan name. The shares are currently traded on Nasdaq OMX Stockholm/Large Cap.

SHARE PERFORMANCE AND TRADING

The global financial crisis and sharply weaker economic conditions gave rise to considerable uncertainty and resulted in substantial price fluctuations on all stock markets in 2008. The trend on Nasdaq OMX Stockholm was also turbulent and sharply negative.

During 2008, the price of Series B NCC shares declined 64 percent. This may be compared with the SIX General Index, which declined by 42 percent, and the SIX Construction and Civil Engineering Index, which dropped 45 percent.

A total of 127.1 million (99.9) NCC shares were traded in 2008, at a combined value of about SEK 13.4 billion. The turnover rate for Series A NCC shares was 4 percent (3) and the rate for Series B shares was 204 percent (160)[1]. The turnover rate for the Large Cap list was 165 percent and that for Nasdaq OMX Stockholm as a whole 152 percent.

OWNERSHIP STRUCTURE

Nordstjernan AB is the largest and L E Lundbergföretagen AB the second largest NCC shareholder. The proportion of foreign shareholders during 2008 was unchanged at 14 percent of the share capital, with the US and UK accounting for the largest holdings. The largest share sales during the year were made by Nordea, SEB and Lannebo funds. The largest share purchases during the year were made by Unionen, AMF Pension funds and DFA funds (USA).

SHARE REPURCHASES AND CONVERSIONS

The number of treasury shares at year-end was 21,138, which derived from a rolling options program that was concluded in 2007. In 1996, holders of Series A shares were provided with the opportunity to convert their Series A shares to B shares. During 2008, 518,400 (691,900) shares were converted and a total of 17.4 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 policy for the ordinary cash dividend is to distribute at least half of profit after taxes as dividends. The Board of Directors proposes an ordinary dividend of SEK 4.00 (11.00) per share for 2008. In 2007, an extraordinary dividend of SEK 10.00 per share was also paid.

The proposed ordinary dividend amounts to SEK 434 M (1,193), corresponding to 24 percent of profit after taxes for the year. The dividend proposal, which is lower than the level stipulated in the dividend policy, should be viewed in the light of the turmoil prevailing in financial systems, in combination with expectations of a weaker market in 2009.

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 2008 was approximately minus 49 percent (minus 16) for Series B shares. The Nasdaq OMX Stockholm average, according to Six Return Index, was minus 39 percent (plus 28).

[1] Excluding treasury shares.

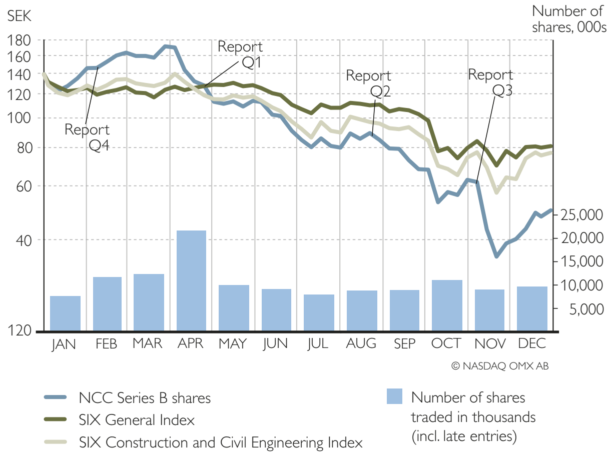
The NCC share on Nasdaq OMX Stockholm 2008

Share data

	Series A shares	Series B shares
Total number of shares[1]	46,396,448	62,018,236
Round lot	100 shares	100 shares
Voting rights	10 votes	1 vote
Total share turnover	1,756,639	125,319,668
Number of shares traded per day	6,971	497,300
Turnover rate, %	4	204
Share price at start of year, SEK	137.50	139.00
Share price at year-end, SEK	46.10	49.50
Highest price paid, SEK	183.00	175.00
Lowest price paid, SEK	35.00	34.50
Beta value	0.86	0.85
Paid-out dividend, SEK	21.00	21.00
Total return, %	–51	–49

[1] Excluding treasury shares.

Share-price trend 2008



NCC share trend in past five years

	2004	2005	2006	2007	2008
Market price at year-end, NCC B share, SEK	88.00	142.50	187.50	139.00	49.50
Market capitalization, SEK M	8,984	15,282	20,242	14,999	5,209
Earnings per share, SEK[1]	8.05	10.86	15.74	20.73	16.69
Ordinary dividend, SEK	4.50	5.50	8.00	11.00	4.00[2]
Extraordinary dividend, SEK	10.00	10.00	10.00	10.00	–
Dividend yield, %	16.5	10.9	9.6	15.1	8.1
Total return, %[3]	76	78	42	–16	–49
Number of shares at year-end (millions)	102.4	107.2	108.1	108.4	108.4

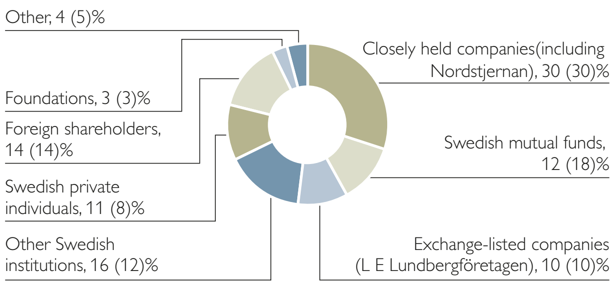
Key figures per share are presented in the Multi-year review on p. 98.
1) After tax and full dilution.
2) Proposed dividend
3) Share performance and dividend paid in relation to the price of NCC's share at the beginning of the year.

Distribution of shares by holding, December 31, 2008[1]

Holding	No. of shares held	Percentage of total No. of shareholders	No. of shares	Percentage of share capital
1–500	23,798	72.7	4,318,057	3.9
501–1,000	4,835	14.8	4,088,585	3.8
1,001–10,000	3,662	11.2	10,284,764	9.5
10,001–100,000	338	1.0	9,819,979	9.1
100,001–1,000,000	88	0.2	27,158,116	25.1
1,000,001–	9	0.1	52,745,183	48.6
Total	**32,730**	**100.0**	**108,414,684**	**100.0**

1) Calculated after a deduction for repurchased shares.
(Source: Euroclear Sweden AB.)

Shareholder categories, percentage of share capital



Swedish equity funds reduced their ownership of NCC from 18 to 12 percent during 2008. Foreign ownership was unchanged while Swedish institutions increased their holdings.

Ownership structure at December 31, 2008

Shareholder	No. of Series A shares	No. of Series B shares	Percentage of[1] Share capital	Percentage of[1] Voting rights
Nordstjernan AB	29,000,000		26.7	55.1
L E Lundbergföretagen AB	10,850,000		10.0	20.6
Swedbank Robur funds	2,219,417	2,096,264	4.0	4.6
AMF Pension		3,250,000	3.0	0.6
Alecta		2,838,000	2.6	0.5
Danske funds		2,050,200	1.9	0.4
Skandia Liv	988,175	953,518	1.8	2.1
Unionen		1,472,028	1.4	0.3
AMF Pension funds		1,453,896	1.3	0.3
DFA funds (USA)	45,400	1,077,337	1.0	0.3
Total ten largest shareholders	**43,102,992**	**15,191,243**	**53.7**	**84.8**
Other shareholders in Sweden	3,131,874	33,001,169	33.4	12.3
Shareholders outside Sweden	161,582	13,825,824	12.9	2.9
Total	**46,396,448**	**62,018,236**	**100.0**	**100.0**
Treasury shares		21,138		
Total number of shares	**46,396,448**	**62,039,374**		

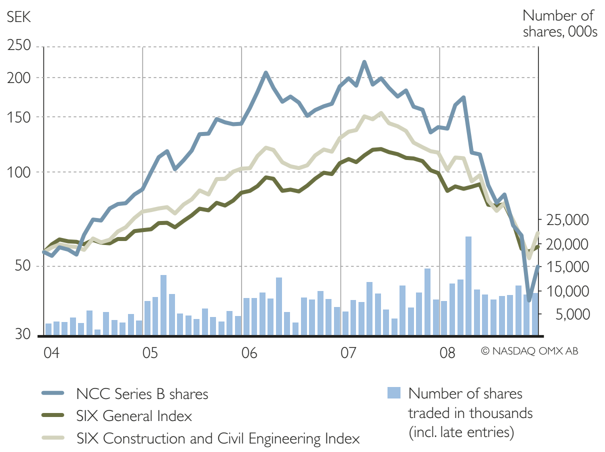
1) After repurchased shares have been deducted.
(Source: SIS Ägarservice and Euroclear Sweden AB.)

Series A and B shares

	Series A shares	Series B shares	Total A and B shares
No of shares on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares during 2000–2007	–16,196,834	16,196,834	
Shares repurchased during 2000–2003		–6,035,392	–6,035,392
Sale of repurchased shares during 2005–2007		6,014,254	6,014,254
No of shares on Dec. 31, 2007	**46,914,848**	**61,499,836**	**108,414,684**
Conversion of Series A to Series B shares during 2008	–518,400	518,400	
Number of shares at December 31, 2008[1]	**46,396,448**	**62,018,236**	**108,414,684**
Number of voting rights	463,964,480	62,018,236	525,982,716
Percentage of voting rights	88	12	100
Percentage of share capital	43	57	100
Closing price Dec. 31, 2008, SEK	46.10	49.50	
Market capitalization, SEK M	2,139	3,070	5,209

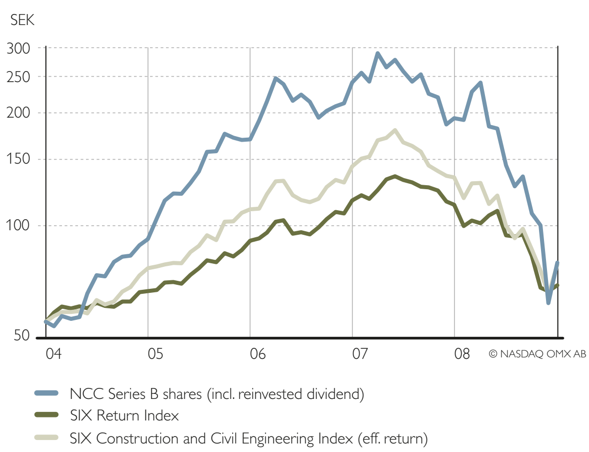
1) During the period January 1 to February 27, 2009, no Series A shares were converted to Series B shares.

Share-price trend and turnover, 2004–2008



The SIX General Index dropped 42 percent, while the price of the NCC share declined 64 percent in 2008.

Total return 2004–2008



The return on Series B NCC shares over the past five years is higher than the average for Nasdaq OMX Stockholm.

FINANCIAL INFORMATION

NCC will publish financial information regarding the 2009 fiscal year on the following dates:

April 7	Annual General Meeting
May 12	Interim report, January–March
August 19	Interim report, January–June
November 3	Interim report, January–September
February 2010	Year-end report 2009

NCC's interim reports are downloadable from the NCC Group's Internet website, www.ncc.se, where all information regarding the NCC Group is organized in English and Swedish versions. There are also links to brief descriptions in other languages, such as French, Chinese and Russian. The website also includes an archive of interim reports dating back to 1997 and an archive of annual reports dating back to 1996. Since 2003, NCC has not printed or distributed its interim reports.

The price performance of NCC's Series A and B shares, updated every 15th minute of each day of trading, is presented under the "Investor Relations" tab, as are relevant financial figures. Press releases issued by the Group, NCC AB, and local press releases from the various countries are available on the website. These releases are sorted by year, and a search function is also available.

NCC's financial information can be ordered either by using the order form available on the www.ncc.se website or by e-mailing ir@ncc.se, writing to NCC AB, SE-170 80 Solna, calling NCC AB at +46 8 585 510 00 or faxing NCC AB at +46 8 85 77 75.

The person within the NCC Group responsible for shareholder-related issues and financial information is Johan Bergman, 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 7, 2009.
Venue: Grand Hôtel, Vinterträdgården, Royals entré, Stallgatan 6, Stockholm, Sweden.
Notification can be made by post to the following address: NCC AB, Lisbeth Karlsson, SE-170 80, Solna; or by the NCC Group's Internet website www.ncc.se, or by telephone to +46 8 585 522 61; fax to +46 8 585 517 56; or e-mail to lisbeth.m.karlsson@ncc.se. Notifications should include name, personal identification number (corporate registration number), address, telephone number and registered shareholding.

Registration at the Meeting will begin at 3:30 p.m. The official notification of the Annual General Meeting is available on the NCC Group's website, www.ncc.info, and was published in Swedish daily newspapers in early March.

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.

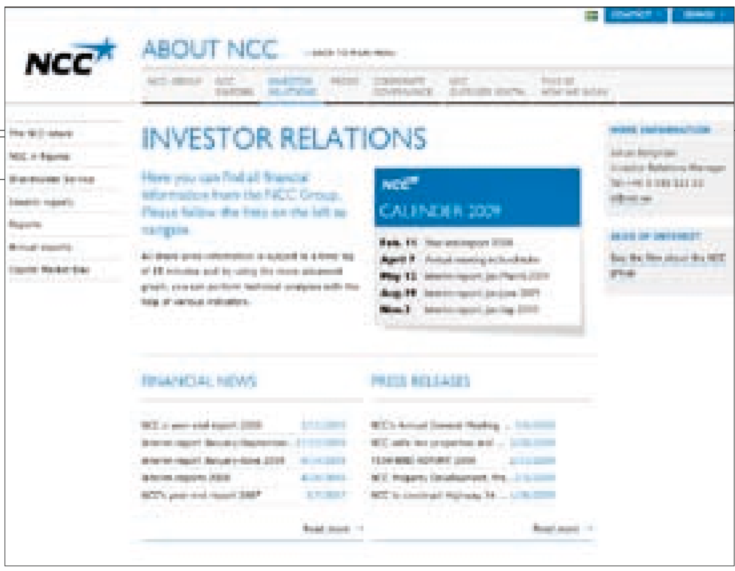
SHAREHOLDER INFORMATION ON NCC.SE

On NCC's website, under the Investor Relations tab, you will find financial information about the NCC Group and matters that concern you as an NCC shareholder.

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.



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INDEX OF KEY WORDS

Production: NCC and n3prenör.

Translation: The Bugli Company

Photographers: Bruno Ehrs cover, cover sleeve, pp. 18–23, pp. 34–35. Michael Haddenhorst p. 31. Helsebygg Midt-Norge p. 17. Sten Jansin cover sleeve, p. 3, p. 5, p. 7, p. 11, p. 14, pp. 16–17, p. 20, pp. 27–31, p. 33, p. 35 and p. 106–109. Johnér p. 23. Mikael Lindén p. 33. Cato A. Mørk p. 30. Sini Pennanen p. 12 and p. 29.

Printing: Åtta45, 2009.

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