Annual Report
2010

“2010 – better than *expected*”

Q1

From a low level, demand recovered in the Nordic construction market in early 2010. NCC’s orders received in the first quarter were 77 percent higher year-on-year. While the company reported a loss, which is generally the case in this seasonally weak quarter, the result was better than in the year-earlier period. Improved earnings, sales and a focus on cash flow resulted in an improvement in cash flow and low indebtedness.

Q2

Orders received remained strong during the second quarter. Earnings were weaker year-on-year due to a decline in sales and lower contributions from the development business. Cash flow, which is generally weak in this season, was strong, albeit lower than in the year-earlier period because of that period’s exceptionally strong cash flow. Since the increase in orders received in this quarter is expected to result in higher sales towards the end of the year, NCC began recruiting new employees.

Q3

During the quarter, an improvement in orders received began generating an impact on sales in the construction operation. Earnings were favorable – construction operations retained their profitability. Starts of property development projects increased from a low level, including a major project in central Malmö during the quarter.

Q4

NCC ended the year strongly and fourth-quarter earnings were higher year-on-year. Throughout the year, and particularly in the fourth quarter, NCC increased the number of propriety housing starts. The order backlog amounted to SEK 40,426 M at year-end, up 12 percent year-on-year. Overall, 2010 was a successful year for NCC and our financial objectives were achieved. The Board of Directors proposes a dividend of SEK 10 per share (6).

NCC 2010

FINANCIAL REPORT

SHAREHOLDER INFORMATION

Cover photo:
Passive building in Beckomberga, Stockholm, Sweden.
Photo: Casper Hedberg and Sten Jansin.

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REVIEW BY THE PRESIDENT. We entered 2010 in the wake of a severe recession, with declining volumes and a highly uncertain price and market trend. In addition, we did not have many proprietary development projects under production. In summarizing 2010, we can state that events did not unfold as we had feared. We experienced an exceptionally fast rebound and 2010 was a highly favorable year for NCC.

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STRATEGY. NCC's primary focus is on profitable growth, and the Group aims to be a leading player in its existing and highly familiar markets. Achieving profitability requires a focus on quality and costs. Capitalizing on Group synergies across business areas and among countries lends extra strength to our customer offering and reduces the Group's costs. A sharper focus on customers will reinforce NCC's position in the value chain.

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OPERATIONS. NCC has four operating sectors (seven business areas) with strong interoperational and cross-border synergies. The Group operates an integrated construction and development business, extending from development to production and the aftermarket. NCC is active in the Nordic region, the Baltic countries, Germany and St. Petersburg.

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SUSTAINABILITY. NCC develops and builds future environments for working, living and communication. This means that NCC is a society builder in the true sense of the word. This is considerable responsibility that provides opportunities to contribute to sustainable social development. As of 2010, NCC is reporting its sustainability efforts pursuant to Global Reporting Initiative's guidelines (GRI).

AMENDED ACCOUNTING POLICIES
– COMPARATIVE FIGURES FOR 2009 HAVE BEEN RESTATED.

In the Annual Report, comparative figures for 2009 have been restated because IFRIC 15, Agreements for the Construction of Real Estate, is being applied as of January 1, 2010. This applies to all tables and figures pertaining to 2009 unless otherwise stated. In brief, the change entails that revenues and profit from the sale of property and housing projects will not normally be recognized until the date when the property or housing unit has been sold, completed and handed over to the customer. This will usually entail that the recognition of such a sale will be delayed compared with the previous policy. The application of IFRIC 15 also affects the recognition of assets and liabilities. Firstly, tenant owner associations and Finnish housing companies, in contrast with the previous policy, are to be recognized in NCC's balance sheet. This mainly affects interest-bearing liabilities but also NCC's key figures.

GREATEST EFFECTS ON THE 2009 FINANCIAL STATEMENTS:

	2009	Change to IFRIC 15	2009 IFRIC
Net sales, SEK M	51,817	4,188	56,005
Operating profit, SEK M	2,150	469	2,619
Profit after financial items, SEK M	1,694	411	2,105
Net indebtedness, MSEK	–754	–1,030	–1,784
Debt/equity ratio, times	0.1		0.2
Return on shareholders' equity, %	18		25

For information on how IFRIC 15 is interpreted, refer to Note 1 Accounting policies, and for information on the effects of this restatement, refer to Note 46 Transition to IFRIC 15.

Review by the President
A remarkable turnaround

We entered 2010 in the wake of a severe recession, with declining volumes and a highly uncertain price and market trend. In addition, we did not have many proprietary development projects under production. From experience, we know that the construction industry is late in the business cycle, and there is a significant risk of higher costs when demand rises – which often leads to lower margins.

In other words, NCC appeared to be facing a difficult year. In summarizing 2010, we can state that events did not unfold as we had feared:

- Despite pressure on prices, the margin remained favorable – which forms the foundation for strong earnings. All Construction units reported robust earnings, the result of such strategies as prioritizing profitability over volume. Orders received recovered from a low level during the year.

YEAR IN BRIEF

- The economic recovery arrived faster than anticipated and demand in the Nordic construction market improved. NCC's orders received rose 18 percent in 2010.
- Net sales declined 12 percent in 2010, while profit after financial items decreased 5 percent to SEK 2,008 M (2,105).
- NCC achieved its financial objectives in 2010. Return on shareholders' equity after tax amounted to 20 percent (25). At year-end 2010, net indebtedness was SEK 431 M (1,784), which is a historically low level.
- The Board of Directors proposes a dividend for 2010 of SEK 10.00 per share (6.00) to the Annual General Meeting.

- The market scenario enabled a higher number of starts of residential-development and commercial projects. A comprehensive approach to the housing market through a single business area, NCC Housing, had an impact.
- Sales of proprietarily developed housing units were strong and earnings deriving from such efforts will be recognized later when we have completed and transferred the units, pursuant to new accounting policies.
- Our financial objectives were achieved through a combination of favorable profitability and strong cash flow.

NCC has experienced an exceptionally rapid turnaround between autumn 2008, when we stood on the brink of what was forecast to be the most severe economic recession since the 1920s, and 2010, which was a highly favorable year for NCC.

LONG-TERM AND CONSISTENT STRATEGIC FOCUS

A key explanation to the positive performance during the year lies in the financial strength that has successively been built up in the Group. This strength is in turn attributable to a distinct focus on cash flow and tied-up capital, which is generating new investment opportunities, but also to prioritizing profitability ahead of volumes.

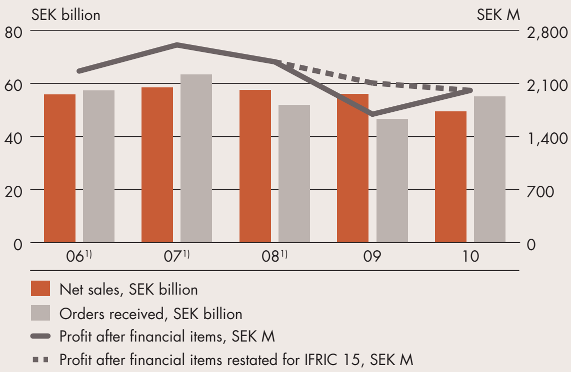
The foundation for our business approach is the long-term strategy that is summarized in three areas of focus: customers, costs and competence. Our overriding objective is to have the most attractive customer offering, the highest production efficiency and to be the best company to work for. In 2010, our positions were strengthened in several ways in our strategic areas:

- NCC Partnering is a form of collaboration based on openness and transparency toward the customer, with a focus on the project's best interests. The share of partnering assignments increased during the challenging years, despite an overall decline in orders received. Partnering is beneficial for customers – and for NCC.
- Completed customer surveys show that we have a highly significant share of satisfied customers.
- 2010 became the year in which green alternatives broke through in earnest – NCC was the first company in Sweden to submit Green tenders – meaning a green alternative for all major tenders.
- NCC is the leading company in virtual construction in several respects and this is becoming an increasingly natural element of the construction process. Virtual design and construction is the largest technological advancement in our sector in many years, and it enables improved project engineering, enhances production efficiency – which reduces costs – and generates higher quality.

"We prioritize profitability ahead of volumes"

NET SALES, EARNINGS AND ORDERS RECEIVED

Net sales declined in 2010 after two years of decreases in orders received in 2008 and 2009. In late 2010, net sales recovered in contracting operations, as well as in asphalt and aggregates, although this did not offset the decline experienced earlier in the year. In 2010, orders received rose 18 percent and the year-end order backlog amounted to SEK 40.4 billion.

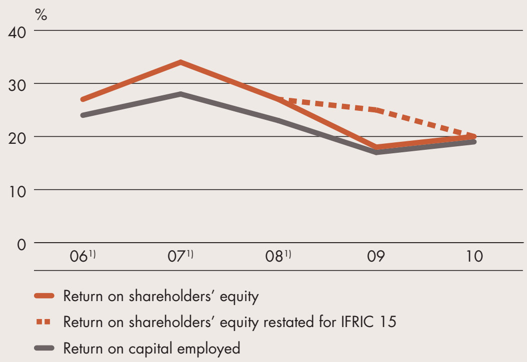


1) Earnings for 2006 – 2008 have not been restated in accordance with IFRIC 15.

"Healthy return objective achieved"

RETURN

The return on shareholders' equity rose through 2007, to subsequently decline in 2008 from a historically high level due to lower profitability, primarily in NCC Housing. In 2010, NCC's financial objective of 20 percent was achieved. The return on capital employed strengthened in 2010, as a result of a lower average tied-up capital, primarily related to housing projects.



1) The return for 2006 – 2008 has not been restated in accordance with IFRIC 15.

Coordinated and international purchasing remains one of the key aspects in reducing costs and increasing production efficiency. This is another area in which we have advanced our positions, and international purchasing is now a matter of course.

NCC WILL CAPITALIZE ON ITS STRONG POSITION

NCC is currently a leading player in many respects and our position and strength have grown increasingly in the past decade, although we naturally have challenges to face. We continue to focus intently on our "zero vision" in terms of workplace accidents – and each accident is a failure. Unfortunately, accidents also occurred in 2010. We strive to do everything right – although sometimes things go wrong through deficient quality. Based on an approach characterized by responsibility, we will take the proper course of action in every respect.

Since the competition in our sector is fierce, we must continue our relentless improvement work to win customers' trust. Quite simply, we must make continuous small savings.

The forceful actions that we took at an early stage to address the financial crisis and recession in 2008–2009 have provided NCC with a trim and streamlined organization that is ready to capitalize on the market now that it has rebounded. The financial strength creates a foundation for expansion – where *profitable* growth is the highest priority. By concentrating our offering to products and services at which we excel, and promoting them in markets with which we are familiar, we create the best possible conditions for the future NCC.

A FANTASTIC JOURNEY

I have had the privilege of being President and CEO of NCC for the past four years. These years have been challenging and demanding – just as it has been exciting to manage a competent and strong-willed organization filled with enthusiasts who have achieved great results despite challenging conditions. I am crowning my professional career by managing the company that I have worked for since graduating from Chalmers University of Technology in 1973. I started at what was then a small Swedish contracting company – today, NCC is a Nordic society builder that develops and constructs the environments of the future for working, living and communication. For me, this means 38 years at a single company – and it has been a fantastic journey in many ways, for me and for the company.

Over a long period, NCC has successively developed into a strong Nordic player that is now ready to take the next leap. I will pass the baton to a new President and CEO in conjunction with the Annual General Meeting on April 13, and it feels particularly gratifying that it will be passed to an internal candidate. NCC stands strong and ready for future challenges – and I am delighted to hand over the helm to Peter Wågström!

Solna, February 2011

Olle Ehrlén
President and CEO

KEY DATA

SEK M	2006[1]	2007[1]	2008[1]	2009[1]	IFRIC 2009	2010
Orders received	57,213	63,344	51,864	45,957	46,475	54,942
Order backlog	36,292	44,740	40,426	34,084	35,951	40,426
Net sales	55,876	58,397	57,465	51,817	56,005	49,420
Operating profit	2,392	2,790	2,219	2,150	2,619	2,254
Profit after financial items	2,263	2,608	2,385	1,694	2,105	2,008
Profit for the year	1,708	2,252	1,820	1,262	1,656	1,527
Earnings per share after dilution, SEK	15.74	20.73	16.69	11.63	15.26	14.05
Dividend per share, SEK	8.00	11.00	4.00	6.00	6.00	10.00[2]
Extraordinary dividend per share, SEK	10.00	10.00	–	–	–	–
Cash flow before financing	1,657	1,165	–178	2,837	5,960	1,934
Cash flow per share after dilution, SEK	15.28	10.74	–1.64	26.18	54.96	17.84
Return on shareholders' equity, %	27	34	27	18	25	20
Equity/assets ratio, %	22	21	19	26	23	26
Net indebtedness	430	744	3,207	754	1,784	431
Average number of employees during the year	21,784	21,047	19,942	17,745	17,745	16,731

1) Figures have not been restated in accordance with IFRIC 15.
2) Proposed dividend.

Meet Peter Wågström, *new President and CEO as of April 2011*

Peter Wågström was appointed the next President and CEO of NCC AB in December 2010 and will assume his position in conjunction with the Annual General Meeting on April 13, 2011. He was recruited to NCC in 2004 as President of NCC Property Development's Swedish operations, was then appointed President of the entire business area in 2007, and subsequently President of NCC Housing when the business area was formed in 2009. Peter has also been a member of the Group's management team since 2007.

How will you make your mark on NCC as the new CEO?
"In the short term, there will not be any noticeable difference. I have been involved in formulating the Group's objectives and strategies, which are based on customers, costs and competence. The focus is on long-term and profitable growth in markets with which we are familiar and with products and services at which we excel."

"In the long-term, I will make my mark by focusing even more on customer relations. NCC aims to be the customer's first choice – which we will be if we consistently place the customer at the center of our operations. This is an area in which NCC can improve. I also believe that it is important to continue to develop our employees and our sense of entrepreneurship."

"We will concentrate on our strengths and on familiar markets – with a focus on the customer's best interests and based on a commercial approach."

You gained experience from the development operations. What expertise do you have of construction, landscaping, civil engineering, aggregates, asphalt and paving?
"I worked closely with the Construction units in various countries for many years – and particularly as an internal customer. But I also gained experience regarding how we jointly design our products. In my younger years, I worked as a surveyor's assistant and supervisor. In terms of civil engineering, roads, asphalt and paving, I have to become move acquainted with the operations, which is something that I will prioritize in spring 2011."

"My experience from the development operations will be a suitable complement to NCC's strong contracting tradition. During my seven years at NCC, I have seen the company develop in many respects, and we are one of the best companies in the industry. This is a strong platform on which to build further."

"NCC aims to be the customer's first choice"

Strategy *Profitable growth in existing markets*

Strategic *basis*

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

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

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

Strategic *focus*

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

NCC's primary focus is on profitable growth, and the Group aims to be a leading player in its existing and highly familiar markets. Growth must not compromise profitability and profitability is a prerequisite for growth.

Achieving profitability requires a focus on quality and costs. Capitalizing on Group synergies across business areas and borders will strengthen the customer offering and lower the Group's costs. Sharper focus on the customer strengthens NCC's position in the value chain. Since becoming the customers' first choice requires the foremost expertise and the best employees, the three focus areas of the strategy are customers, costs and competence.

The three focus areas *of the strategy*

Customers
The most attractive customer offering

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

Costs
The highest production efficiency

- Purchasing
- Platforms
- Project control
- Virtual construction

Competence
The best company to work for

- Attractive employer
- Development opportunities
- Leadership
- Values
- Work environment

CUSTOMERS

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

NCC's customers are those who invest in a new home, a building, a property development project, a shopping center or various types of infrastructure.

The customers of NCC's customers also impact the business – for example, tenants in a commercial property development project or users of society's infrastructure. To meet the various customer needs, NCC is organized in different operating sectors with a strong local presence.

In the area of construction and civil engineering, NCC and an increasing number of customers are prioritizing the cooperative format known as NCC Partnering. Partnering involves establishing open and trusting cooperation between all parties included in a project – the customer, developer, consultants and contractor – at an early stage of the process, based on shared goals, joint activities and joint financial targets, in order to optimize the project. Quite simply, the focus is on the project. Partnering results in more satisfied customers than traditional construction contracts and stable profitability for NCC. In NCC's aggregates, asphalt, paving and road services operations, customer cooperation primarily occurs through function contracts, with a focus on lifecycle costs, which include long-term maintenance contracts for example national and municipal road networks.

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

COSTS

NCC's goal is to have the highest production efficiency in the industry. The key factors for increasing productivity are having an adapted organization, conducting efficient purchasing, utilizing the opportunities presented by industrial construction and maintaining effective project control. By achieving high production efficiency in the Group's construction and civil engineering operations, cost benefits are generated, thus strengthening the competitiveness of NCC's development operations.

Hotel Saltsjöqvarn, Stockholm.

Purchasing

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

Platforms and virtual construction

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

Project control

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

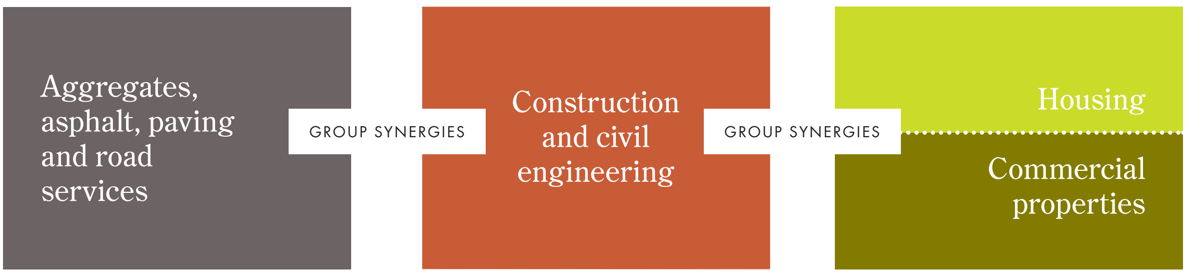
COMPETENCE

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

Four businesses with three different business concepts, *but strong synergies*

INTEGRATED CONSTRUCTION AND DEVELOPMENT OPERATIONS

NCC has four areas of operation with strong operational and cross-border synergies. The Group operates an integrated construction and development business that extends from development to production and the aftermarket. The various operating sectors encompass the entire chain, but focus on different phases and have different capital requirements. The development stages are mainly represented by NCC Housing and NCC Property Development. These operations are characterized by early capital investments that are tied up for many years in, for example, a land investment and the sale of a finished project. The production areas of the Construction units in NCC's construction and civil engineering operations require small amounts of tied-up capital and generate favorable cash flows. NCC Roads' operations are capital-intensive since they utilize such fixed assets as asphalt plants and quarries. NCC Roads also accounts for most of the aftermarket through repair and maintenance activities for road networks.



NCC's geographical markets

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

NCC IN SWEDEN

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

Net sales: SEK 26,530 M
Number of employees: 9,407
Capital employed: SEK 5,481 M

NCC IN NORWAY

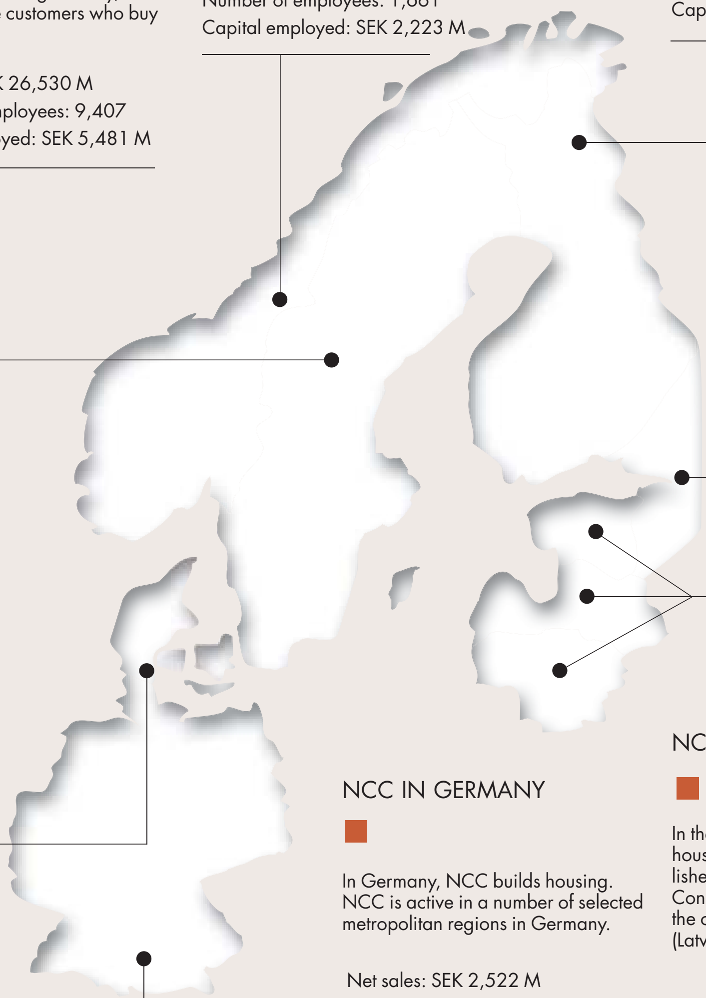
In Norway, NCC has a large civil engineering operation that constructs roads, tunnels, bridges and other types of infrastructure. NCC also develops and constructs housing and offices, and has a substantial aggregates, asphalt, paving and road service operation. Notable customer categories include the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

Net sales: SEK 6,374 M
Number of employees: 1,661
Capital employed: SEK 2,223 M

NCC IN FINLAND

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

Net sales: SEK 7,538 M
Number of employees: 2,515
Capital employed: SEK 2,521 M



NCC IN DENMARK

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

Net sales: SEK 5,955 M
Number of employees: 2,198
Capital employed: SEK 3,247 M

NCC IN GERMANY

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

Net sales: SEK 2,522 M
Number of employees: 636
Capital employed: SEK 789 M

NCC IN THE BALTIC COUNTRIES

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

NCC IN ST. PETERSBURG

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

Net sales: SEK 457 M
Number of employees: 306
Capital employed: SEK 933 M

OPERATIONS/LEGEND

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

Overview of operations in 2010

NCC's four operating sectors

Share of NCC total

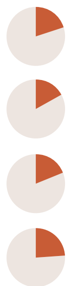
CONSTRUCTION AND CIVIL ENGINEERING

This operating sector is responsible for all of NCC's construction operations and is divided into four business areas (NCC Construction Sweden, NCC Construction Denmark, NCC Construction Finland and NCC Construction Norway). The Construction units are based on assignments involving housing, offices, other buildings, industrial premises, roads, civil engineering and other types of infrastructure. The main operations are conducted in the Nordic region and the Baltic countries.

63%	Net sales
62%	Operating profit
17%	Capital employed
70%	Average number of employees

AGGREGATES, ASPHALT, PAVING AND ROAD SERVICES

These operations are conducted in the business area NCC Roads, and the core business is the production of aggregates and asphalt, as well as asphalt paving and road services. The various areas contribute to a natural processing chain that is well integrated with NCC's construction and civil engineering operations. NCC is the leading player in the Nordic market.



20%	Net sales
17%	Operating profit
19%	Capital employed
24%	Average number of employees

HOUSING DEVELOPMENT

These operations are conducted in the business area NCC Housing, which develops and sells permanent housing in selected markets in the Nordic region, Germany, the Baltic countries and St. Petersburg. NCC is active throughout the value chain, from concept and land acquisition to sales and aftermarket. NCC is a leader in several Nordic markets.

13%	Net sales
15%	Operating profit
45%	Capital employed
5%	Average number of employees

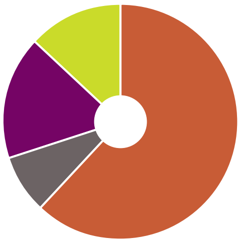
DEVELOPMENT OF COMMERCIAL PROPERTIES

These operations are conducted in the business area NCC Property Development, which develops and sells commercial properties in defined growth markets in the Nordic region and the Baltic countries. NCC controls the entire value chain, from concept and business development to leasing and sales. Office properties are the main product in this operating sector, while retail and logistics properties are an important complement.

4%	Net sales
6%	Operating profit
19%	Capital employed
1%	Average number of employees

Geographical markets

NET SALES, DISTRIBUTION



- Sweden, 62 (63)%
- Denmark, 8 (9)%
- Finland incl. Baltic countries, 17 (16)%
- Norway, 13 (12)%

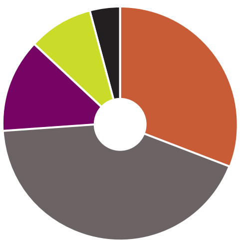
NET SALES, DISTRIBUTION

- Sweden, 49 (48)%
- Denmark, 19 (21)%
- Finland, 12 (12)%
- Norway, 18 (17)%
- St. Petersburg, 2 (2)%

PROPRIETARY HOUSING UNITS UNDER CONSTRUCTION

- Sweden, 30 (34)%
- Denmark, 3 (0)%
- Finland, 34 (10)%
- Norway, 8 (7)%
- Germany, 15 (49)%
- Baltic countries and St. Petersburg, 10 (0)%

INVESTMENT VALUE AND LAND HOLDINGS



- Sweden, 31 (17)%
- Denmark, 43 (47)%
- Finland, 13 (21)%
- Norway, 9 (8)%
- Baltic countries, 4 (7)%

Market and competitors
The negative market trend was reversed in 2010

Following the downturn in the Nordic construction and property market in 2009, 2010 was marked by recovery and stabilization, although several submarkets remained challenging. The housing market became stronger. The positive market trend is expected to continue in 2011.

New production of housing units increased in Sweden and Finland, while the Norwegian and Danish markets experienced a weaker trend. In the office and other buildings segment, the market remained challenging, although market conditions improved during the second half of the year. The continued strong construction of infrastructure benefitted the civil engineering market. Demand for commercial property projects was better in 2010 than in 2009. The number of property transactions increased, albeit from a low level.

For 2011, market prospects are stable – the Nordic construction and property market is expected to experience some growth. The civil engineering market is expected to remain stable. Market conditions for the property market are forecast to improve, although the recovery will progress slowly.

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

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

MARKET DEVELOPMENT

In 2010, construction investments in the Nordic region declined by a total of about 1 percent. In Sweden and Finland, construction investments increased somewhat, while they declined in Denmark and Norway. In NCC's assessment, the market will grow in 2011.

COMPETITORS

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

MAJOR COMPETITORS IN THE NORDIC REGION 2010

Key figures and products	NCC	Skanska[1]	Peab	MT Højgaard[2]	Veidekke	YIT	Lemminkäinen	AF Gruppen	JM	Colas[2]	CRH[3]
Sales (SEK billion)	49	122	38	11	24	36	18	7	9	112	160
Number of employees (thousands)	17	52	14	5	6	26	8	2	2	71	80
Housing	●	●	●	●	●	●	●	●	●		
Buildings	●	●	●	●	●	●	●	●	●		
Civil engineering	●	●	●	●	●	●	●	●			
Asphalt, aggregates, concrete	●	●	●		●		●			●	●
Property development	●	●	●	●	●	●	●	●	●		
Machinery operations		●	●	●							
Market share, Nordic region, total (%)	**6**	**6**	**5**	**1**	**3**	**4**	**2**	**1**	**1**	**–[4]**	**–[4]**

1) NCC estimates that approximately SEK 47 billion of Skanska's sales derives from Nordic construction operations.
2) Pertains to the period October 2009–September 2010.
3) Pertains to the period July 2009–June 2010.
4) No information available.

struction companies, with the really major projects frequently conducted in consortia.

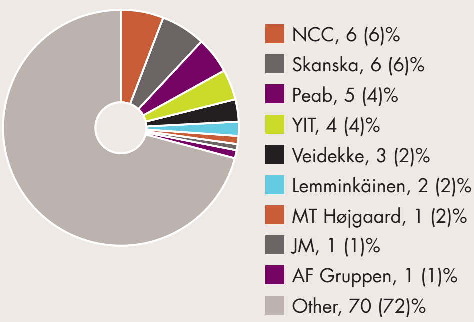
At the Nordic level, NCC's main competitors are Skanska and Peab of Sweden, MT Højgaard of Denmark, Veidekke of Norway and YIT and Lemminkäinen of Finland. In Sweden, JM is a major competitor in residential development. In civil engineering projects and road construction, as well as asphalt and paving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

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


Pedagogikum, Uppsala University.

MARKET SHARES IN 2010

The Nordic construction market is highly fragmented. NCC is one of the two largest companies in the Nordic region, with a market share of 6 percent. The construction market in the Nordic region generated sales of approximately SEK 810 billion (excluding residential renovation) in 2010. (Source: Euroconstruct.)



Construction and civil engineering – *all of NCC's construction*, from housing to infrastructure

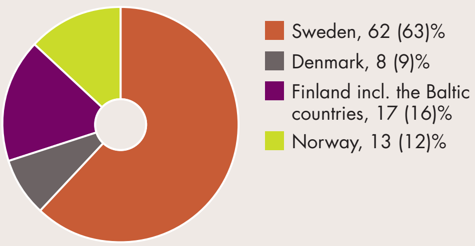
With 4,000 construction projects in progress, NCC has an impact on social development every year. It is clearly visible that NCC is one of the leading construction companies in Northern Europe, with extensive production of housing units, buildings, roads an civil engineering projects.

The construction operations, NCC Construction, meet customers from the private and public sectors on a daily basis. The results of all these meetings form the foundation for our shared future society. In partnership with municipalities, county councils, government enterprises and public-utility housing companies in the public sector and with retail, industrial and service companies in the private sector, many vital ideas are realized.

Internal partnership projects are also performed continuously, with NCC Property Development developing commercial properties and NCC Housing developing housing. The NCC Roads business area, which produces aggregates, asphalt and asphalt paving, is another key

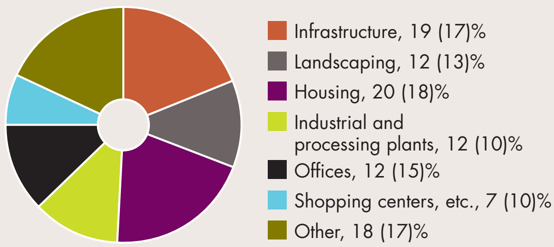
GEOGRAPHICAL MARKETS, SHARE OF NET SALES

Sweden is the largest market for NCC's construction and civil engineering operations, accounting for 62 percent (63) of sales. No major changes in the distribution of net sales occurred compared with 2009.



PRODUCT MIX, SHARE OF NET SALES

The proportion of housing units increased. Public investments in streets and roads contributed to continued infrastructure growth. Offices and shopping centers have declined in numbers due to the economic downturn in 2008–2009. The components of the "Other" segment, including schools and hospitals, increased somewhat during the year.



Bella Hotel in Copenhagen
Bella Hotel's 76-meter high concrete framework is the largest concrete structure that NCC has constructed in Denmark. The design features a 15-degree incline and comprises more than 6,000 concrete units. This marks the first time that concrete units have been deployed in a design of this incline. The building's angled façades and the sloping body of the structure imposed stringent requirements on NCC's engineers and concrete workers.

CUSTOMER MIX, SHARE OF NET SALES

Municipalities and county councils increased as a result of the considerable need for schools, residential houses for the elderly and hospitals, combined with economy-motivated investments to offset the adverse effects of the recession. Private customers are the dominant customer category, although this segment has declined in the wake of the recession. Having fewer proprietary projects in progress has reduced internal sales. Many housing projects were completed in 2009 and the rising demand and new project starts in late 2010 have not yet resulted in extensive internal volumes.

internal partner, for example, in landscaping contracts and infrastructure projects.

OPERATIONS IN NORTHERN EUROPE

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

In Sweden, NCC is one of the very largest players in the market, with a major geographic spread and a strong local presence. NCC is the leading company in several strategic areas, including partnering and virtual construction. Orders received are evenly distributed between the construction of housing units, buildings and civil engineering projects.

Housing production is dominant in Finland, followed by office construction. In 2010, housing construction recovered quickly following the 2009 recession. Office construction and public-sector assignments also experienced a positive trend. NCC also conducts business operations in the Baltic countries and in St. Petersburg.

NCC has a long tradition of civil engineering works in Norway, where roads, tunnels and infrastructure form a strong foundation. NCC also engages in construction operations in such areas as housing, commercial premises and public buildings, for example, schools and hospitals. As a result of population growth and an underlying need for housing, residential construction gained momentum in 2010.

Again in 2010, the Danish market was characterized by considerable uncertainty. NCC's Danish construction operations have contracted over a period of four years due a sharp and long-term downturn in the housing market. However, the civil engineering operations are stable. NCC accounts for a small share of the construction and civil engineering market in Denmark.

PLANNING AND COMPETITION FACTORS

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

The common denominator for these projects, regardless of size and markets, is that in many instances they are unique and will have few repetitive effects. For this reason, NCC's expertise in planning, logistics, allocation of resources, technical know-how, flexibility and risk management is a vital competitive tool in the increasingly internationalized Nordic construction market.

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

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

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

STRATEGY FOR SUSTAINABLE PROFITABILITY

Customers, costs and competence are the three cornerstones of NCC's strategy for achieving sustainable profitability and competitiveness.

For NCC's construction units, a few areas are strategically important for strengthening competitiveness. Partnering, virtual construction, platforms and procurement contribute to enhancing operational efficiency and creating customer value. For several years, NCC has focused on improving skills in such areas as project development, platforms and virtual construction. NCC has also built up knowledge in the partnering cooperation format and is now a leader in this field.

NCC PARTNERING IS INCREASING

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

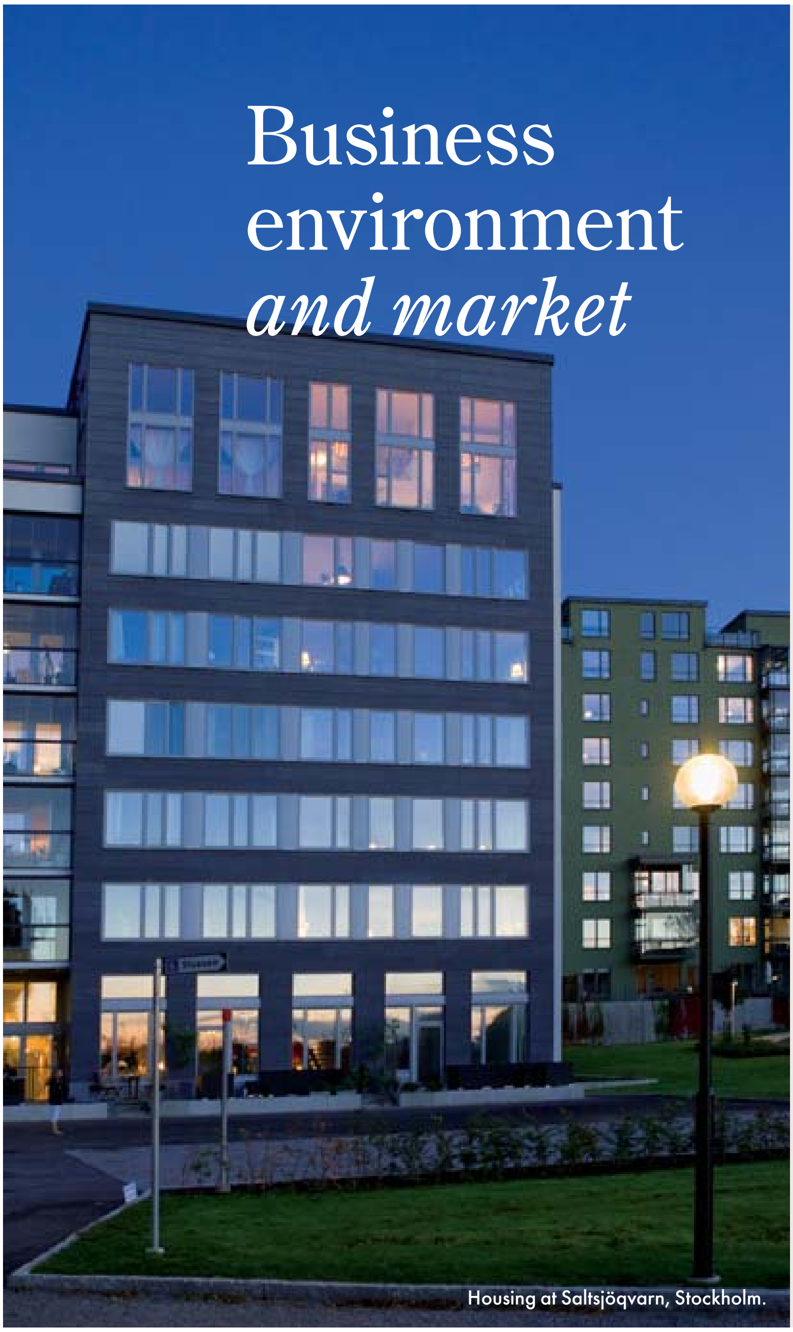
This form of cooperation is now in demand among many customers, both private and public, and the proportion of partnering projects also rose in 2010.

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

PROCEDURES WHEN TENDERING

Managing risks is a key fundamental skill for NCC's construction operations. Profitability is prioritized ahead of volume, since an increase in the margin by one percentage point has a much greater impact on earnings

Business environment *and market*



Housing at Saltsjöqvarn, Stockholm.

The Nordic construction market became stronger in 2010 with a rise in demand for the construction of housing units, offices and other buildings. Private customers and public-sector investments were positively impacted by the economic recovery.

The upturn, which started already during the latter part of 2009, was sustained throughout 2010. The housing and civil engineering sectors performed well with an increase in orders received. Low interest rates, financial stability and underlying demand for new housing units favored the housing market and NCC started more housing projects than in 2009.

The civil engineering market, whose share of sales increased during the recession, experienced weak and declining demand during the latter part of 2010.

RECOVERY IN SWEDEN

The very weak demand that characterized 2009 was transformed into an increase in orders received in most areas, from housing units and buildings to civil engineering.

The demand for buildings and housing strengthened in particular, and toward late 2010, sales in the Construction unit rose once again. Several proprietary housing and property-development project starts also favored the construction and civil engineering operations in Sweden.

In 2010, NCC Infra, a team specifically focused on infrastructure projects in Sweden, advanced its positions and successfully competed for major new infrastructure projects, not least through the massive construction of Swedish national road 50, between Mjölby and Motala.

than an increase in volume by 5–10 percent. Risk management is based on well-functioning shared business systems and well-developed procedures for tendering new projects.

PROJECT ENGINEERING AND PLATFORMS

One of the advantages of being a major construction company is that it forms a solid base for developing project engineering and planning tools and platforms. Economies of scale can also be derived from negotiating volume discounts when purchasing goods and services.

As part of the process of reducing costs and enhancing quality, NCC has developed a number of shared platforms for housing, buildings and civil engineering. By applying well-tested technical solutions, NCC can industrialize the construction process. Using the same solutions to a great extent also generates larger purchasing volumes for individual goods, thus contributing to cost reductions.

NCC develops platforms in all of its operating sectors and offers a wide variety of products from indoor sports arenas, nursing homes, offices, logistics facilities, roads and bridges to housing.

VIRTUAL CONSTRUCTION MORE COMMONPLACE

To enhance quality and reduce costs in project engineering and the implementation of construction projects, NCC increasingly uses 3D models. Virtual construction is now a natural feature of many construction projects and, when used correctly, it can change the entire construction process. Such models allow all project participants to have the same impression of the construction process and the completed building. Put simply, the project is built on a scale of 1:1 in a three-dimensional computer model before it is physically constructed. The model results in a more rational construction process with more efficient planning, improved logistics and less waste.

The partnering collaboration method continued to raise its share of sales as an increasing number of customers are experiencing its advantages.

CONTINUED DANISH UNCERTAINTY

In Denmark, the market generally was characterized by uncertainty. The public sector has promised major investments in energy upgrading programs for schools and the construction of new modern super hospitals, but the financial crisis has yet to release its grip of Denmark, and necessary fiscal austerity measures have resulted in investment delays.

The construction industry is expected to continue to experience a recovery, while major new infrastructure projects could increase their activity in the civil engineering segment.

RECOVERY IN FINLAND

The construction industry in Finland recovered in 2010 and NCC's order backlog rose 16 percent in local currency compared with the preceding year. As a result of continued low interest rates, there was a rapid upturn in housing construction, which accounted for about 40 percent of sales. The share of renovation work increased in 2010 and accounted for slightly more than 8 percent of sales.

In partnership with NCC Property Development, the Finnish organization started eight office projects in 2010.

NCC's extensive experience of lifecycle-based construction led to the company securing a number of school and daycare center projects throughout Finland.

Based on the Swedish organization's focus on infrastructure, the Finnish operation launched a unit for infrastructure projects in 2010.

GROWTH IN NORWAY

In the Norwegian market, NCC experienced increased activity and demand in terms of construction, particularly in the production of housing units and public buildings. The civil engineering operations also experienced a favorable level of activity. To meet intense competition, NCC is pursuing efficiency enhancements and reducing its costs.

Since NCC aims to have a variety of projects and customers, it has focused more on public construction assignments, and several major orders for schools and other educational facilities were secured in 2010.

In Norway, future growth is expected to occur in housing units, while the civil engineering market stabilizes. In the construction of buildings, the Oslo region and Vestlandet will probably account for the growth.

As a result of immigration to the major cities and a shortage of housing units, new production of housing in the Norwegian market will increase in the years to come.

NORDIC CONSTRUCTION MARKET 2011

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

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

Citybanan in Stockholm
NCC is constructing a portion of the Citybanan project – the stretch between Riddarholmen and Gamla Brogatan, just north of the Stockholm Central Station. The assignment also includes the construction of a new station under the T-centralen metro station. In addition, the assignment includes construction of a new commuter train station, the "City" station, under Stockholm Central Station and the metro's blue line, as well as the adjoining tunnels from Riddarholmen. The work also encompasses three exits to the ground level, as well as connections to all three metro lines. This effort is being conducted in partnership, whereby the Swedish Transport Administration and NCC jointly identify technical production solutions. Accordingly, the work is being performed in the form of a team and based on a jointly established target cost.

Virtual construction can be used in all construction projects from housing and building production to civil engineering and infrastructure projects. NCC is a leading player in the use of virtual construction, not only in the Nordic region but also globally.

SYSTEMATIC PURCHASING ACTIVITIES

Applying a systematic purchasing approach offers considerable opportunities for lowering costs. Since purchasing of materials and services accounts for approximately 65 percent of the NCC Group's costs, the area is of major significance.

Historically, competition in the area of building materials and sub-suppliers has been very weak since the construction industry has often purchased materials and services from the local market. This is one of the reasons why construction costs have exceeded the consumer price index for a long time.

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

Using a proprietarily developed purchasing system, NCC has increased the coordination of Nordic purchasing. The foundation comprises an IT-based support system that enhances the efficiency of the purchasing process and enables coordination and follow-ups.

The second main principle is to purchase goods and services internationally. NCC has established purchasing offices in Russia, the Baltic countries, Poland, the Czech Republic, Germany, Turkey and China. The average cost of goods purchased internationally was slightly more than 20 percent lower than the corresponding cost of goods purchased in the Nordic region. Local pricing is positively impacted when NCC subjects the local building-materials suppliers to competition.

The most common international purchases are frameworks, glass and aluminum facades, and steel and concrete products. Purchasing of international subcontracts is another area that continues to grow. Procurement processes whereby NCC purchases total-package solutions that include materials, transportation and assembly services, and in certain cases project engineering, are becoming more commonplace.

Opera tunnel in Oslo
In the center of Oslo, NCC has interconnected the former Fortification tunnel with the new submersed tunnel. NCC's work also includes the construction of local walls and ramps to and from the tunnel. Nearly 90,000 vehicles will pass through the tunnel, called the Opera tunnel, on a daily basis. Directing the traffic down into the tunnel facilitates an eventual conversion of the area between the Oslo Central Station and the Opera House.

"ZERO VISION" FOR SAFER CONSTRUCTION

Efficient and successful construction projects are almost always characterized by low sickness absence and few occupational injuries. The planning and control of activities include a high level of control and monitoring of environmental, health and safety issues. NCC devotes considerable resources to training, supporting and monitoring work-environment activities in all countries in which the company operates.

NCC's systematic workplace environment efforts encompass all processes from early planning and project engineering through the construction phase, all aimed at minimizing risks and taking a structured approach to managing the remaining risks.

NCC pursues a "zero vision" concerning workplace accidents and works continuously to improve its safety culture. Attitudes toward the workplace environment effort are based on NCC's values and influence the entire organization's stance and approach to these matters.

CONSIDERABLE GREEN EXPERTISE

NCC has well-developed methods for constructing low-energy and passive buildings to meet customer demands for more energy-efficient buildings. NCC is one of the Nordic construction companies with the most extensive experience of passive buildings and all housing units that are constructed proprietarily are low-energy.

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

As an extra incentive to customers, NCC implemented Green tenders during the year in Sweden, whereby for all tenders valued at more than SEK 50 M, NCC also submits a green supplementary tender with a focus on environmental aspects. This allows the customer to capitalize on NCC's GreenBuilding expertise and receive a specific environmentally adapted offer.

Production of aggregates and *asphalt, paving and road services*

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

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

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

CUSTOMERS AND MARKETS

Customers in the private sector and municipal and public-sector administrations, with which NCC often signs multi-year framework agreements, comprise the customer base for aggregates, asphalt manufacturing, paving and road services. However, the private market for paving and deliveries of stone materials and aggregates still represents the largest section of the customer base.

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

NCC is increasingly offering public-sector customers total-package undertakings, known as function contracts, which include long-term planning of resources for paving and multi-year servicing and maintenance of road networks.

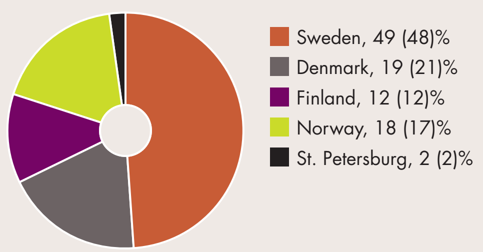
In 2010, NCC continued its strategic work aimed at being the local market leader, securing access to stone materials from proprietary quarries in proximity of metropolitan areas and strengthening coordination in the business area.

The negative trend in the construction market in the Nordic countries in 2009 subsided and turned moderately upward in 2010. Volumes for aggregates, asphalt and paving services stabilized and experienced a mildly positive trend, albeit from low levels.

Road services are a key development area with strong growth potential and a number of new strategic contracts were signed during the year. The market for road services is not particularly sensitive to economic conditions and it continued to grow as more municipal and governmental maintenance contracts have become subject to competition.

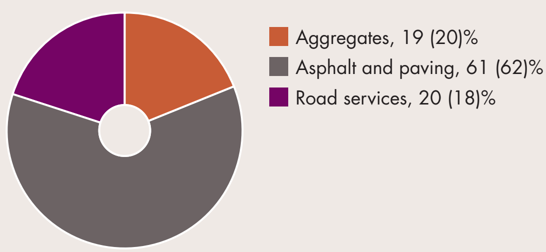
GEOGRAPHICAL MARKETS, SHARE OF NET SALES

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



PRODUCT MIX, SHARE OF NET SALES

Roads service operations continued to increase in 2010. Asphalt and paving are the predominant products.



PRODUCTS AND METHODS FOR REDUCED ENVIRONMENTAL IMPACT

Customer demand for environmentally compatible solutions is increasing and NCC Roads is investing proactively in energy efficiency and recycling. Several total-package undertakings also enable more long-term and efficient planning of resources.

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

It is more energy efficient to recycle asphalt and other materials than to produce new materials. Accordingly, a growing number of NCC plants have improved their recycling capacity, leading to a more eco-cycle-oriented operation. Some 12 percent (11) of the total amount of hot asphalt produced in 2010 comprised recycled asphalt granules.

Other initiatives for a reduced environmental impact include using collected street sand for anti-slide purposes and in asphalt production. At recycling centers such previously used materials as aggregates, gravel, sand and soil products are refined and resold as new products. Efficient transportation planning using logistics centers and mobile offices reduces lead times and energy consumption declines throughout the value chain.

The results of a unique development project between NCC, the Danish Road Directorate and a number of consultancies concerning energy-conserving paving methods were reported in 2010. The calculations illustrate that Denmark could generate major environmental and socioeconomic gains by using energy-conserving paving methods with less rolling resistance on the public road network. Compared with traditional paving methods, the energy-conserving method contributes to 3.3 percent less fuel consumption for all vehicle types. This corresponds to 48 million liters of fuel per year, entailing a reduction in carbon emissions by 45,000 tons and nitrogen gases by 76 tons. The estimated saving of DKK 300 M is equivalent to the average annual budget for paving maintenance in the state road network in Denmark.

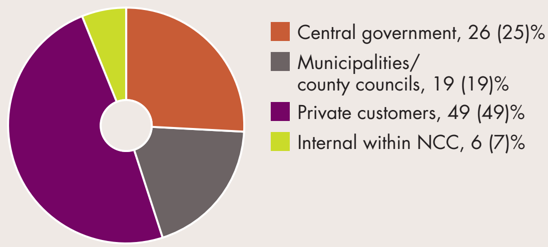
PROSPECTS IN 2011

The operation is impacted by the performance of the overall construction market, which is expected to be favorable in 2011. The concrete industry and the demand for aggregate products are expected to rise in particular. Infrastructure investments to stimulate the construction sector are being phased out and activity among central government and municipal customers is thus declining. However, there is potential for the private market to expand.

In general, a stable market trend is expected, albeit with relatively low volume growth.

CUSTOMER MIX, SHARE OF NET SALES

The share of central government customers increased as a result of a greater proportion of road services. Private customers remain the largest customer segment.



Housing – proprietary *development and sales*

NCC develops and sells housing units for permanent housing, ranging from detached houses and row houses to apartments in apartment blocks, in a number of selected growth markets across the Nordic region, Germany, the Baltic countries and St. Petersburg. Customer groups primarily comprise private individuals wishing to purchase their own home, but also municipal housing companies, private property owners and financial investors who recognize a value in investing in housing projects.

Residential development is a customer-controlled process, based on thorough analyses of future housing requirements. NCC conducts operations in all parts of the value chain, from project concept and analysis to land acquisitions, concept development, production, marketing and sales up to the final stage in the aftermarket. The entire development process takes place in close cooperation with municipalities, land owners, architects and other stakeholders. The housing units are produced by NCC's construction and civil engineering operations, except in Germany where NCC Housing conducts construction operations on a proprietary basis.

The operations are concentrated to growing metropolitan regions with a stable local labor market that generates demand for new housing.

The NCC Housing business area has concentrated all of its housing-development expertise under one roof, which has resulted in cross-border learning and a build-up of know-how in conducting development projects.

The core of professional housing development involves the ability to understand the customer's needs and convert these into coveted products. Based on this, developable land and development rights are purchased and subsequently converted into attractive home environments. It is a capital-intensive undertaking, requiring that NCC analyzes the land areas in the various markets that will yield the highest return over time.

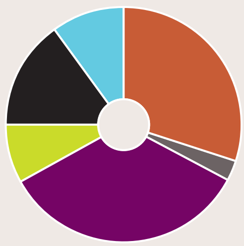
CONCEPT DEVELOPMENT

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

The collaboration across the business area is contributing to intensifying customer focus and expanding knowledge of customer requirements, and making it possible to capitalize on a range of synergies in all areas

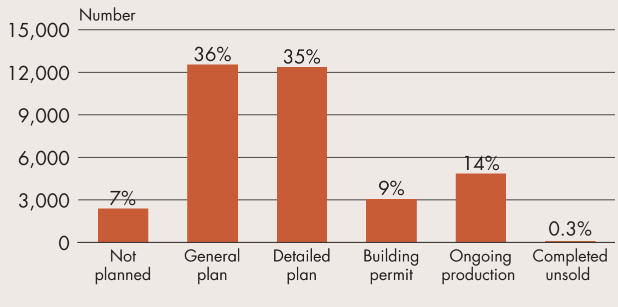
GEOGRAPHICAL MARKETS, HOUSING UNDER PRODUCTION

In 2010, NCC had housing starts in all markets, primarily in Finland and Sweden. At year-end, Finland and Sweden accounted for a large proportion of the housing in production.



PORTFOLIO OF DEVELOPMENT RIGHTS, ONGOING AND COMPLETED HOUSING

Of the total portfolio of 30,346 development rights, approximately 15,000 have made considerable progress in the development process, with building permit or detailed development plan in place, thus continuing to provide favorable potential for project starts in the years ahead. For most of the remainder of the portfolio of development rights, a general plan for residential development is in place. The ability to successfully pursue work on the detailed development plan and to create attractive residential environments in cooperation with a municipality accounts for a major share of value generation in housing development. The percentage figure denotes NCC's total development rights.



from marketing, sales and capital allocation to product development. The collaboration work that began when the business area was formed on January 1, 2009 continued in 2010. The organization's long-term endeavor is to utilize the same marketing concept, sales methodology and administrative support systems in all markets in which NCC conducts business.

EFFICIENT SALES CHANNELS

The most efficient and clearly dominant sales channel is the Internet and increasing numbers of customers are finding new homes via NCC's website or through portals containing links to these. New visualization tools allow customers to take a virtual walk around the housing units in which they are interested. Online sales tools increase customer willingness to purchase housing units at an early stage – far earlier than the showroom apartments are ready for visitors. During the year, new and more advanced solutions were developed that are intended to assist the customer in the decision-making process. The virtual environment enables such features as observing the view and monitoring how daylight moves in the individual apartment.

Resources for further sharpening the efficiency of the marketing and sales process are concentrated to the new business area. Joint systems for customer management and sales material are under implementation. The coordination of marketing and sales began in 2009, and was further reinforced in 2010.

PLATFORMS IN FOCUS

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

CUSTOMERS

Private customers represent 73 percent of all housing purchases. In the Nordic countries, NCC produces housing in the mid-price segment, while the lower-price segment is the base of the operations in Germany.

Investors in the form of housing and property companies account for 27 percent of NCC's sales.

NCC is an experienced housing developer that possesses a portfolio of many attractive sites. It works continuously to enhance its expertise, thus enabling the company to grow in the eyes of professional players. In 2010, several "package sales" were implemented, mainly in Germany and Finland, whereby development assignments containing both land and construction contracts were sold to investors.

Itter, Dusseldorf
In Itter, a suburb of Dusseldorf, NCC has built nine row houses, 18 semi-detached houses and one detached house. The houses are situated in a green area, by the River Rhine.

Business environment *and market*

In 2010, increasing demand was noted in the housing market in the Nordic region and in St. Petersburg, with rising prices as a result. A rapid economic recovery and major demographic pressure on the metropolitan regions led to increased demand. The combination of high demand for and low supply of newly produced housing units led to rising prices. The German housing market continued to experience stable demand with a tendency toward price increases. In the Baltic countries, the housing markets stabilized, while remaining weak.

In 2010, NCC sold 3,736 housing units, including 1,009 in projects that were sold to investors. Steadily stronger demand, expectations of continued low interest rates and stable economic growth also in 2011 led to the number of housing starts successively increasing and totaling 4,498 housing units in 2010, including 1,009 in projects that were sold to investors.

In Sweden, the low level of new production of rental apartments is leading to the increased demand for housing being channeled to the market for tenant-owner apartments and single-family houses with ownership rights. These experienced a sharp price increase in 2010, primarily in the Stockholm and Gothenburg regions while central locations in other cities also experienced steadily rising price levels.

The Norwegian market is dominated by buildings and apartments with ownership rights, while rental apartments are becoming significantly less

ENERGY AND THE ENVIRONMENT

Low-energy housing is in demand among housing customers. NCC's expressed goal is to reduce energy consumption in buildings throughout their lifetime. The aim is that all of NCC's proprietary housing units, in all markets, will have energy consumption levels that are below the norm for their respective markets. For example, energy consumption in proprietarily built housing in Sweden should be 20 percent below the equivalent norm.

In the Nordic region, NCC is a leader in passive buildings, meaning housing for which external energy is not required for heating. In 2010, the first proprietary apartment block of a passive-building standard was officially opened in the Beckomberga suburb of Stockholm.

Climate-declared housing units make it easier for customers to make an environmentally sound housing choice. Today, NCC prepares climate declarations for all newly produced housing units in Sweden and Denmark. Other markets are also in the process of implementing climate declarations.

GREEN LIVING

In 2010, a new interactive tool known as Green Living was launched via NCC's website to assist customers in making climate-wise decisions, in an endeavor to offer customer support. This service is also provided after having purchased a housing unit from NCC. The visitor can personally calculate his/her energy consumption and thus save money and carbon emissions.

NCC offers a variety of security packages, such as providing customers with cover for double housing costs, unemployment and illness.

Condominiums (owner-occupied apartments) are commonplace in most European countries, and were introduced in Sweden in 2009. There are many advantages with this new form, with the clearest positive effect being greater flexibility in the housing market. NCC is currently developing and selling condominiums in all other markets.

NCC'S DEVELOPMENT RIGHTS, PROPRIETARY HOUSING STARTS AND SOLD HOUSING UNITS

	Sweden		Denmark		Finland	
	2010	2009	2010	2009	2010	2009
Development rights	13,100	15,200	1,178	1,145	6,392	5,338
Housing starts	1,089	334	95	0	1,126	191
Housing units sold	822	1,287	79	143	859	794
Housing units under production	1,079	657	95	0	1,211	191
Sales rate under production, %	60	84	40	0	62	35
Worked-up rate under production, %	35	58	29	0	45	24
Unsold housing units	21	80	10	51	19	92

commonplace in Sweden. Accordingly, positive economic development combined with low new building production resulted in price increases for housing units with ownership rights in such metropolitan regions as Oslo, Bergen, Stavanger and Trondheim.

The Danish housing market, which was has been under intense pressure for several years from considerable supply but low demand, leading to very low new production, slowly improved in 2010. This has enabled project starts in local markets, primarily in the Northern Copenhagen region, which is now showing stability in demand and in its price trend.

In Finland, the economic recovery and a strong demographic trend in a number of growth areas, such as Helsinki, Tampere, Turku and Oulu, generated continued stable price increases in the housing market. Finland has a greater variety of contract types for new production, including price-controlled and market-priced rental and ownership options. The market trend has led to NCC shifting its emphasis from price-controlled housing units that are sold to investors to market-priced housing units that are sold directly to private customers.

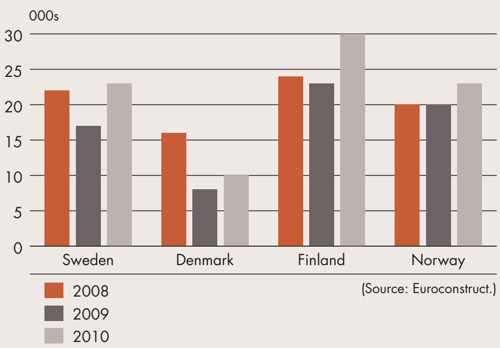
The German housing market is characterized by a well-functioning rental market and conservative borrowing among households in buildings and apartments with ownership rights, which is hampering rapid price increases. A combination of positive economic growth and confidence in the future has generated rising prices and rents in major growth regions such as Berlin, Hamburg, Dusseldorf, Frankfurt, Cologne and Bonn. NCC is active in the lower price segments of the market and is expecting continued stable demand in the German market.

In the Baltic countries, the trend remained weak in 2010. The economic situation stabilized, but remains under pressure, at the same time as the demographic trend is also weak in the major cities. However, there is a substantial pent-up need for new and more energy-efficient housing.

In St. Petersburg, as in the Baltic countries, there is substantial need for newly produced housing units and, in 2010, NCC commenced the first proprietarily developed project, Swedish Krona. The first two phases totaling 321 apartments are in production. In 2010, 66 of these apartments were sold in a package to investors and 48 apartments were sold to private individuals.

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

The housing markets in the Nordic region experienced increased demand in 2010. Concerns in the financial markets in 2008 and 2009 resulted in a decline in the number of housing starts. The decline was strongest in Denmark. In 2010, the market scenario improved, primarily in Sweden and Finland. In Norway, Sweden and Finland, housing prices rose and in Denmark, the decline in prices ceased. Euroconstruct forecasts an increased number of starts in the coming years.



Baltic countries		St. Petersburg		Norway		Germany		Group, total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
2,385	2,392	3,682	4,150	1,800	1,949	1,809	1,698	30,346	31,872
108	0	255	0	223	131	593	482	3,489	1,138
121	188	48	0	157	122	641	741	2,727	3,275
108	0	255	0	272	131	513	959	3,533	1,938
15	0	19	0	65	79	71	81	58	77
41	0	37	0	37	40	65	89	43	69
20	125	0	0	0	1	27	42	97	391

Commercial properties – *proprietary development and sales*

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

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

VARIETY OF DEMANDS AND REQUIREMENTS

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

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

Requirements for retail properties differ from those for offices. The premises and surrounding infrastructure must be optimal for selling the tenants' products and services. All elements of the experience, such as location, traffic flows, parking options and the handling of heavy transportation, must be taken into account.

The location and ability to design efficient flows of goods in warehouse premises are the two most essential components in developing logistics facilities.

The Triangeln project in central Malmö
A total of 37,000 square meters of residential space is being constructed for people to feel comfortable in, workplaces for people and companies to thrive in and the Öresund region's new shopping destination.

COMPLETED LEASING CONTRACTS PER SEGMENT

m^2	Sweden	Denmark	Finland	Norway	Total
Offices	3,169	49,868	22,757	741	76,535
Retail	15,639	4,496	6,943		27,078
Logistics	23,048	17,190			40,238
Other	80	1,493			1,573
Total	**41,936**	**73,047**	**29,700**	**741**	**145,424**

OFFICE MARKETS IN THE NORDIC REGION 2010–2011

	Vacancy rate,%[1]	Rent, m^2/year[2]	Yield, %[2]
Copenhagen	10 ↘	1,700 (DKK) ➔	5.00 ➔
Helsinki	13 ➔	320 (EUR) ↗	5.75 ↘
Oslo	7 ↘	2,850 (NOK) ↗	6.00 ↘
Stockholm	11 ➔	3,750 (SEK) ↗	5.10 ↘

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

NCC possesses specialist expertise in this field which, combined with standardized construction solutions for warehouse buildings, provides favorable potential for reducing customer costs.

YIELD – ALL THAT COUNTS FOR INVESTORS

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

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

INCREASED ACTIVITY IN THE PROPERTY MARKET IN 2010

Major international investors make the Nordic property market an integral component in the global financial industry. In recent years, this has meant that the property development market has expanded. However, the effects of the financial crisis and the ensuing recession have been profound. The year 2010 was characterized by recovery and increasing activity in the property market, while rents stabilized. In 2009, uncertainty arose regarding the price levels of properties due to the low number of transactions completed. In 2010, investor interest increased, resulting in more transactions and a slight decline in the yield requirements in the latter part of 2010.

MORE CONSTRUCTION STARTS

In 2010, NCC increased the number of construction starts. One of the major projects is the Triangeln in central Malmö. By year-end 2010, NCC had 19 ongoing projects at an investment value of SEK 3.0 billion. At the same date, the portfolio of development rights contained about 1.1 million square meters of development rights and an additional 0.9 million square meters of land options and preliminary land allocations. The continuous work on 50–60 development projects across the Nordic region is proceeding as planned.

GREEN PROPERTY DEVELOPMENT

Matters involving the environment, energy and sustainability are high on the agenda. The focus is on reducing energy consumption and thus the impact on the environment. On November 26, a unique wind turbine was opened at NCC's head office to evaluate wind power in urban environments. During the year, the Green Working and Green Living initiative was launched under which NCC instructs tenants and housing buyers in how they can reduce their environmental impact.

COMPLETED AND CONSTRUCTION-INITIATED PROJECTS AT DECEMBER 31, 2010

Country (number)	Project cost, SEK M	Completion rate, %	Leasable space, m^2	Leasing rate, %	Yield, %	Operating net, SEK M[1]
Denmark (11)	1,576	47	94,069	68	6.8	108
Finland (3)	260	40	12,461	24	8.1	21
Sweden (5)	1,135	27	58,386	34	7.7	87
Total (19)[2]	**2,971**	**39**	**164,916**	**49**	**7.3**	**216**

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

Financial objectives *and dividend policy*

The aim of the NCC Group's strategy is to generate a healthy return to shareholders under financial stability. This is reflected in the financial objectives, which for 2010 were a return on equity of 20 percent after tax, and that net indebtedness should never exceed 1.5 times shareholders' equity during any given quarter.

The level for the return target 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 – shall never exceed 1.5 times shareholders' equity during any given quarter.

In 2010, the financial objectives were adjusted since new accounting policies started to be applied. As of January 1, 2010, NCC applies IFRIC 15, Agreements for the Construction of Real Estate. The new accounting policies mainly impact the housing operations, since sales of housing projects, as of 2010, will primarily not be recognized in profit until the date of transfer to the end customer, as opposed to 2009 and before, when profit was recognized as projects were completed and sold.

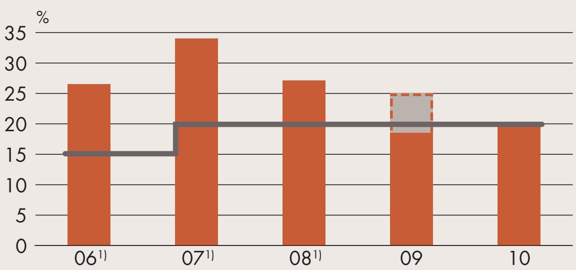
NCC's assets and liabilities are affected by the implementation of IFRIC 15. Interest-bearing liabilities are becoming higher than before, since liabilities attributable to ongoing housing projects in Swedish tenant-owner associations and Finnish residential housing companies are recognized in NCC's balance sheet, thus increasing recognized net indebtedness. NCC's financial objective concerning the debt/equity ratio have been adapted and raised from 1.0 to 1.5, meaning that net indebtedness must never exceed 1.5 times shareholders' equity.

Proprietary housing and property-development projects, as well as investment-intensive 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

RETURN ON SHAREHOLDERS' EQUITY

Objective 2010
The aim is that the return on shareholders' equity after tax will amount to 20 percent.

Fulfillment of objective
The objective was fulfilled – the return on shareholders' equity after tax amounted to 20 percent (25). Due to somewhat lower earnings, because profit from property sales was lower, and higher equity, the return was lower than in 2009.



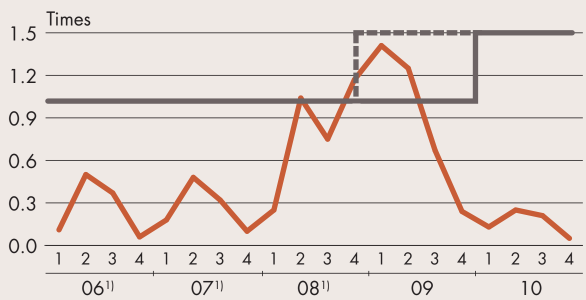
Return on shareholders' equity
Return on shareholders' equity restated according to IFRIC 15
Target: 20 percent as of 2007

1) The return figures for 2006–2008 have not been recalculated in accordance with IFRIC 15.

DEBT/EQUITY RATIO

Objective 2010
Net indebtedness, defined as interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables, must not exceed 1.5 times shareholders' equity. The target applies to the end of every quarter.

Fulfillment of objective
The debt/equity ratio did not exceed the limit stated in NCC's financial objective at the end of any of the quarterly periods in 2010, and totaled 0.1 (0.2) at year-end, which is a historically low level. The debt/equity ratio is affected by seasonal variations. During the second and third quarters, more capital is tied up due to a high pace of activity in asphalt and civil engineering activities.



Debt/equity ratio
Target: < 1.5 as of 2010
Target restated according to IFRIC 15

1) The debt/equity figures for 2006 through the third quarter of 2008 have not been recalculated in accordance with IFRIC 15.

Naturum, Kristianstad.

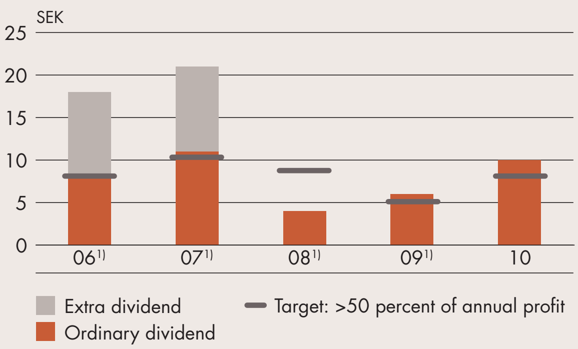
within large parts of the Group operations into account, the return requirement has to be reached on a calendar-year basis. The target that net indebtedness should not exceed 1.5 times shareholders' equity is set to apply to the close of each quarterly period.

The internal 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 requirements placed on NCC 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.

DIVIDEND

Dividend policy
NCC's policy is to distribute at least half of profit after taxes to the shareholders. The reason for establishing this level is to generate a healthy return for NCC's shareholders and to provide NCC with the potential to invest in core business and thus to ensure that future growth can be created while maintaining financial stability. For 2010, the proposed dividend is SEK 10.00 per share (6), which corresponds to 71 percent of profit after taxes.



1) Earnings for 2006–2009 have not been adjusted in accordance with IFRIC 15.

FINANCIAL OBJECTIVES AND DIVIDEND

		Result						
SEK M	Target	2006	2007	2008	2009	IFRIC 2009	2010	Average 5 years[4]
Return on shareholders' equity, %[1]	20%	27	34	27	18	25	20	27
Debt/equity ratio, times[2]	<1.5	0.1	0.1	0.5	0.1	0.2	0.1	0.2
Ordinary dividend, %	>50%	51	53	24	52	39	71	50
Ordinary dividend, SEK		8.00	11.00	4.00	6.00	6.00	10.00[3]	7.80
Extraordinary dividend, SEK		10.00	10.00	–	–	–	–	4.00

1) New objective, as of 2007: 20 percent. Previous objective: 15 percent.
2) New objective, as of 2010: <1.5. Previous objective: <1.0.
3) Proposed dividend.
4) The average five-year figure has been adjusted in accordance with IFRIC 15 as of 2009.

Sustainability effort aimed at development

OUR APPROACH IS BASED ON OUR VALUES

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

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

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

FOCUS
We focus on creating added value for our stakeholders.

SIMPLICITY
Doing business and having a business relationship with NCC should be easy.

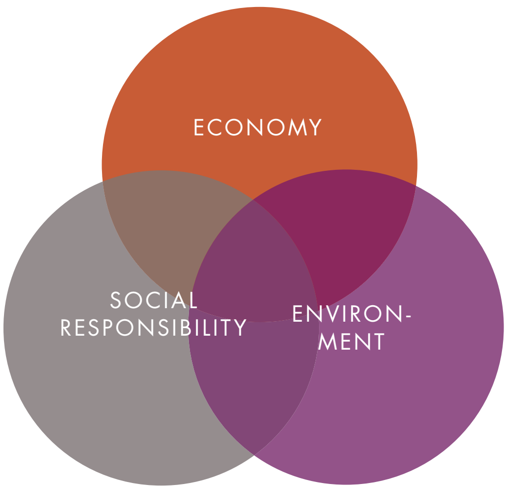
RESPONSIBILITY
We take responsibility. Building the environments of the future and thus contributing to sustainable social development is a major responsibility.

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

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

The foundation for NCC's approach to sustainable development is NCC's Code of Conduct, which describes the requirements that NCC has to meet in terms of behavior and conduct and that NCC in turn expects its business partners to respect. The Code of Conduct is based on NCC's values and complies with internationally recognized guidelines. NCC joined the World Economic Forum Partnering Against Corruption Initiative (PACI) in 2005 and signed the UN Global Compact in 2010. As of 2010, NCC reports its sustainability efforts in accordance with the guidelines of the Global Reporting Initiative (GRI) at level C (see the explanation below).

Key overriding measures in NCC's sustainability efforts in 2010 included reporting in accordance with GRI, processing of calculations of NCC's carbon footprint, recruiting a new position of VP Environmental Affairs for the Group and, naturally, all of the specific products and services with a focus on sustainability that NCC is developing.



"NCC focuses on energy-efficient solutions, environmentally compatible production and its employees' competence and welfare"

ABOUT THIS REPORT

This is NCC's first sustainability report and pertains to the 2010 fiscal year. NCC has elected to apply GRI's voluntary guidelines for the reporting of sustainability information and complies with level C. Although this sustainability report has not been reviewed by a third party, NCC deems that the information in the 2010 Annual Report and sustainability report, combined with information at NCC's website, fulfill GRI's information requirements for compliance at level C.

Unless otherwise stated, all information pertains to the entire NCC Group.

A complete GRI index is available at NCC's website www.ncc.se/griindex

Environment – *NCC helps its customers take environmental responsibility*

NCC's ENVIRONMENTAL OBJECTIVES:

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

NCC's role as a society builder generates vast opportunities to contribute to sustainable development. The focus is on energy-efficient solutions and environmentally compatible production.

Through its operations, NCC's ability to contribute to improved environmental conditions and reduced climate impact is considerable, in part by developing and constructing energy-efficient buildings and in part by providing efficient infrastructures such as roads, bridges and wastewater systems. NCC focuses on its environmental initiatives and, increasingly, perceives this as a prerequisite for even being considered for many assignments. For several years, NCC's environmental work has been shaped by four overriding environmental objectives. For NCC, 2010 was eventful in the environmental arena, with a number of new initiatives taken.

NCC'S CARBON FOOTPRINT

The climate is a key issue, which NCC takes very seriously. Through its service and product offering, NCC continuously renews itself so that it is able to offer its customers climate-efficient solutions for buildings and infrastructure projects. Since part of this work includes gaining an assessment of NCC's own carbon emissions, NCC initiated the measurement of its own emissions in 2010. A calculation was made of the scope of the direct impact of NCC's operations on carbon emissions according to the Greenhouse Gas Protocol ("Carbon Footprint") measurement method. During the year, NCC began to learn about the process and created a systematic approach for its efforts. In other words, 2010 was a training year and this work will continue in 2011.

As an initial step, NCC focused on measuring the impact of its proprietary production, which can be called phase one and two of the "footprint measurement." Much of society's energy consumption occurs in the user phase of the environments that NCC develops and constructs. The emissions in phase three, which NCC considers indirect, were not included in the measurement conducted.

The NCC product areas that have the greatest direct carbon impact are its asphalt and aggregates operations. This is primarily due to the nature of these operations, since asphalt manufacturing currently depends on the oil product bitumen, which is heated using crushed rock in an energy-intensive process, which also requires fuel. NCC has been working for several years on the development of alternative methods involving lower energy consumption. NCC also has many products with lower greenhouse-gas emissions than traditional asphalt, such as the NCC Green Asphalt product. This is an asphalt product that is prepared using 20 percent less energy and that generates 30 percent lower carbon emissions compared with normal production. NCC also uses recycled asphalt granules when manufacturing asphalt and offers a stone-rich asphalt paving with significantly extended durability, a concept known as VIACO.

The second greatest sources of carbon at NCC are the various types of vehicles used in its operations.

GREEN INITIATIVES

The demand for energy-efficient solutions has increased significantly in recent years and NCC was early to successively develop a variety of offers to meet the needs of customers and thus reduce their environmental impact.

In 2010, the NCC Construction business area launched what are known as Green tenders. This entails that for each tender exceeding SEK 50 M, a green alternative is to be submitted simultaneously.

When the customer chooses a Green tender, the proposed solution contributes to making the project as climate efficient as possible. The actual tender is climate compatible in that it offers the customer a climate-declared project. For those areas in which the company's own measures are not sufficient, climate compensation for the project is offered. Climate compensation is made through contributions to UN- and EU-approved climate projects. NCC offers a compensation solution that is certified under international standards, but also includes local climate initiatives.

For NCC, it is naturally important to reduce its own climate impact in projects, through such measures as using more energy-efficient production equipment, including the fleet of machinery and portable cabins. In Sweden, NCC applies the GreenBuilding concept, which means that workplaces are adapted using energy-efficient machinery and portable cabins. Other activities to reduce the environmental impact include environmentally compatible vehicles, need-based lighting and eco-labeled electricity.

NCC GREEN ASPHALT

Through the application of Green Asphalt, NCC has developed an environmentally compatible solution at the same quality as traditional asphalt. By developing the methods for manufacturing and mixing, NCC has managed to lower the temperature for hot asphalt while maintaining quality. The environmental gains include reduced carbon and nitrogen oxide emissions. Lowering the temperature of asphalt production to 120 degrees reduces energy consumption and carbon emissions.

GREEN BUILDING INCLUDES

- Environmentally labeled electricity
- Energy-efficient portable cabins
- Need-based lighting
- Energy-efficient machinery
- Efficient transports
- Environmentally compatible handling of waste products

CLIMATE-COMPENSATED INDOOR SPORTS ARENA IN VÄRMDÖ, OUTSIDE STOCKHOLM

When Värmdö Municipality, east of Stockholm, wanted a new indoor sports arena for such activities as handball, environmental considerations were taken seriously. The new indoor sports arena fulfills the requirements of the Swedish Environmental Building label and the international GreenBuilding system. This entails 30 percent less energy consumption than is required under the prevailing construction regulations. With NCC's guidance, the municipality has opted to compensate for the 316 tons of emissions that arise during the construction process. This is being done by replanting forest in Uganda. "It is very gratifying to see Värmdö Municipality's significant commitment to the environmental issue at such close range. This makes Värmdö the first municipality to accept a Green tender from us. Värmdö Municipality not only helps NCC become greener but is also sending an inspirational signal to the rest of the construction industry", says Erik Eken, Technical Specialist at NCC Construction Sweden.

ENERGY EFFICIENT BUILDINGS

Indirectly, NCC has great potential to influence energy consumption in society by offering energy-efficient buildings. Buildings represent nearly 40 percent of overall energy consumption and most energy is used in the operations phase. By constructing buildings that can use renewable energy sources for their heating and cooling, these fossil-based energy needs can be reduced, thus also reducing the carbon impact.

NCC has extensive experience of constructing energy-efficient buildings and civil engineering structures. NCC already complies with the EU's GreenBuilding energy classification program, which requires that the projects consume at least 25 percent less energy than the norm for equivalent buildings. All proprietarily developed property projects must be GreenBuilding certified.

NCC also climate declares housing and classifies commercial premises under the BREEAM environmental classification system, which is the leading program in Europe with more than 130,000 classified buildings. Unlike other environmental assessment systems, BREEAM also takes into account a whole range of environmentally impacting factors in a property, such as transportation and the choice of location for a building. All proprietarily developed property projects at NCC are constructed in accordance with BREEAM, unless the customer demands another environmental classification.

NCC also has experience of "passive buildings", which are not supplied with energy for heating, since they are primarily heated by body heat, electrical devices, lighting and sunlight. This type of building still entails a somewhat higher investment in the construction phase, although the lifecycle cost is expected to be lower as a result of reduced operating costs. In 2010, NCC increased the pace of construction of passive buildings.

In 2010, NCC launched a concept for low-energy buildings in line with Swedish passive-building criteria. Under this concept, NCC has concentrated its previous experiences and expertise in a platform that supplements NCC's technical platforms for single-family homes and apartment blocks. Accordingly, NCC can already construct buildings pursuant to these principles, even before they come into effect and become mandatory requirements under the EU's regulatory framework, which will occur around 2020.

ALTERNATIVE USAGE OF ENERGY

Alternative energy consumption is advancing successively and the ability to use proprietarily generated energy, such as local wind turbines and solar cells, is among the options being evaluated. NCC is developing the possibilities for locally produced green electricity through such initiatives as wind-power projects for supplying buildings with electricity. The aim is to offer customers this type of expertise concerning advice and solutions regarding energy issues. To help further reduce energy consumption, NCC is training its tenants in energy-conserving behavior.

MATERIALS AND RECYCLING

NCC also assumes environmental responsibility by, wherever possible, choosing materials with as low an environmental impact as possible. Contributing to efforts to phase out hazardous chemicals is a prioritized area for NCC in this context. This is also a far-reaching issue. The construction process encompasses a large amount of input materials. Depending on the type of construction – such as buildings, road, asphalting work or tunnels – the input materials vary from concrete to timber, plastic and steel, as well as fuel for construction machinery. In terms of chemical-related substances, materials and products, NCC has elected to work under the BASTA system in Sweden. This is a Swedish industry partnership aimed at phasing out all particularly harmful substances from the construction process. BASTA is a selection process that requires the suppliers of goods and products to make a self-declaration and approvals in accordance with such regulatory frameworks as those applicable in the EU, including REACH, which govern the use of chemical substances. Approved substances, materials and products are included in a database that can be accessed by NCC and other companies.

ROOFTOP WIND TURBINE

On the roof of NCC's head office in Solna, north of Stockholm, is a wind turbine that contributes to the building's electricity supply. The two-meter-high turbine generates an output of 2.5 kilowatts and also produces electricity when winds are as weak as two meters per second.

"This wind turbine is a symbol of our environmental and energy efforts. We want to investigate the possibility of working more to enable solar and wind energy to contribute to the energy needs of our properties. This would reduce operating costs and alleviate the environmental impact, thus increasing the building's value", says Jonny Hellman, Environmental Manger at NCC Property Development.

The wind turbine in Solna was the first of its kind in Scandinavia. Similar turbines are currently found in a number of other locations in the country. It is soundless and emits neither magnetism nor vibrations. Several turbines can be placed next to each other.

CONSERVATION OF RESOURCES

Another key area is the use of materials and one way of reducing their use is to apply an efficient construction process, in which industrial construction and virtual construction methods are key components. This increases the possibilities for future recycling of construction materials, once the building/facility has served its use or requires renovation. Recycling is a major factor and an average of almost 90 percent of construction waste is recycled. The recycling of previously paved asphalt is an important input material for asphalt production. On the infrastructure side, NCC also works on the development of materials that reduce the environmental impact and improve the environment, such as noise-dampening paving.

Social responsibility
Safe workplaces that promote development

Secure, healthy and safe workplaces have been assigned the highest priority at NCC. Skills development, diversity and values are other cornerstones in our effort to make NCC the best company to work for.

Think safe, work safe and be safe. These are the key words in NCC's effort to create a healthy and safe work environment. The natural vision is to have zero accidents. In 2010, the number of accidents resulting in one day of sickness absence or more per million working hours was 13.3, which was worse than in 2009 (11.8). In 2010, further action was taken to improve the safety culture. Attitudes and behavior are of the utmost importance and NCC's values – honesty, respect, trust and focus, simplicity and responsibility – are a natural basis for the approach in completing an assignment. Managers are a prioritized group, considering the importance of setting a proper example and serving as role models.

PROACTIVE EFFORT

To reduce the risk of accidents and increase safety, a number of proactive initiatives are conducted. All employees working at an NCC construction site must pass a basic introductory course in work environment issues. This also applies to subcontractors, of which there are often many. Each workplace supervisor or site manager must ensure that everyone at the construction site concerned has reviewed and accepts NCC's procedures and requirements.

Another key component is working on attitudes and behaviors. The behavior of individuals affects safety at a construction site, thus making it decisive that all individuals know what constitutes safe behavior. In practice, this involves always having the proper equipment, never taking risks at the workplace and never taking a risk simply because it is somewhat easier or faster than performing the task safely. NCC analyzes where and how the various units react to an incident or accident. Each year, hundreds of quality and environmental reviews are performed at workplaces together with employees. These reviews show that NCC must increase knowledge, develop procedures and change behaviors, and based on this impression, actions are taken.

Subcontractors are in a special situation since they are not included in NCC's internal communications flow or in the internal training courses. It is more difficult, but certainly no less important, to ensure their competence and behavior in terms of safety. Accordingly, NCC conducts a separate effort to increase the safety of subcontractors.

STELLA

Stella was formed in 1998 for the purpose of clarifying women's skills and increasing the number of women in senior positions. About 1,000 women currently work in NCC's Swedish operations and Stella has approximately 400 members. This reflects considerable interest among female employees and also indicates the need for a specific forum. Examples of the network's specific results include the implementation of NCC parental salary, increased implementation of flexible working hours, an inventory of managers and a sharper focus on female managers during reorganizations, the development of a trainee program and bans on discriminatory images.

Maria Zimdahl, Regional Manager Stockholm/Mälardalen, NCC Construction Sweden.

WORKPLACE AND SAFETY CONTROL

In 2010, NCC initiated a Group-wide effort to further emphasize work environment issues in daily work, which requires influencing various operational systems, for example.

The work environment issue is of great importance and is regularly reviewed by business area management, Group management and by NCC AB's Board. Issues are prepared by a special Group-level team for work environment and safety, which reports to senior management and convenes at least twice annually.

EXTERNAL INITIATIVES TO ADVANCE THE SAFETY EFFORT

NCC partners with industry colleagues to advance the safety effort. There are several shared challenges and, by working together, the industry can reduce risks, obstruct irresponsible players and create more stable conditions for conducting operations. In several Nordic countries, joint systems to establish the identity of individuals at workplaces are being developed as a way to ensure that everyone has reviewed the safety rules, but also to prevent illicit labor.

THE INDUSTRY'S MOST ATTRACTIVE EMPLOYER

An important factor in being an attractive employer is offering a safe work environment. Other significant factors include the ability to offer skills development and career opportunities, as well as having an amicable atmosphere at work. NCC measures how satisfied its employees are through an annual employee survey, the Human Capital Index (HCI). For NCC, this is a key indicator of whether initiatives are generating the desired results. In recent years, the HCI has been showing positive results and the level of satisfaction at NCC is high, and is also higher than or on a par with the industry average.

SKILLS DEVELOPMENT

NCC is a knowledge-intensive organization. Regular competence-development initiatives are conducted in a bid to retain qualified employees and strengthen competitiveness. In 2010, the initiatives concerning manager development, business ethics and work environment safety continued. The various projects often offer challenges in specific knowledge that NCC addresses through a joint competence-development program with other project partners. These types of partnerships are conducted within the framework of NCC Partnering.

It is also important to partner with universities and colleges. By allowing doctoral students to be active in the organization, research and development knowledge is exchanged.

WORKPLACE RELATIONSHIPS

NCC's operations depend on the economic climate, meaning that personnel cutbacks may be necessary. In such situations, it is important that the cutbacks be made responsibly and to maintain favorable relationships with the various employee organizations. NCC views the trade-union organizations as partners in this process. Considered long term, NCC has a significant need to recruit employees, in order, among other reasons, to address the pending generational shift.

DIVERSITY AND EQUALITY

The construction industry is male dominated and NCC is a male-dominated company, with men accounting for

ACCIDENT FREQUENCY

NCC Group	2005	2006	2007	2008	2009	2010
Accident frequency[1)]	14.8	16.8	15.2	12.8	11.8	13.3

1) Number of accidents resulting in one day of sickness absence or more per million worked hours.

SICKNESS ABSENCE

NCC Group	2005	2006	2007	2008	2009	2010
Sickness absence, %	5.6	4.9	4.2	4.0	3.6	3.3

90 percent of the workforce. Among blue-collar/collectively employed workers, the share of women is 2 percent. At the senior manager level, the share of women is higher at 18 percent. NCC's long-term objective is for the proportion of female employees to match the number of female graduates and women enrolled in engineering programs at technical colleges, which in Sweden is about 30 percent. NCC is striving to increase the number of women in its organization. NCC has a network called "Stella," which is open to female academics and female managers at NCC in Sweden. The network is intended to create better conditions for women to become managers at NCC.

BUSINESS ETHICS AND (ANTI-)CORRUPTION

NCC's operations must be conducted in accordance with its values, meaning respectfully, honestly and responsibly. The work approach is summarized in NCC's Code of Conduct; see p. 101. Nevertheless, NCC has experienced the occurrence of risks and transgressions. In Norway, NCC is the subject of an inquiry into suspicion of price collusion. Since 2002, all managers and specialists at NCC are subject to mandatory training in business ethics and competition law. During the years in which NCC has held the training program, there have been slightly more than 3,000 participants.

Compliance with the Code of Conduct is reviewed regularly. A whistleblower function is in pace, which is managed at the Group level and in certain business areas. In 2010, two serious transgressions of NCC's Code of Conduct were reported that resulted in two NCC employees being dismissed. The Code of Conduct is also applied in relation to NCC's business partners. Another tool in handling the risk of unethical behavior is to ensure a systematic approach and the existence of strong procedures in the purchasing chain. The use of the purchasing templates applied by NCC's purchasing organization reduces the scope for improper behavior.

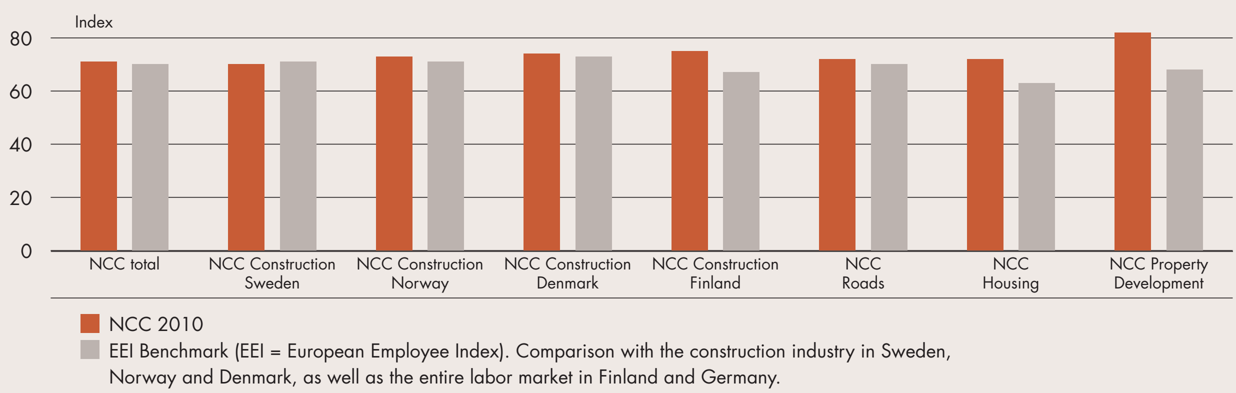
RESPONSIBILITY DURING PURCHASING

NCC supports and respects international conventions and guidelines concerning human rights, labor rights and labor conditions. NCC conducts most of its operational activities in the Nordic countries and has determined that the greatest risk of violations of these conventions and guidelines lies in the supply chain in Eastern Europe and Asia. Accordingly, NCC works proactively in its purchasing organization in respect of such matters as environmental and social issues. Since 2007, NCC has been evaluating all potential suppliers in accordance with their ability to live up to certain general requirements that NCC considers to be fundamental. The requirements include risk management, management of environmental impact, working conditions and labor law, health, safety and human rights.

NCC is a member of the Business Social Compliance Initiative (BSCI), which is operated by international companies with the aim of improving labor conditions in the international supply chain. In addition to accepting NCC's Code of Conduct and complying with NCC's general requirements, potential suppliers must also sign BSCI's Code of Conduct. NCC's existing suppliers are examined at least annually and, during such occasions, NCC frequently commissions the assistance of third-party auditors. In common with the demands placed on product suppliers, NCC also imposes similar requirements on service suppliers. The purchasing templates that each purchaser uses include questions concerning the work environment for contractors and subcontractors. To be permitted to deliver services to an NCC construction site, these requirements must be fulfilled.

EMPLOYEE SATISFACTION AT NCC

Key questions in the HCI employee survey are compared with the European Employee Index, enabling the measurement of NCC's results in relation to those of the industry index. The survey offers a description of the employees' job satisfaction and loyalty, and also encompasses questions regarding values, immediate superiors, motivation and commitment. NCC is better than, or on a par with, the industry index in every market.



NCC's stakeholders

Customers

KEY ISSUES

- The most attractive customer offerings.
- Attractive cooperation formats, such as NCC Partnering and function contracts.
- Strong, longstanding customer relations.
- Contribute to sustainable social development.
- Highest production efficiency in the industry.
- Energy-efficient products and services.

FOCUS IN 2010

- Platforms.
- Energy-efficient products and services.
- Carbon Footprint.
- In-depth customer surveys.
- Extended guarantee periods.

PRIORITY ISSUES FOR 2011

- Development of various green alternatives.
- Energy-efficient products and services.
- Carbon Footprint.
- Long-term initiatives involving research and development.
- NCC Partnering and function contracts.

Users/The customer's customer

KEY ISSUES

- Create healthy built environments.
- Reduce climate impact during the useful life of buildings.
- Effective and appropriate housing, commercial premises and plants, with low lifecycle costs.
- Energy-efficient products and services.

FOCUS IN 2010

- Energy-efficient products and services.
- Climate declaration of buildings.

PRIORITY ISSUES FOR 2011

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

Shareholders

KEY ISSUES

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

FOCUS IN 2010

- Financial stability.
- Positive cash flow.
- Profitability ahead of volume.
- Limited risk exposure.

PRIORITY ISSUES FOR 2011

- Profitable growth.
- Competitiveness.

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 stakeholder perspective forms the foundation for NCC's environmental policy, Code of Conduct, values and the formulation of the sustainability report.

NCC has identified its stakeholders and its most central issues through an internal analysis process with the participation of the CFO, Senior Vice President for Corporate Communications, Vice President Environment and Sustainability, Vice President Human Resources and managers for Work Environment (health and safety) and Investor Relations.

NCC's stakeholders are those groups that have the greatest effect on, or are most affected by, the Group's business activities. These stakeholders include customers, users, shareholders, suppliers, employees, authorities and indirect stakeholders. Users, or the customer's customer, could include tenants in apartment blocks or in commercial properties or even road-users utilizing the infrastructure of the community. A key group of stakeholders among the authorities are the municipalities, which have extensive control of land use and development rights.

Suppliers

KEY ISSUES

- Lowest purchasing costs in the industry.
- Reduction in total purchasing costs every year.
- International purchasing.
- Group-wide purchasing.
- Developed logistics.
- Supplier assessment of products and services.

FOCUS IN 2010

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

PRIORITY ISSUES FOR 2011

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

Employees

KEY ISSUES

- Most attractive employer.
- Low level of sickness absence and no work-related accidents.
- Committed employees.
- Clear, value-guided and supportive leadership.
- Good development opportunities.
- Increased diversity.
- Recruit and retain the best employees.

FOCUS IN 2010

- Management training.
- Further develop Human Capital Index (HCI).
- Value dialog.
- Work-environment training.
- Change of focus from cutbacks to recruitment.

PRIORITY ISSUES FOR 2011

- Competence.
- Increased diversity.
- Management training.
- Vision of zero occupational accidents.
- Competition law training.
- Employer branding/recruitment.

Authorities

KEY ISSUES

- Provide best possible documentation prior to political decisions.
- Participate in public debates on matters affecting the construction sector.
- Long-term collaboration partner.
- Continuous dialog.

FOCUS IN 2010

- Dialog with municipal administrations, government authorities and departments and other decision-makers.

PRIORITY ISSUES FOR 2011

- Reduce construction costs.
- Dialog about the industry's carbon emissions and use of chemicals.
- Dialog about safer work environments.

Indirect stakeholders

KEY ISSUES

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

FOCUS IN 2010

- Involvement in member and industry organizations.
- Visible social responsibility.

PRIORITY ISSUES FOR 2011

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

Report of the Board of Directors

The Board of Directors and the President of NCC AB (publ), corporate registration number 556034-5174 and headquartered in Solna, hereby submit the annual report and the consolidated financial statements for the 2010 fiscal year.

GROUP RELATIONSHIP

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

AMENDED ACCOUNTING POLICIES

In the Annual Report, comparative figures for 2009 have been recalculated due to the introduction of IFRIC 15, Agreements for the Construction of Real Estate, which is applied by NCC as of January 1, 2010. This applies to tables and figures for 2009, unless otherwise stated. The amendment briefly entails that the sale of property and housing projects will not normally be recognized in profit or loss until when the property/housing project has been sold, completed and handed over to the end customer. Compared with the former policy, this change will normally entail postponement of revenue recognition. NCC's assets and liabilities are also affected by the new policy. The application of IFRIC 15 also entails the recognition of Swedish tenant-owners' associations and Finnish housing companies in NCC's balance sheet. This mainly affects interest-bearing liabilities as well as NCC's key figures. For an interpretation of IFRIC 15, refer to Note 1, Accounting policies, and for information on the effects of the recalculation, refer to Note 46, Transition to IFRIC 15.

OPERATIONS

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

OPERATIONS DURING THE YEAR

Demand in the Nordic construction market increased in 2010, albeit from a low level. Housing construction gained momentum and other building construction increased. The civil engineering market's growth has leveled off.

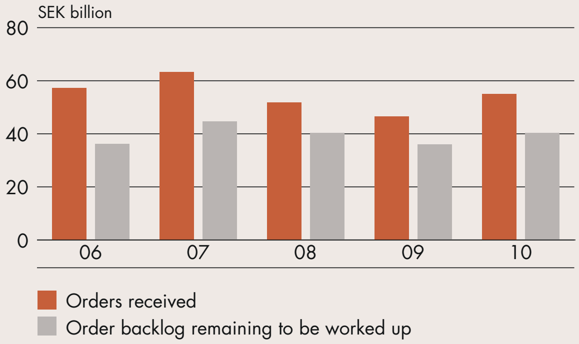
Increased demand in the construction market entails higher demand for aggregates. After a sharp decline in the aggregates market in 2009, volumes recovered during the year and are expected to grow somewhat in 2011. Asphalt volumes also rose during 2010, although NCC does not expect any significant growth in 2011.

The Nordic housing market is characterized by strong demand and stable prices. The price level in St. Petersburg and Germany increased during the fourth quarter 2010, but remained unchanged in Estonia. In Latvia and Lithuania, housing prices declined during the same period.

In the leasing market for commercial properties, vacancy rates and rents have stabilized. Rent levels have bottomed out but recov-

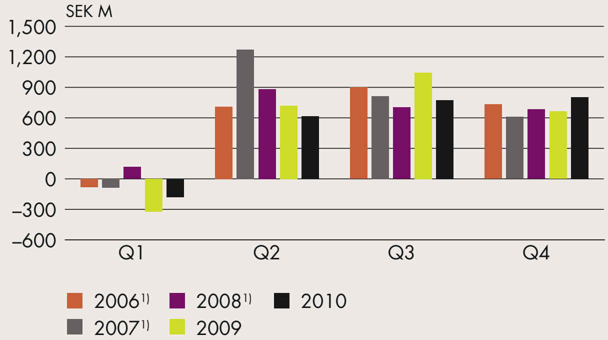
ORDERS RECEIVED AND ORDER BACKLOG

Orders received increased 18 percent and the year-end order backlog totaled SEK 40.4 billion. Following the recessionary conditions experienced in 2008 and 2009, an increase in orders received was noted again in 2010. In several areas, the economic recovery occurred faster than expected and started to become noticeable in orders received as early as the end of 2009 and continued throughout 2010. The increase in orders received was driven primarily by demand for new housing. The robust growth in orders received during the first half of 2010, particularly in Swedish operations, contributed to a strengthening of the order backlog.



PROFIT AFTER FINANCIAL ITEMS

Profit after financial items was lower than in 2009, primarily because of lower earnings from sales of properties in NCC Property Development. The Construction units experienced lower volume during the year but volume in the fourth quarter exceeded the year-earlier level. The margin improved. Although NCC Roads experienced a weak start to the year, its earnings recovered in the second half of the year thanks primarily to high volume.



[1] Earnings for 2006–2008 have not been recalculated in accordance with IFRIC 15.

ery will be slow. The number of property transactions increased from a low level. Investors' yield requirements declined somewhat during 2010 in the Nordic market.

The return on shareholders' equity after tax was 20 percent (25). Net indebtedness at year-end was SEK 0.4 billion (1.8) and the debt/equity ratio was 0.1 (0.2). During the year, the shareholders of NCC were paid dividends totaling SEK 650 M, as resolved by the 2010 Annual General Meeting.

Changes among senior executives

The Board of Directors of NCC AB has designated Peter Wågström as the next President and CEO of NCC effective as of the Annual General Meeting on April 13, 2011. He succeeds Olle Ehrlén, who will retire in 2011.

Svante Hagman, former Head of the Stockholm/Mälardalen region within NCC Construction Sweden, was appointed President of NCC Housing. He assumed his position on February 1, 2011, succeeding Peter Wågström.

Christina Lindbäck was appointed VP Environmental Affairs for the NCC Group. Christina Lindbäck assumed the new position as NCC's VP Environmental Affairs in November 2010 and reports directly to the CEO.

Orders received

Orders received amounted to SEK 54,942 M (46,475). The increase was attributable to a rise in housing and property project starts in NCC Housing and NCC Property Development, as well as improved orders received for the Construction units in Sweden, Denmark and Finland. Changes in exchange rates reduced orders received by SEK 2,056 M compared with the preceding year.

Orders received for proprietary housing projects totaled SEK 8,955 M (3,429). During the year, 3,489 (1,138) proprietary housing units were started and 2,258 (422) were sold. Orders received for proprietary property projects amounted to SEK 1,632 M (336). Changes in exchange rates had an adverse impact of SEK 2,111 M on the order backlog.

Net sales

Net sales were down 12 percent to SEK 49,420 M (56,005). The decline was primarily due to fewer completed and transferred projects in NCC Housing and NCC Property Development, a reduction in orders received for the Construction units in 2009 and a cold winter, which resulted in delays and a lower level of activity. The Construction units began the year with strong orders received, which gradually generated increased sales, contrary to the declining trend in 2009. Changes in exchange rates reduced sales by SEK 1,942 M compared with the year-earlier period.

Operating profit

Operating profit amounted to SEK 2,254 M (2,619). The lower year-on-year earnings were primarily due to decreased earnings from property sales in NCC Property Development. In 2009, a major property sale had a significant impact on operating profit. In 2010, SEK 30 M was charged against earnings for impairments of land and completed housing units, and in 2009 the impairment figure was SEK 192 M. Changes in exchange rates had an adverse impact of SEK 49 M on operating profit compared with the preceding year.

NCC Construction Sweden's earnings were down year-on-year, mainly because of reduced sales. NCC Construction Denmark improved its profitability by lowering its costs. NCC Construction Finland's earnings declined compared with the preceding year, due to lower project margins. NCC Construction Norway's operating profit was somewhat higher year-on-year, primarily as a result of increased sales and lower costs.

NCC Roads' experienced a weak start of the year, although it recovered in the second half of the year as a result of higher volumes. Despite the increased sales, earnings were somewhat lower than in the preceding year.

NCC Housing improved its operating profit in 2010. Profitability was impacted by lower sales and low average margins from projects that were sold in 2009 but recognized in profit in 2010.

NCC Property Development's earnings were lower year-on-year due to decreased earnings from property sales.

"Other and eliminations" amounted to SEK 128 M (123). Reversal of inter-company gains amounted to SEK 22 M (140). The year 2010 included profit of SEK 57 M from the Polish highway project A2.

Profit after financial items amounted to SEK 2,008 M (2,105). Net financial items amounted to an expense of SEK 246 M (expense: 514). Lower net indebtedness and lower interest rates improved net financial items.

Profit after tax for the year totaled SEK 1,527 M (1,656). The effective tax rate for NCC was 24 (21) percent. In 2009, NCC Property Development sold more property projects without this impacting the tax base.

FINANCIAL POSITION

Profitability

The return on shareholders' equity after tax was 20 percent (25).

Total assets

Total assets amounted to SEK 31,104 M (31,970).

Net indebtedness

Net indebtedness amounted to SEK 431 M (1,784)

Cash flow

Cash flow before financing totaled SEK 1,934 M (5,960). The decrease was due mainly to fewer housing and property sales during 2010 compared with 2009. Cash flow from changes in working capital amounted to a negative SEK 586 M (positive: 3,485). During 2010, cash flow from sales of housing units and properties was largely able to cover the capital requirements arising from investments in land and projects starts. An increase in capital tied up in accounts receivable was offset by improved cash flow from other current liabilities. Also refer to the cash flow statement on p 54.

Equity/assets and debt/equity ratio

On December 31, 2010, the equity/assets ratio was 26 percent (23). The debt/equity ratio amounted to a multiple of 0.1 (0.2).

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 fourth quarters are normally weaker than the second and the third quarters. In 2010, the effect was greater than normal, in part due to the need to delay operations early in the year, and in part because of the very cold and snowy conditions at the end of the year

BUSINESS AREAS

NCC Construction Sweden

Orders received by NCC Construction Sweden rose 27 percent to SEK 23,983 M (18,842). The increase compared with 2009 was greater during the first part of the year but slackened towards the end of 2010. In 2009, the recession had a severe impact on major commercial building and civil engineering projects although demand returned during 2010. Strong demand for housing also contributed to the increase in orders received. NCC Construction Sweden started 2010 with an order backlog that had been impacted by the earlier recession, which initially entailed a lower production pace. However, as a result of the robust level of orders received during the first half of the year, the production rate could be gradually increased compared with the year earlier. Nevertheless, overall volumes declined 6 percent.

Operating profit, which was impacted by the lower sales, amounted to SEK 924 M (1,026). Despite the recession, it was possible to maintain the profitability of operations at a historically high level. The gradual impact of strategic initiatives such as partnering, platforms and international purchasing had a favorable impact on earnings.

NCC Construction Denmark

Orders received by NCC Construction Denmark increased to SEK 3,831 M (3,194), which was primarily attributable to the rise in major projects secured in 2010. A low order backlog at the start of the year resulted in a 12-percent decrease in sales. As a result of reduced costs, it was possible to improve profitability. Operating profit increased to SEK 124 M (72).

NCC Construction Finland

NCC Construction Finland increased its orders received to SEK 6,512 M (5,662). The increase was primarily attributable to strong demand for housing. NCC was able to start more proprietary housing units and demand for public-utility housing was high. Sales were in line with 2009, although operating profit declined to SEK 132 M (172). The lower profit was primarily attributable to weaker profitability in projects.

NCC Construction Norway

Orders received by NCC Construction Norway amounted to SEK 4,370 M (4,681). Orders received for civil engineering projects declined towards year-end, which was partly an effect of a reduction in targeted government programs. Orders received for housing were higher than in 2009, due to a buoyant housing market. Higher orders received in the early part of the year resulted in a gradual increase in production volumes. Because of increased sales and lower overheads, operating profit increased to SEK 147 M (140).

NCC Roads

NCC Roads reported net sales of SEK 10,679 M (10,338). NCC Roads experienced a weak start of the year but recovered a great deal in the second half as a result of higher volumes. The main recovery was made for aggregates, although volumes for asphalt also strengthened during 2010.

Despite the increased sales, earnings were somewhat lower than in the preceding year. Operating profit for the year was SEK 356 M (387). Competition-impeding damages in Finland of SEK 45 M were charged against earnings in the preceding year.

NCC Housing

Demand for housing was favorable in NCC's principal markets. The price level was stable and recovered from the decline showed in 2009. The positive trend provided an opportunity for further project starts.

Sales of proprietary housing units amounted to SEK 2,727 M (3,275) and 1,009 (1,574) housing units were sold to investors. The number of proprietary housing starts was 3,489 (1,138), primarily in Finland and Sweden. As a result of the considerable sales, the number of completed unsold housing units declined to 97 (391) at year-end.

The number of ongoing housing units in production was 3,533 (1,938) at a work-up rate of 43 percent (69) and a sales rate of 58 percent (77).

The number of development rights at year-end was 30,346 (31,872), of which 13,100 (15,200) in Sweden. Capital tied up in housing projects declined to SEK 8,745 M (10,137), primarily due to sales.

NCC Property Development

NCC Property Development's sales totaled SEK 2,020 M (3,139).

Property sales for full-year 2010 amounted to SEK 1,973 M (3,090). In 2009, gains from property sales included a significant gain on the sale of a major property. Gains from sales amounted to SEK 289 M (903). Operating profit declined to SEK 116 M (705). Completed or construction-initiated property projects at year-end amounted to SEK 3.0 billion (1.2) in total project costs. At year-end, NCC had 19 completed and ongoing property projects, of which five were sold but not yet recognized in profit. Costs incurred in all project starts totaled SEK 1.2 billion (0.9), corresponding to 39 percent (74) of total project costs. The year-end leasing rate was 49 percent (65).

ORDERS RECEIVED, NET SALES AND EARNINGS PER BUSINESS AREA

	Orders received		Net sales		Operating profit/loss	
SEK M	2010	2009	2010	2009	2010	2009
NCC Construction Sweden	23,983	18,842	20,962	22,241	924	1,026
NCC Construction Denmark	3,831	3,194	2,906	3,321	124	72
NCC Construction Finland	6,512	5,662	5,791	5,718	132	172
NCC Construction Norway	4,370	4,681	4,341	4,065	147	140
NCC Roads	10,561	11,001	10,679	10,338	356	387
NCC Housing	10,534	5,646	6,880	11,135	327	–5
NCC Property Development			2,020	3,139	116	705
Total	**59,792**	**49,026**	**53,578**	**59,955**	**2,126**	**2,496**
Other and eliminations	–4,850	–2,551	–4,159	–3,951	128	123
Group	**54,942**	**46,475**	**49,420**	**56,005**	**2,254**	**2,619**

BRANCHES OUTSIDE SWEDEN

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

ENVIRONMENTAL IMPACT

The Group conducts operations subject to permit and reporting obligations in accordance with the Environmental Code, which involve the Swedish Parent Company and Swedish subsidiaries. Of the Group operations subject to permit and reporting obligations, it is mainly the asphalt and gravel pit operations conducted by NCC Roads that affect the external environment, as well as the construction and civil engineering operations conducted by NCC Construction. The external environmental impact of these operations mainly takes the form of emissions to air, waste generation and noise.

Significant risks and uncertainties

Following the downturn experienced in the Nordic construction and property market due to the global unrest in financial markets in 2009, 2010 was characterized by recovery and stabilization, although a number of submarkets remained challenging. The housing market became stronger.

RISK MANAGEMENT

Through its business operations, NCC is exposed to various risks, both operational and financial. The operational risks relate to the Group's day-to-day operations, and could be purely operative, apply to tenders or project development, seasonal exposure or assessments of the earnings capacity of a project. Operational risks are managed within the framework of the internal control of business areas established by NCC. The business areas assess and manage their risks using operational systems and developed procedures. The Group's financial risks such as interest-rate, currency, refinancing, liquidity and credit risks are managed centrally in order to minimize and control the Group's risk exposure. Customer-credit risks are handled within each particular business area.

A centralized insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. The function also performs preventive risk-management work together with the business areas. This results in cost-effectiveness and coordination of insurable risks.

MARKET RISKS

Price risk

For several years, the prices of building products had previously increased at a rate that far exceeds general inflation, although prices have stabilized in the current economic conditions.

During a shift in economic conditions, there is a risk that prices for input materials and services could increase, whereby it is not possible to offset this factor with higher prices for NCC's products and services.

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

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

Seasonal risks

The NCC Roads business area and civil engineering operations within NCC's Construction units are subject to considerable seasonal variations. This definitely characterized 2010, firstly during the initial part of the year when operations were delayed and secondly due to the very cold and snowy conditions towards year-end.

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

Development risks

In addition to the contract risk, which is managed by NCC's Construction units, proprietary project development in both residential and commercial properties includes a development and sales risk. Every project concept must be adapted to local market preferences and the planning requirements imposed by public authorities. State-of-the-art skills are required to optimize the timing of projects that have to be guided through, for example, local municipalities and possibly an appeals process. Housing-development competencies are concentrated in NCC Housing. NCC has successively limited the markets in which the Group is active and expanding. Proprietary housing and property projects are developed primarily in large growth communities in the Nordic countries, as well as in Germany, the Baltic countries and St. Petersburg. In addition, NCC has consciously decided to refrain from excessively niche-oriented projects intended for narrow target groups, since earnings 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 presales for housing before a project is started. Tied-up capital is reduced through early payment by customers.

OPERATIONAL RISKS

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

Most risks, such as contract risks and technological and production-related risks, are best managed and minimized in cooperation with the customer and other players during early stages of the project. Various types of cooperative formats, such as NCC Partnering, can be used to help manage risk. Project control is of decisive importance to minimizing problems and thus costs. Many Group units are quality and environmentally certified. Since a shortage of labor and certain competencies may arise during certain periods, NCC must have a versatile organization that secures the company's ability to deliver.

Financial risk-taking and risks

Through its operations, the Group is exposed to financial risks.

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

NCC Roads mainly has capital employed in fixed assets (quarries, crushing plants, asphalt plants, paving machinery, road service, etc). To the extent possible, investments that achieve the maximum capacity utilization are prioritized. To a large extent, investments in these fixed assets can be financed with loans, but are subject to limitations in terms of, for example, cyclical and seasonal risks. This is controlled by, among other factors, financial targets. Proprietary housing and property development ties up capital throughout the course of the projects; firstly, through investment in land, then during the development phase and finally during the sale of the project. The financing of these projects varies with time. Initially, uncertainty is considerable and borrowing should be low, while a finished property can be leveraged to a much greater extent. 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.

Other risk assessments

Since the recognition of certain items is based on estimates and assessments, they are subject to uncertainty. Market conditions improved somewhat during the year but are still impacting values, particularly those for land held for future development and ongoing property development and housing projects. These items are recognized on the basis of what, when this report was issued, were current, difficult-to-assess assumptions concerning sales prices, production costs, land prices, rent levels, yield requirements and the timing of production starts and/or sales. NCC continuously monitors developments in the market and tests the assumptions made on an ongoing basis. Refer also to critical estimates and assessments on p. 63.

SENSITIVITY ANALYSIS

	Change	Effect on profit after financial items, SEK M (annual basis)	Effect on return on equity, (percentage points)	Effect on return on capital employed (percentage points)
NCC's Construction units				
Volume	+/– 5%	151	1.5	1.3
Operating margin	+/– 1 percentage point	340	3.3	2.8
NCC Roads				
Volume	+/– 5%	39	0.4	0.3
Operating margin	+/– 1 percentage point	107	1.0	0.9
Capital rationalization	+/– 10%	11	0.1	0.5
NCC Housing				
Volume	+/–10%	86	0.8	0.7
Operating margin	+/– 1 percentage point	69	0.7	0.6
NCC Property Development				
Sales volume, projects	+/– 10%	44	0.4	0.4
Sales margin, projects	+/– 1 percentage point	20	0.2	0.2
Group				
Interest rate, borrowing	+/– 1 percentage point	16	0.2	
Decrease in net debt	SEK 500 M	19	0.2	0.8
Change in equity/assets ratio	– 5 percentage points	–59	4.7	

SENSITIVITY AND RISK ANALYSES

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

NCC Roads' operations are affected by such factors as price levels and the volume of produced and paved asphalt. An extended season due to favorable weather conditions increases volumes and, because the proportion of fixed costs is high, the affect on the margin is considerable. For proprietary housing projects within NCC Housing, the major challenge is to have the right products in the market and to guide them through the planning process so they arrive in the market at the right time. NCC Property Development's earnings are predominantly determined by sales. Opportunities to sell development projects are affected by the leases signed with tenants, whereby an increased leasing rate facilitates higher sales. The value of a property is also determined by the difference between operating expenses and rent levels, which means that a change in the rent levels or operating economy of projects in progress could change the value of such projects.

The NCC Group had a favorable financial position in 2010 with a continued reduction in indebtedness.

COMPETITION ISSUES

During 2008 and 2009, the final verdicts were announced in the competition cases in Sweden and Finland, respectively. During 2010, NCC and other construction companies reached a settlement with the nine municipalities in Sweden that had previously sued the construction companies in the wake of the competition cases. NCC and other construction companies in Finland have received claims for damages from a number of municipalities and from the Finnish Road Administration. These are being heard in a general court of law. Since February 2010, an investigation is under way in the Norwegian Competition Authority pertaining to suspected price collusion in the asphalt sector in the Trondheim region. According to information received, the suspected companies are Kolo Veidekke and NCC Roads AS. NCC is cooperating with the authority investigating the matter.

PERSONNEL

Number of employees

In 2010, the average number of employees in the NCC Group was 16,731 (17,745). NCC is continuously adapting the organization to the prevailing market conditions. In February 2011, the assessment was that local adjustments will continue, primarily in terms of new recruitment.

NCC's long-term efforts involving the work environment and health matters continued during the year.

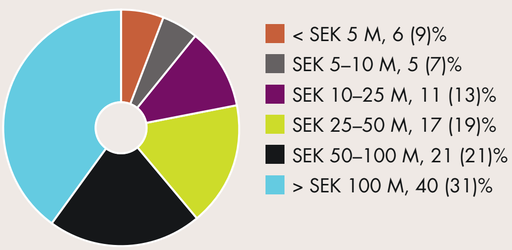
NCC SHARE

At December 31, 2010, NCC's registered share capital consisted of 31,302,925 Series A shares and 77,132,897 Series B shares. The shares have a quotient value of SEK 8.00 each.

NCC has 21,138 repurchased Series B shares held in treasury. These shares were acquired at an average price of SEK 73.35 per

ORDERS RECEIVED BY PROJECT SIZE 2010, NCC'S CONSTRUCTION UNITS AND NCC HOUSING

Projects with a value exceeding SEK 100 M accounted for an increased share of orders received. During the recession, the number of major projects declined. The rapid economic recovery has facilitated financing and boosted demand, thus also enabling the initiation of larger projects.



MAJOR ONGOING PROJECTS

Project > SEK 300 M		NCC's share of order value	Completion rate Dec 31, 2010	Estimated year of completion
Norrström Tunnel, Stockholm	SE	1,654	21	2015
Ground work and construction works, Kiruna/Malmberget	SE	1,368	60	2013
Raise boring, Kiruna	SE	1,315	63	2012
Highway 50, Motala	SE	1,314	7	2013
Highway 45 – E12, E13, Western Sweden	SE	771	90	2012
County road 456, road and tunnel, Kristiansand	NO	701	8	2014
Expressway E6, Trondheim	NO	654	34	2013
Highway E18, Björvika, Oslo	NO	642	87	2011
Congress hotel, Bella center, Amager	DK	634	75	2011
Clarion Hotel, Arlanda	SE	585	7	2013
Forensic psychiatry facility, Huddinge	SE	540	27	2012
Highway E4 Enånger-Hudiksvall, Hudiksvall	SE	536	88	2011
Light rail link, Phase 3,Stockholm	SE	525	4	2013
Offices, Kista	SE	518	14	2012
Forensic psychiatry facility, Gothenburg	SE	515	25	2012
Offices, Hellerup	DK	474	95	2011
Housing, Aarhus	DK	474	3	2013
Maintenance gas store, Hammerfest	NO	432	71	2012
Light rail link, Phase 2, Stockholm	SE	431	38	2012
Road and tunnel, Askvoll	NO	401	8	2012
CHP plant, Öresund	SE	392	20	2012
Shopping center & housing, Helsinki	FI	380	29	2012
Highway E6 Solhem – Pålen, Western Sweden	SE	363	95	2011
Highway, E45 Agnesberg-Bohus, Bohus	SE	351	29	2012
Bridge repairs, Årsta Bridge, Stockholm	SE	325	69	2012
Travel center, Uppsala	SE	309	86	2011
Indoor car park, Malmö	SE	308	94	2011
Radiotherapy clinic, Lund	SE	306	1	2012
Hypermarket, Tampere	FI	300	72	2011

share and account for 0.02 percent of the share capital. Series A shares carry 10 votes and Series B shares one vote each. All shares provide the same entitlement to participation in the company's assets and profit and to an equally large dividend. At the request of the holder, Series A shares can be converted into Series B shares. Such a request must be made in writing to the Board of Directors, which takes decisions on such matters on a continuous basis. After a conversion decision is made, this is reported to Euroclear Sweden AB for registration. Conversion occurs when such registration has taken place. During the year, 11,093,523 Series A shares were converted to Series B shares. The number of NCC shareholders at year-end was 30,729 (32,317), with Nordstjernan AB as the largest individual holder accounting for 23 percent (23) of the share capital and 64 percent (51) of the voting rights. The former second-largest owner, L E Lundbergföretagen AB, sold its entire holding of 10 percent of the share capital and 22 percent of the voting rights in early 2010. The ten largest shareholders jointly account for 48 percent (53) of the share capital and 79 percent (83) of the voting rights. At the Annual General Meeting on April 14, 2010 the Board was granted renewed authorization to buy back up to 10 percent of the company's shares. No repurchases were made during 2010. At the 2011 Annual General Meeting, the Board will propose that it be granted authorization to sell the 21,138 Series B treasury shares that it already holds. The shares will be sold 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.

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 WORK

Ahead of the 2011 Annual General Meeting, NCC's Nomination Committee comprises of Viveca Ax:son Johnson (Chairman of the Board of Directors, Nordstjernan), Kerstin Stenberg (Board member, Swedbank Robur AB) and Peter Rudman (VP Corporate Governance, Nordea funds), with Viveca Ax:son Johnson as Committee Chairman. Tomas Billing, Chairman of the NCC Board of Directors, is a co-opted member of the Nomination Committee but has no voting right.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The Board of Directors' proposed guidelines, which will be addressed at the 2011 Annual General Meeting in April, apply to the company's President and Group management (Group Management). The objective of the guidelines concerning salary and remuneration to Group Management is that NCC will be able to offer competitive market remuneration that enables the NCC Group to both recruit and retain people with the highest possible expertise. The guidelines are designed to support NCC's long-term strategy.

The remuneration payable to Group Management comprises a fixed salary, variable remuneration, pension and other benefits.

Fixed salary. When determining the fixed salary, the individual executive's sphere of responsibility, experience and achieved results must 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. The reason for paying variable remuneration is to motivate and reward value-generating activities that support achievement of NCC's long-term operational and financial objectives. For the President, variable remuneration is maximized to 50 percent of fixed salary and for other members of Group Management to 40–50 percent of fixed salary. The variable remuneration is to be revised annually. It is estimated that the company's undertakings in relation to the executives concerned will cost the company a maximum of SEK 23.8 M (22.5).

Pensions. NCC is endeavoring to move gradually towards defined contribution solutions, which entail that NCC pays contributions that represent a specific percentage of the employee's salary. Members of Group Management, who are active in Sweden, are entitled, in addition to basic pension which is normally based on the ITP plan, to receive a defined contribution supplementary pension for salary increments exceeding 30 income base amounts. The income base amount for 2011 is SEK 52,100. Members of Group Management who are active in another country are covered by pension solutions in accordance with local practices. NCC is endeavoring to achieve a harmonization of the retirement age of Members of Group Management at 65 years.

Other benefits. NCC provides other benefits to members of

Group Management in accordance with local practices. The combined value of such benefits in relation to total remuneration may constitute only a limited value and correspond essentially to the costs normally arising in the market.

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

These guidelines may be disapplied by the Board of Directors if there is special reason to do so in individual cases. In all significant respects, the above guidelines comply with those adopted by the Annual General Meeting in April 2010.

During 2010, an agreement was reached between the company and a president of a foreign subsidiary concerning the timing of this executive's future departure from the position concerned, and other terms and conditions for employment termination. The agreement means that salary during the period of notice and severance pay correspond to a level that exceeds the aforementioned guidelines concerning this point. Accordingly, the Board of Directors has exercised its right to disapply the aforementioned guidelines in individual cases. The consequences of the agreement reached in 2010 and those reached previously between the company and the president of the foreign subsidiary include a switch from the previous defined benefit pension solution to a defined contribution pension. On the whole, the assessment is that the agreements will entail a lower commitment for the company compared with the original situation. For further information, refer to Note 5, Personnel expenses, p. 66, Other remuneration.

PARENT COMPANY

Commission agreement

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

Net sales and earnings

Invoicing for the Parent Company amounted to SEK 25,377 M (21,784). Profit after financial items was SEK 1,889 M (3,202). In the Parent Company, profit is recognized when projects are subject to final profit recognition. The average number of employees was 6,764 (7,259).

CORPORATE GOVERNANCE REPORT

Although the Corporate Governance Report is included as a separate section of NCC's 2010 Annual Report, it does not constitute a feature of the formal annual report documentation; refer to the section Corporate Governance on pp 96–101.

OUTLOOK

During 2011, NCC expects some growth in construction investments for housing, offices and other building. The civil engineering market is expected to remain at the same level as in 2010. The increased demand in the construction market will result in increased demand for aggregates.

In NCC's assessment, demand for housing in 2011 will remain favorable with an unchanged price level in the Group's main markets.

In the market for the leasing of commercial properties, vacancies and rents have stabilized. Rent levels have bottomed out but the recovery will progress slowly and also have an impact on 2011. The number of property transactions is expected to rise from a low level.

PROPOSED DIVIDEND

The Board proposes a dividend of SEK 10.00 (6.00) per share. The proposed record date for dividends is April 18, 2011. The dividend proposal is in line with NCC's dividend policy, which states that at least 50 percent of profit shall be distributed to the shareholders. If the Annual General Meeting approves the Board's motion, it is estimated that dividend payments, via Euroclear Sweden AB, will commence on April 21, 2011. The Board's statement regarding the proposed dividend will be available on the company'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 and cash flow items and December 31 for balance-sheet items. Rounding-off differences may arise.

Consolidated income statement *with comments*

SEK M	Note	2010	2009
	1, 24		
Net sales	2, 3	49,420	56,005
Production costs	5, 6, 9, 20,30	–44,487	–50,263
Gross profit		**4,933**	**5,742**
Selling and administrative expenses	5, 6, 7, 20	–2,682	–3,035
Result from sales of properties	8	2	10
Impairment losses on fixed assets	9, 20	–2	–7
Result from sales of Group companies	10		5
Competition impeding damages			–95
Result from participations in associated companies	11	4	–1
Operating profit	3, 12	**2,254**	**2,619**
Financial income		99	78
Financial expense	9	–345	–592
Net financial items	16	**–246**	**–514**
Profit after financial items		**2,008**	**2,105**
Tax on net profit for the year	29	–481	–449
NET PROFIT FOR THE YEAR	17, 42	**1,527**	**1,656**
Attributable to:			
NCC's shareholders		1,524	1,654
Non-controlling interests		4	1
Net profit for the year		**1,527**	**1,656**
Earnings per share	18		
Before dilution			
Profit after tax, SEK		14.05	15.26
After full dilution			
Profit after tax, SEK		14.05	15.26

Consolidated statement of other comprehensive income *with comments*

SEK M	2010	2009
Net profit for the year	**1,527**	**1,656**
Other comprehensive income		
Translation differences during the year in translation of foreign operations	–415	–58
Gain/loss on hedging of exchange-rate risk in foreign operations	230	118
Tax attributable to hedging of exchange-rate risk in foreign operations	–60	–31
Translation differences transferred to net profit for the year		–3
Fair-value changes for the year in cash flow hedges	10	–33
Fair-value changes in cash flow hedges transferred to net profit for the year	8	4
Tax attributable to cash flow hedges	–5	8
Other comprehensive income during the year	**–232**	**6**
Total comprehensive income	**1,295**	**1,662**
Attributable to:		
NCC's shareholders	1,291	1,661
Non-controlling interests	4	1
Total comprehensive income	**1,295**	**1,662**

NET SALES

Net sales declined 12 percent to SEK 49,420 M (56,005). The decrease was due primarily to a reduction in completed and handed-over projects in NCC Housing and NCC Property Development, a decrease in orders received by the Construction units in 2009 and a cold winter that resulted in delays and lower activity. The Construction units started the year with a healthy level of orders received, which successively generated increased sales, in contrast to the downward trend noted in 2009. Exchange-rate fluctuations reduced sales by SEK 1,942 M compared with 2009.

OPERATING PROFIT

The lower profit compared with 2009 was due primarily to lower earnings from sales of properties in NCC Property Development. In 2010, earnings were charged SEK 30 M (192) for impairment losses on land and completed housing units. As a result of exchange-rate fluctuations, operating profit decreased by SEK 49 M compared with 2009.

Selling and administrative expenses

Expenses declined as a result of continued organizational alignment and a review of the organization in connection with the decrease in operational volumes.

NET FINANCIAL ITEMS

As a result of lower net indebtedness and lower interest rates, net financial items improved.

TAXATION

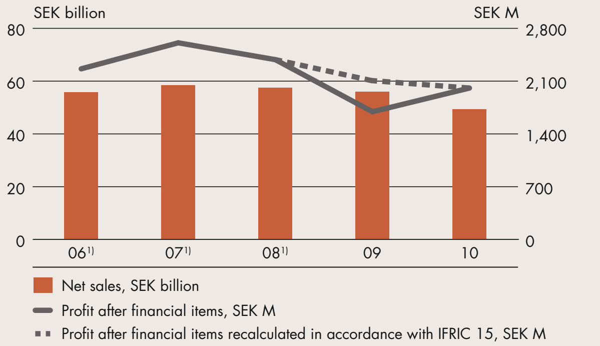
The effective tax rate for NCC was 24 (21) percent. In 2009, NCC Property Development sold property projects via companies, which thus did not impact the tax base. Also refer to Note 29, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

OTHER COMPREHENSIVE INCOME

The change in other comprehensive income derived mainly from net profit for the year, translation differences primarily in EUR, NOK and DKK and effects of IAS 39. Any tax effects of the above transactions are recognized separately; refer also to Note 29, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

NET SALES AND PROFIT

Net sales declined in 2010 following two years of declines in orders received. In late 2010, a recovery was noticeable in net sales from construction contract operations and in sales from asphalt and aggregates operations, although this did not offset the decline experienced earlier in the year. The lower earnings compared with 2009 were due primarily to lower earnings from sales of properties in NCC Property Development.



[1] Earnings for 2006–2008 have not been recalculated in accordance with IFRIC 15.

Consolidated balance sheet
with comments

SEK M	Note	2010	2009	2008
	1, 24			
ASSETS				
Fixed assets				
Goodwill	20	1,613	1,750	1,772
Other intangible assets	20	115	120	122
Managed properties				12
Owner-occupied properties	21	576	647	682
Machinery and equipment	21	1,816	1,910	1,975
Participations in associated companies	23	7	9	10
Other long-term holdings of securities	26	182	203	227
Long-term receivables	28	1,363	1,261	1,135
Deferred tax assets	29	68	136	231
Total fixed assets	39	**5,739**	**6,035**	**6,166**
Current assets				
Property projects	30	2,931	2,835	4,018
Housing projects	30	8,745	10,137	15,060
Materials and inventories	31	537	514	624
Tax receivables	29	41	200	164
Accounts receivable		6,481	6,340	7,794
Worked-up, non-invoiced revenues	32	804	777	841
Prepaid expenses and accrued income		988	982	1,119
Other receivables	28	1,384	1,547	1,438
Short-term investments	26, 44	741	286	215
Cash and cash equivalents	44	2,713	2,317	1,919
Total current assets	39	**25,366**	**25,935**	**33,193**
TOTAL ASSETS	42	**31,104**	**31,970**	**39,359**
EQUITY				
Share capital	33	867	867	867
Other capital contributions		1,844	1,844	1,844
Reserves		–79	157	155
Earnings brought forward including profit for the year		5,479	4,601	3,377
Shareholders' equity		**8,111**	**7,470**	**6,243**
Non-controlling interests		21	18	25
Total shareholders' equity		**8,132**	**7,488**	**6,268**
LIABILITIES				
Long-term liabilities				
Long-term interest-bearing liabilities	34, 41	2,712	2,972	2,721
Other long-term liabilities	37	921	558	837
Deferred tax liabilities	29, 35	439	641	436
Provisions for pensions and similar obligations	35, 36	1	18	42
Other provisions	35	2,722	2,932	3,029
Total long-term liabilities	39, 43	**6,796**	**7,121**	**7,065**
Current liabilities				
Current liabilities, interest-bearing	34, 41	1,546	1,739	7,036
Accounts payable		3,414	3,536	4,356
Tax liabilities		449	38	140
Invoiced revenues, not worked up	32	4,092	4,250	4,784
Accrued expenses and deferred income	40	3,327	3,623	4,112
Provisions	35	9	59	122
Other current liabilities	37	3,341	4,117	5,474
Total current liabilities	39	**16,177**	**17,361**	**26,026**
Total liabilities		**22,973**	**24,482**	**33,090**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42	**31,104**	**31,970**	**39,359**
Assets pledged	43	**1,612**	**756**	**2,159**
Contingent liabilities	43	**1,926**	**3,559**	**3,831**

FIXED ASSETS

Goodwill

NCC impairment tests the carrying amount annually and more often when there are indications of value changes. This balance-sheet item declined in 2010 and 2009, due to exchange-rate fluctuations. Refer also to Note 20, Intangible assets.

CURRENT ASSETS

Property projects

As a result of an increase in investments in newly started projects, the value of property projects increased compared with 2009. Major divestments were implemented in 2009 and 2008. Refer also to Note 30, Properties classed as current assets.

Housing projects

Investments in properties held for future development were in line with the preceding year. Due to a high level of sales, the value declined compared with 2009. The number of unsold completed housing units continued to decline as a result of favorable sales. Refer also to Note 30, Properties classed as current assets.

Accounts receivable

Accounts receivable increased somewhat. NCC Roads' high volume increased accounts receivable compared with 2009.

Short-term investments and cash and cash equivalents

NCC's positive cash flows in the past two years led to an increase in NCC's cash assets. NCC aims to balance its loan facilities with available cash and cash equivalents in order to have good access to funds.

CURRENT LIABILITIES

Current interest-bearing liabilities

The favorable cash flows in the past two years have been used to repay interest-bearing liabilities.

Invoiced revenues, not worked up

Due to the reduction in operations, primarily in NCC's construction contract projects, advanced invoicing of projects has declined.

Accrued expenses and deferred income

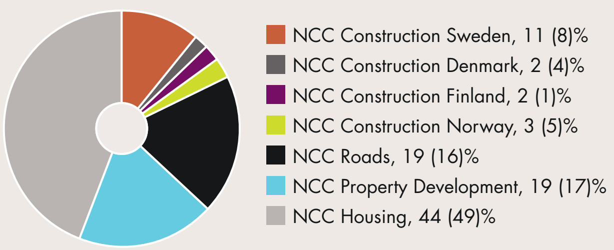
The decrease in operations resulted in a reduction in accrued expenses and deferred income primarily pertaining to NCC's construction contract projects. Refer also to Note 40, Accrued expenses and prepaid income.

Other current liabilities

Other current liabilities declined, primarily due to the reduction in housing operations. The decrease in operations in NCC's Construction units also contributed to the decline. Refer also to Note 37, Other liabilities.

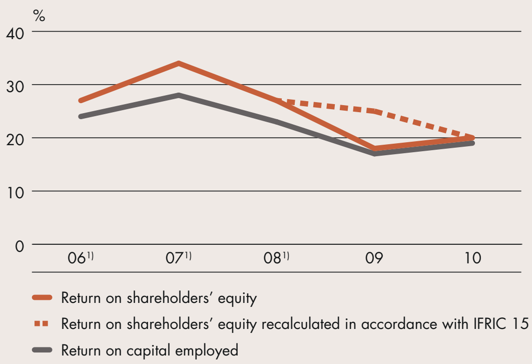
CAPITAL EMPLOYED, SHARE PER BUSINESS AREA

The NCC Group's business areas that mainly tie up capital are NCC Housing, NCC Property Development and NCC Roads. As a result of buoyant sales of new housing, NCC Housing had less capital tied up in unsold houses and land held for future development at the close of 2010, compared with 2009. The operations of NCC Roads require capital for maintaining quarries, asphalt plants and machinery.



PROFITABILITY

The return on shareholders' equity rose up until 2007 only to fall in 2008 from a historically high level, due to lower profitability, primarily in NCC Housing. In 2010, NCC's financial objective of 20 percent was achieved. The return on capital employed was strengthened in 2010, as a result of a reduction in average tied-up capital, primarily connected to housing projects.



1) The return for 2006–2008 has not been recalculated in accordance with IFRIC 15.

Parent company income statement *with comments*

SEK M	Note	2010	2009
	1		
Net sales	2,38	25,377	21,784
Production costs	5, 6, 8, 9	–22,846	–20,053
Gross profit		**2,531**	**1,732**
Selling and administrative expenses	5, 6, 7	–1,235	–1,283
Result from sales of properties	8		3
Operating profit		**1,296**	**452**
Result from financial investments			
Result from participations in Group companies	9, 10	643	2,851
Result from participations in associated companies	11	–24	24
Result from other financial fixed assets	13	18	1
Result from financial current assets	14	232	223
Interest expense and similar items	15	–277	–348
Profit after financial items		**1,889**	**3,202**
Appropriations	19	171	50
Tax on net profit for the year	29	–356	–106
NET PROFIT FOR THE YEAR		**1,705**	**3,147**

Parent company statement of other comprehensive income

SEK M	2010	2009
Net profit for the year	1,705	3,147
Other comprehensive income		
Group contribution, received	443	162
Total comprehensive income during the year	**2,148**	**3,309**

The Parent Company income statement differs from the consolidated income statement in such ways as its presentation and designations of certain items, because the Parent Company's income statement is compiled in accordance with the Annual Accounts Act while the Group complies with IFRS. The Parent Company comprises the operations in NCC AB, as well as NCC Construction Sverige AB and NCC Boende AB, which conduct their own operations on a commission basis on NCC AB's behalf.

Invoicing for the Parent Company amounted to SEK 25,377 M (21,784). Profit after financial items was SEK 1,889 M (3,202). In the Parent Company, profit is recognized when projects are subject to final profit recognition. The change in operating profit was due to an increase in profit-recognized volume and healthy margins from the contracting operations. The average number of employees was 6,772 (7,259).

Parent company balance sheet *with comments*

SEK M	Note	2010	2009
	1		
ASSETS			
Fixed assets			
Tangible fixed assets			
Owner-occupied properties, construction in progress		17	112
Machinery and equipment		122	171
Total tangible fixed assets	21	**138**	**283**
Financial fixed assets			
Participations in Group companies	22	5,989	5,421
Receivables from Group companies		145	145
Participations in associated companies	25	141	139
Receivables from associated companies		120	130
Other long-term holdings of securities		6	6
Deferred tax assets	29	265	240
Other long-term receivables		61	64
Total financial fixed assets	27,39	**6,727**	**6,144**
Total fixed assets		**6,865**	**6,426**
Current assets			
Properties classed as current assets			
Housing projects		214	358
Total current assets	30	**214**	**358**
Inventories, etc.			
Materials and inventories	31	25	13
Total inventories, etc.		**25**	**13**
Current receivables			
Accounts receivable		3,011	3,179
Receivables from Group companies		2,093	1,965
Receivables from associated companies		138	34
Other current receivables		267	3,079
Tax receivable	29		28
Prepaid expenses and accrued income		313	422
Total current receivables		**5,822**	**8,705**
Short-term investments	44	**6,295**	**3,526**
Cash and bank balances	44	**819**	**1,348**
Total current assets	39	**13,175**	**13,951**
TOTAL ASSETS	42	**20,039**	**20,377**

SEK M	Note	2010	2009
	1		
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	33	867	867
Statutory reserves		174	174
Total restricted shareholders' equity		**1,041**	**1,041**
Unrestricted shareholders' equity			
Earnings brought forward		4,278	1,338
Net profit for the year		1,705	3,147
Total unrestricted shareholders' equity		**5,982**	**4,485**
Total shareholders' equity		**7,023**	**5,526**
Untaxed reserves	19	**331**	**513**
Provisions			
Provisions for pensions and similar obligations	36	3	3
Other provisions		1,274	1,299
Total provisions	35	**1,277**	**1,301**
Long-term liabilities			
Liabilities to credit institutions		1,200	1,200
Liabilities to Group companies		1,605	1,987
Other liabilities		248	291
Total long-term liabilities	34,39	**3,053**	**3,478**
Current liabilities			
Advances from customers		246	367
Work in progress on another party's account	38	2,973	3,331
Accounts payable		1,515	1,808
Liabilities to Group companies		1,380	2,066
Liabilities to associated companies		9	6
Tax liabilities		396	
Other liabilities		470	460
Accrued expenses and deferred income	40	1,367	1,521
Total current liabilities	34,39	**8,355**	**9,559**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42	**20,039**	**20,377**
Assets pledged	43	**12**	**13**
Contingent liabilities	43	**12,955**	**16,217**

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

SEK M	Share capital	Other capital contributions	Reserves	Earnings brought forward	Total	Non-controlling interests	Total equity
	Shareholders' equity attributable to Parent Company's shareholders						
Opening balance, January 1, 2009	**867**	**1,844**	**155**	**3,377**	**6,243**	**25**	**6,268**
Total comprehensive income for the year			6	1,654	1,661	1	1,662
Reversal of depreciation on previously revalued assets			–3	3			
Transactions with non-controlling interests						–2	–2
Dividend				–434	–434	–7	–441
Shareholders' equity on December 31, 2009	**867**	**1,844**	**157**	**4,601**	**7,470**	**18**	**7,488**
Total comprehensive income for the year			–232	1,524	1,292	4	1,296
Reversal of depreciation on previously revalued assets			–3	3			
Dividend				–650	–650	–1	–651
Shareholders' equity on December 31, 2010	**867**	**1,844**	**–79**	**5,479**	**8,111**	**21**	**8,132**

ACCOUNTING OF SHAREHOLDERS' EQUITY IN ACCORDANCE WITH IFRS AND SWEDISH COMPANIES ACT

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

CHANGE IN SHAREHOLDERS' EQUITY

The change in shareholders' equity derives primarily from comprehensive income for the year, transactions with non-controlling interests and dividends to shareholders. In the Parent Company, the changes are attributable to comprehensive income for the year and dividends to shareholders.

SHARE CAPITAL

On December 31, 2010, the registered share capital amounted to 31,302,925 Series A shares and 77,132,897 Series B shares. The shares have a quotient value of SEK 8.00 each. Series A shares carry ten votes each and Series B shares one vote each.

OTHER CAPITAL CONTRIBUTIONS

Pertains to shareholders' equity contributed by the owners.

TRANSLATION RESERVE

The translation reserve includes all exchange-rate differences that arise from the translation of the financial statements of foreign operations that have compiled their reports in a currency other than that in which the consolidated financial statements are presented, 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 such assets have been sold or their value impaired.

HEDGING RESERVE

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

REVALUATION RESERVE

The revaluation reserve arises from gradual acquisitions, multi-stage acquisitions, meaning an increase in the fair value of previously owned portions of net assets resulting from gradual acquisitions.

EARNINGS BROUGHT FORWARD INCLUDING NET PROFIT FOR THE YEAR

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

PARENT COMPANY

SEK M	Restricted shareholders' equity: Share capital	Restricted shareholders' equity: Statutory reserves	Unrestricted shareholders' equity: Earnings brought forward	Unrestricted shareholders' equity: Net profit for the year	Total equity
Opening balance, January 1, 2009	**867**	**174**	**406**	**1,204**	**2,651**
Appropriations of profits			1,204	–1,204	
Total comprehensive income for the year				3,309	3,309
Dividends			–434		–434
Shareholders' equity on December 31, 2009	**867**	**174**	**1,176**	**3,309**	**5,526**
Appropriations of profits			3,309	–3,309	
Total comprehensive income for the year				2,148	2,148
Dividends			–650		–650
Shareholders' equity on December 31, 2010	**867**	**174**	**3,835**	**2,148**	**7,024**

SPECIFICATION OF THE ITEM RESERVES IN SHAREHOLDERS' EQUITY

	2010	2009
Translation reserve		
Translation reserve, January 1	165	139
Translation differences during the year in translation of foreign operations	–415	–58
Gain/loss on hedging of exchange-rate risk in foreign operations	230	118
Tax attributable to hedging of exchange-rate risk in foreign operations	–60	–31
Translation differences transferred to net profit for the year		–3
Translation reserve, December 31	**–81**	**165**
Fair value reserve		
Fair value reserve, January 1	4	4
Fair value reserve, December 31	**4**	**4**
Hedging reserve		
Hedging reserve, January 1	–23	–2
Fair value changes for the year in cash flow hedges	10	–33
Fair-value changes in cash flow hedges transferred to net profit for the year	8	4
Tax attributable to cash flow hedges	–5	8
Hedging reserve, December 31	**–10**	**–23**
Revaluation reserve		
Revaluation reserve, January 1	11	14
Transfer to earnings brought forward	–3	–3
Revaluation reserve, December 31	**8**	**11**
Total reserves		
Reserves, January 1	157	155
Change in reserves during the year		
– Translation reserve	–245	26
– Hedging reserve	13	–21
– Revaluation reserve	–3	–3
Reserves, December 31	**–79**	**157**

CAPITAL MANAGEMENT

The aim of the NCC Group's strategy is to generate favorable returns to shareholders under financial stability. The strategy is reflected in the financial objectives, which in 2010 were:

- A return on shareholders' equity after tax of 20 percent. In 2010, the return on shareholders' equity was 20 percent.
- Net debt/equity ratio of less than 1.5. On December 31, 2010, the debt/equity ratio was 0.1.

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 2010 and 2009, both companies fulfilled these requirements. Otherwise, there were no other Group companies subject to external capital requirements.

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

Cash flow statements *with comments*

		Group		Parent Company	
SEK M	Note	2010	2009	2010	2009
OPERATING ACTIVITIES					
Profit after financial items		**2,008**	**2,105**	**1,889**	**3,202**
Adjustments for items not included in cash flow:					
– Depreciation		500	506	72	75
– Impairment losses and reversed impairment losses		32	200	–37	67
– Exchange-rate differences		750	408		
– Result from sales of fixed assets		–35	–23	37	–9
– Result from sales of subsidiaries			–49		1
– Result from associated companies		–1			
– Changes in provisions		–98	–2	–16	230
– Restructuring costs		1	29		
– Anticipated dividend					–2,381
– Other		–22	23		
Total items not included in cash flow		**1,127**	**1,092**	**55**	**–2,017**
Taxes paid/refunded		–126	–243	43	57
Cash flow from operating activities before changes in working capital		**3,009**	**2,954**	**1,987**	**1,243**
Cash flow from changes in working capital					
Sales of property projects		841	2,245	373	
Investments in property projects		–1,533	–1,215	–232	
Sales of housing projects		3,758	7,507		328
Investments in housing projects		–3,171	–3,193		–178
Other changes in working capital		–481	–1,858	1,036	–1,650
Cash flow from changes in working capital		**–586**	**3,485**	**1,177**	**–1,500**
CASH FLOW FROM OPERATING ACTIVITIES		**2,423**	**6,440**	**3,164**	**–257**
INVESTING ACTIVITIES					
Acquisition of subsidiaries	44			–521	–190
Sale of subsidiaries	44		–9		143
Acquisition of buildings and land	44	–48	–41		–5
Sale of buildings and land		65	37	32	4
Acquisition of other financial fixed assets		–63	–91		
Sale of other financial fixed assets		22	24	44	13
Acquisition of other fixed assets	44	–529	–446	–27	–67
Sale of other fixed assets		63	45	13	7
Cash flow from investing activities		**–489**	**–481**	**–458**	**–95**
CASH FLOW BEFORE FINANCING		**1,934**	**5,960**	**2,706**	**–352**
FINANCING ACTIVITIES					
Dividend paid		–650	–434	–650	–434
Group contributions				443	162
Loans raised		6	1,657		3,519
Amortization of loans		–376	–6,662	–1,141	–116
Increase(–)/Decrease(+) in long-term interest-bearing receivables		–30	–22	5	63
Increase(–)/Decrease(+) in current interest-bearing receivables		–454	–80	879	–434
Increase(+)/Decrease(–) in non-controlling interests, etc.			–8		
Cash flow from financing activities		**–1,504**	**–5,549**	**–466**	**2,759**
CASH FLOW DURING THE YEAR		**430**	**410**	**2,240**	**2,408**
Cash and cash equivalents on January 1	44	**2,317**	**1,919**	**4,874**	**2,466**
Exchange-rate difference in cash and cash equivalents		–34	–12		
Cash and cash equivalents on December 31	44	**2,713**	**2,317**	**7,114**	**4,874**

CASH FLOW FROM CHANGES IN WORKING CAPITAL

Cash flow before financing totaled SEK 1,934 M (5,960). The decrease derived from fewer housing and property sales in 2010 compared with 2009. Cash flow from changes in working capital amounted to a negative SEK 586 M (positive: 3,485). In 2010, cash flow from the sale of housing units and properties largely covered capital requirements that arose due to investments in land and project starts. Higher tied-up capital in accounts receivable was offset by improved cash flow from other current liabilities.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities amounted to a negative SEK 489 M (neg: 481), which was mainly accounted for by investments in asphalt, aggregates and road service operations.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities amounted to a negative SEK 1,504 M (neg: 5,549). Dividends had a negative impact of SEK 650 M (neg: 434) on cash flow.

Total cash and cash equivalents including short-term investments with a maturity exceeding three months amounted to SEK 3,454 M (2,603).

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

GROUP	2010	2009	2008
Short-term investments	**741**	**286**	**215**
Cash and bank balances	1,907	1,579	1,171
Investments with a maturity of less than three months	806	738	747
Cash and cash equivalents	**2,713**	**2,317**	**1,919**
Total cash and cash equivalents and short-term investments	**3,454**	**2,603**	**2,133**

The Group's unutilized committed lines of credit amounted to SEK 3.5 billion (4.3) at year-end.

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

GROUP	2010	2009
Exchange-rate differences in cash and cash equivalents	–34	–12
Of which, exchange-rate differences in cash and cash equivalents attributable to cash and cash equivalents at the beginning of the year	–14	–1
Exchange-rate differences in cash flow for the year	**–20**	**–11**

Refer also to Note 44, Cash flow statement.

NET INDEBTEDNESS

Net indebtedness (interest-bearing liabilities less cash and cash equivalents less interest-bearing receivables) on December 31 amounted to SEK 431 M (1,784). Cash flow from operating activities was positive, which made a favorable contribution to reducing net indebtedness. The capital maturity period for interest-bearing liabilities, excluding loans in Finnish housing companies and Swedish tenant owner associations, was 44 (47) months at the end of the year; also refer to Note 39, Financial instruments and financial risk management. NCC's unutilized committed lines of credit on December 31 amounted to SEK 3.5 billion (4.3) with an average remaining maturity period of 28 (26) months.

NET INDEBTEDNESS TREND

GROUP	2010 Jan–Dec	2009 Jan–Dec
Net indebtedness, January 1	–1,784	–7,353
Cash flow before financing	1,934	5,960
Dividend	–650	–434
Other changes in net indebtedness	69	42
Net indebtedness, December 31	**–431**	**–1,784**

OTHER CHANGES IN WORKING CAPITAL

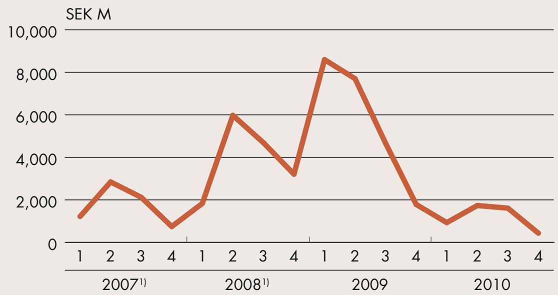
	Group		Parent Company	
SEK M	2010	2009	2010	2009
Increase (–)/Decrease (+) in inventories	–85	88	–3	–5
Increase (–)/Decrease (+) in receivables	–120	1,541	1,941	–1,351
Increase (+)/Decrease (–) in liabilities	–276	–3,487	–544	–246
Increase (+)/Decrease (–) in net work in progress			–358	–48
Other changes in working capital	**–481**	**–1,858**	**1,036**	**–1,650**

PARENT COMPANY

The Parent Company's cash flow was somewhat lower than in the preceding year. Cash flow from operating activities rose despite the lower earnings because considerable amounts of anticipated dividends for 2009 were paid in 2010. In addition, dividends paid to shareholders were higher, as were investments in subsidiaries.

TREND IN NET INDEBTEDNESS, PER QUARTER

Net indebtedness is affected by seasonal variations. More capital is normally tied up during the second and third quarters due to a high degree of activity in asphalt and aggregate operations, as well as in parts of NCC's Construction units. Dividends are paid to NCC's shareholders during the second quarter. Since 2009, a reduction in tied-up capital has occurred, mainly in the housing operations.



1) Net indebtedness from 2007 through the third quarter of 2008 has not been recalculated in accordance with IFRIC 15.

Notes

CONTENTS NOTES

NOTE 1 ACCOUNTING POLICIES

The NCC Group applies the International Financial Reporting Standards (IFRS) adopted by the EU and the interpretive statements issued by the International Financial Reporting Interpretations Committee (IFRIC). The Group also applies recommendation RFR 1 Additional Accounting Regulations for Groups and statements issued by the Swedish Financial reporting Board. The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on March 4, 2011. 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 13, 2011.

NEW IFRS, AMENDMENTS TO IFRS AND INTERPRETATIVE STATEMENTS APPLIED AS OF 2010

IFRS 3 (revised) Business Combinations and IAS 27 (amended) Consolidated and Separate Financial Statements include regulations entailing the following: changes to the definition of business that transaction expenses attributable to business combinations be expensed, that conditional purchase considerations be determined at fair value on the acquisition date and that effects of revaluations of liabilities related to purchase considerations be recognized in profit or loss. Another new feature is that there are two alternative ways of recognizing non-controlling interests (formerly called minority interest) and goodwill in conjunction with business combinations. Non-controlling interests can be measured at either fair value or the proportionate share of net assets of the acquiree. The choice of method can be made on a transaction-by-transaction basis. Furthermore, the amendments to IAS 27 Consolidated and Separate Financial Statements require that the effects of transactions involving non-controlling interests be recognized in shareholders' equity if they do not entail any change in the controlling interest and these transactions do not give rise to goodwill or gains and losses. When a Parent Company attains a controlling interest, any previously owned share must be remeasured at fair value and the loss/gain recognized in comprehensive income. When a Parent Company loses its controlling influence, any remaining share must be remeasured at fair value and the loss/gain recognized in comprehensive income. The amendments to IFRS 3 and IAS 27 are to be applied prospectively and had no impact on NCC during 2010.

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 interpretative statement could affect NCC's reporting of projects involving the construction and subsequent maintenance of facilities. The interpretative statement is to be applied retroactively but had no impact on NCC during 2010 or prior years.

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

NCC's assets and liabilities are also affected by the new policy. The principal change is that, unlike the former practice, unsold housing in and the associated financing of Swedish tenant-owners' associations and Finnish housing companies will be recognized in NCC's balance sheet, which has mainly affected interest-bearing liabilities. It also means that NCC's key figures have been changed, primarily capital employed, equity/assets ratio and indebtedness. Accordingly, NCC's financial objectives have been revised.

NCC Housing is the segment of NCC's reporting mainly impacted by IFRIC 15, although to a lesser extent revenue recognition in NCC Property Development and the Construction units will also be deferred.

IFRIC 15 is being applied retroactively and the comparative figures as of the end of 2008 have been restated. The effects of this restatement are presented in Note 46. In accordance with IAS 1, NCC also presents a balance sheet as of December 31, 2008 and corresponding information for the notes to the balance sheet that have been affected.

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

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

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

The following EU-approved amendments to IFRS and interpretive statements issued by IFRIC do not become effective until the 2011 fiscal year and have not yet been applied in the compilation of the current financial statement.

- Amendments of IAS 24 Related Party Disclosures
- Amendments of IAS 32 Financial instruments: Classification
- Amendment of IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 19 Extinguishment Financial Liabilities with Equity Instruments

The current assessment is that none of the Amendments listed above will have an impact on NCC's financial statements.

PARENT COMPANY ACCOUNTS COMPARED WITH CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and recommendation RFR 2 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. For tax reasons, the Swedish Financial reporting Board has granted exemption from the requirement that listed parent companies must report certain financial instruments at fair value. NCC applies the exemption rules and has thus refrained from reporting certain financial instruments at fair value.

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

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

The differences are presented under the respective headings below.

As of 2010, amendments in IAS 1, Presentation of Financial Statements (2007), are also applied in the Parent Company, which entails that the statement of changes in shareholders' equity only includes changes attributable to transactions with the owners. Other revenues and costs that were previously presented in the statement of changes in shareholders' equity are now included in other comprehensive income, which is presented in direct connection to the income statement. The comparative period has been restated to ensure compliance with the new presentation.

CONSOLIDATED FINANCIAL STATEMENTS

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

Purchase method

The acquisition of business operations is handled in accordance with the purchase method which, for acquisitions completed through the end of 2009, is characterized by acquired assets, liabilities and contingent liabilities being entered at market value, after due consideration for deferred tax on the acquisition date. If the acquisition value of a subsidiary exceeds the market value of the subsidiary's net assets, taking contingent liabilities into account, the difference is entered as Group goodwill. When the difference is negative, it is recognized directly in profit or loss.

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

When an acquisition is conducted in several stages, known as gradual acquisitions, a revaluation of NCC's earlier holdings is performed when control is obtained. This revaluation is recognized as a revaluation reserve under equity and is reversed as the recognized surplus value is used. For acquisitions completed as of 2010, recognition occurs in accordance with the revised IFRS 3, Business Combinations; see page 56.

Subsidiaries

Companies in which the Parent Company, directly or indirectly, holds shares carrying more than 50 percent of the voting rights, or otherwise has a controlling influence, are consolidated in their entirety. Shares in subsidiaries are recognized in the Parent Company in accordance with the acquisition value (cost) method. Impairment losses on shares in subsidiaries are recognized upon a permanent decline in value in the Parent Company. Dividends received are recognized as revenue. For information on NCC's subsidiaries, refer to Note 22, Participations in Group companies.

Non-controlling interests (previous designation: minority interest)

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

Associated companies

Associated companies are defined as companies in which the Group controls 20–50 percent of the voting rights. Companies in which the Group owns less than 20 percent of voting rights but exercises a significant influence are also classified as associated companies. Refer to Note 23 for information about the Group's participations in associated companies, and Note 25 for the Parent Company's participations in associated companies.

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

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

In the Parent Company, associated companies are recognized at acquisition value less any impairment losses. Dividends received are recognized as revenue. Refer also to Note 11, Result from participations in associated companies.

Joint ventures

Joint ventures are defined by NCC as projects conducted in forms similar to those of a consortium, meaning subject to joint control. This could take the form of, for example, jointly owned companies that are governed jointly. NCC consolidates joint ventures in accordance with the proportional method. Accordingly, NCC's share of the joint venture's income statements and balance sheets is added to the corresponding line in NCC's accounts in the same manner as the recognition of subsidiaries. For further information, refer to Note 24, Participations in joint ventures that are consolidated in accordance with the proportional method.

Elimination of intra-Group transactions

Receivables, liabilities, revenues and costs, as well as unrealized gains and losses, that arise when a Group company sells goods or services to another Group company are eliminated in their entirety. Unrealized losses are eliminated in the same way as unrealized gains, but only insofar as there are no impairment requirements. This also applies to joint ventures and associated companies, in an amount corresponding to the Group's holding. Refer to Note 42, Transactions with related companies.

Internal pricing

Market prices are applied for transactions between Group entities.

Foreign subsidiaries 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 to comprehensive income. 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 profit or loss when, among other factors, the material risks and rewards associated with ownership have been transferred to the purchaser.

Construction contracts and similar assignments

Percentage-of-completion income recognition of construction projects

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary housing projects

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

Profit from sales of housing units to investors

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

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

Work in progress in the Parent Company

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

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

Work in progress on another party's account comprises the difference between invoicing and costs incurred. Income is recognized when the project is completed. As a result of this accounting method, this entry may include profits not entered as income. When a project is expected to incur a loss, a provision is posted for such a loss. For details, refer to Note 38, Work in progress on another party's account and net sales.

Result from sales of development properties

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

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

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

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

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

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

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

The distribution of the depreciation/amortization posted in profit or loss and balance sheet is presented in Comments to the income statement, Note 6, Depreciation, Note 20, Intangible assets and Note 21, Tangible fixed assets.

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

An impairment requirement arises when the recoverable amount is less than the carrying amount. The distribution of impairment losses in the income statement and balance sheet is described in comments to the income statement, Note 9, Impairment losses and reversed impairment losses, Note 20, Intangible assets, and Note 21, Tangible fixed assets.

When necessary, although at least once a year, NCC conducts impairment tests of recognized asset values, for indications of whether values have declined. In the event that the recoverable amount is lower than the carrying amount, an impairment loss is posted. If the basis for impairment has been removed, impairment losses posted earlier are reversed. Impairment losses are recognized in profit or loss. The residual carrying amount of goodwill is subject to impairment testing once per year or if there is an indication of a change in value. In those cases where the recoverable amount of goodwill is less than the carrying amount, an impairment loss is posted. 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 as of the date on which the agreement was concluded and the asset delivered. Corresponding obligations are entered as long-term and current liabilities. The financial leasing liability is measured at the present value of the minimum leasing fees, which is equal to payments that have to be made to the lessor throughout the leasing period. Leased assets are depreciated, while leasing payments are recognized as interest payments and debt amortization. The assets are recognized in the balance sheet under appropriate asset items. As a lessor, the asset is recognized in accordance with a financial leasing agreement as a receivable in the balance sheet. Operational leasing is recognized in profit or loss. Leasing fees are distributed on the basis of use, which could differ from the leasing fee paid during the year under review. For further information on leasing, refer to Note 41. In the Parent Company, all leasing agreements are recognized in accordance with the regulations for operational leasing.

TAXES
Income taxes comprise current tax and deferred tax. Taxes are recognized in profit or loss, with the exception of cases in which underlying transactions are recognized in other comprehensive income, with the relating tax effect recognized in other comprehensive income. 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 in cases where they have resulted from the recognition of goodwill or in initial recognition of assets and liabilities that do not affect either recognized profit or taxable profit. Nor are temporary differences attributable to shares in subsidiaries that are not expected to be reversed in the foreseeable future taken into consideration.

Deferred tax liabilities and assets are calculated on the basis of the tax rate determined for the following year in each particular country. When changes occur in tax rates, the change is recognized in the consolidated income statement. Tax-deductible temporary differences and tax loss carryforwards are recognized to the extent that it is considered likely they will result in lower tax payments in the future. For information on tax on current-year profit and deferred tax assets and liabilities, refer to Note 29.

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

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

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

INTANGIBLE ASSETS
Intangible assets are recognized at acquisition 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 parallel with confirmed depletion of net asset value based on volumes of extracted stone and gravel. For the distribution of value, refer to Note 20 Intangible assets.

TANGIBLE FIXED ASSETS

NCC's property holdings are divided into:

- Owner-occupied properties
- Properties classed as current assets

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

Owner-occupied properties

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

Owner-occupied properties are recognized at acquisition value less accumulated depreciation and any accumulated impairment. Also refer to Note 21, Tangible fixed assets.

Machinery and equipment

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

FINANCIAL FIXED ASSETS

Financial fixed assets are recognized at fair value or accrued acquisition value. Impairment losses are posted if the fair value is less than the acquisition cost. Also see the Financial instruments section on page 61. For information on the value and type of assets, refer to Note 27 Financial fixed assets. For valuations of participations in associated companies, joint ventures and financial instruments, see the respective headings. The Parent Company recognizes shares in Group companies at acquisition cost less, where applicable, impairment losses.

CURRENT ASSETS

Properties classed as current assets

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

Property projects

Property projects within NCC Property Development are divided as follows:

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

For a distribution of values, refer to Note 30, 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 of leased buildings are classified as properties held for future development in cases where the intention is to demolish or refurbish the buildings.

Ongoing property projects

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

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

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

Completed property projects

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

Valuation of commercial property projects

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

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

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

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

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

Housing projects

Housing projects are divided between:

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

For a distribution of values, refer to Note 30, 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. 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.

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

Completed housing
Project costs for completed unsold residential properties are reclassified from ongoing housing projects to unsold residential properties at the date of final inspection. Completed unsold housing units are measured at the lowest of acquisition value and net realizable value.

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

Properties classed as current assets transferred from subsidiaries
Due to the commission relationship between NCC AB and NCC Construction Sweden AB or NCC Boende AB certain properties included in housing projects are recognized in NCC AB's accounts, even if the ownership right remains with NCC Construction Sweden AB until the properties are sold to customers.

INVENTORIES
Inventories are valued at the lower of acquisition value and net realizable value. For a distribution of inventory values, refer to Note 31 Materials and inventories.

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

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

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

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

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

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

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

Investments held to maturity
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.

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

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

Available-for-sale financial assets
This category includes financial assets that do not fall into any of the other categories, or those assets that the company has elected to classify into this category. Holdings of shares and participations that are not recognized as subsidiaries, associated companies or joint ventures are recognized here. These assets are valued at amortized cost. Impairment losses are posted when testing shows that impairment is required.

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

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

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

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

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

Hedging of the Group's interest maturities
Interest-rate derivatives are used to manage the interest-rate risk. Hedge accounting occurs in cases where an effective hedging relationship can be proved. The value change is recognized in other comprehensive income after

taking tax effects into account. Any ineffectiveness is recognized among net financial items. What NCC achieves by hedging interest rates is that the variable interest on parts of the Group's financing becomes fixed interest.

Embedded derivatives

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

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

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

Receivables and liabilities in foreign currency

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

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

Financial instruments in the Parent Company

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

CASH AND CASH EQUIVALENTS

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

SHAREHOLDERS' EQUITY

Recognition of Group and shareholder contributions

Group contributions and shareholder contributions in the Parent Company are recognized in accordance with their financial impact, 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. Refer to Note 35 Share capital, for more information on treasury shares.

EMPLOYEE BENEFITS

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

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

There are several defined contribution and defined benefit pension plans in the Group, some of which are secured through assets in dedicated foundations or similar funds. The pension plans are financed through payments made by the various Group companies. Calculations of defined benefit pension plans are based on the Projected Unit Credit Method, whereby each term of employment is considered to create a future unit of the total final obligation. All units are computed separately and, combined, represent the total obligation on the balance-sheet date. The principle is intended to provide linear expensing of pension payments during the term of employment. The calculation is made annually by independent actuaries. When there is a difference between how pension costs are established in the legal entity and the Group, a provision or receivable is recognized, which is not present valued, pertaining to the payroll tax based on this difference. Accordingly, the value of the defined benefit liability is the present value of anticipated future disbursements using a discount rate that corresponds to the interest stated in Note 36 Pensions.

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

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

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

Severance payments

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

PROVISIONS

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

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

Guarantee commitments

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

Other provisions

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

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

BORROWING COSTS

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

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

For information on types of collateral, refer to Note 43 Pledged assets, guarantees and guarantee obligations.

GUARANTEES AND GUARANTEE OBLIGATIONS
An obligation is recognized when there is a possible commitment originating from occurred events whose existence will be confirmed by one or more uncertain future events, or when there is a commitment that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required. For information on the distribution and size of contingent liabilities, refer to Note 43 Pledged assets, guarantees and guarantee obligations.

CASH-FLOW STATEMENT
The cash flow statement is prepared using the indirect method, in accordance with IAS 7, Statement of Cash Flows. The recognized cash flow includes only transactions that involve cash payments and disbursements. For information on the effects on cash flow of acquired and divested subsidiaries, refer to Note 44 Cash-flow statement.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
To be recognized as fixed (non-current) assets held for sale, the assets must be available for immediate sale and it must be 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 2010 and 2009 fiscal years, no fixed assets or operations covered by the above standard were identified.

EVENTS AFTER THE BALANCE-SHEET DATE
NCC considers events that confirm a condition that was relevant on the balance-sheet date.

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

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

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

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to SEK 39.5 billion (37.0); refer to Note 32 Construction contracts.

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

Valuation of properties classed as current assets
NCC's properties classed as current assets are recognized at the lower of acquisition value and net realizable value. In 2010, impairment losses on properties classed as current assets amounted to SEK 0.0 billion (0.2), and their year-end carrying amount of SEK 11.7 billion (13.0).

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

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

Valuation of goodwill
Goodwill is measured at the lower of acquisition value and recoverable amount. Goodwill in the Group is valued at SEK 1.6 billion (1.8).

Several assumptions and estimations are made concerning future conditions, which are taken into account when calculating the discounted cash flow upon which the estimated recoverable amount has been based. Important assumptions include expected growth, margins and the weighted average cost of capital. If these assumptions change, the value of the remaining goodwill could be affected; refer to Note 20 Intangible assets, for information on the assumptions and estimations made.

Valuation of receivables
NCC's accounts receivable, including receivables for sold property projects, amount to SEK 7.5 billion (7.2); refer to Note 39 Financial instruments and financial risk management.

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

Guarantee commitments
At year-end, the guarantee provision amounted to SEK 1.9 billion (2.0); refer to Note 35 Provisions. Provisions for future costs due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date. This estimate is based on calculations, assessments by company management and experiences of transactions.

Pension obligations
NCC's net pension obligation amounts to SEK 0.3 billion (0.5) which, taking into account the actuarial loss, resulted in a net asset of SEK 1.1 billion (1.0); refer to Note 36 Pensions.

Recognized amounts are affected by changes in the actuarial assumptions that form the foundation for calculations of plan assets and pension obligations. These actuarial assumptions are described in Note 36 Pensions.

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

NOTE 2 DISTRIBUTION OF NET SALES

	Group		Parent Company	
	2010	2009	2010	2009
Construction contracts	30,539	31,175	22,818	16,974
Housing projects	6,836	11,134	2,523	4,782
Aggregates, asphalt, paving and road-service operations	10,023	9,600		
Property projects	1,968	3,089		
Rental revenue	41	48		
Other and eliminations	13	958	36	29
Total	**49,420**	**56,005**	**25,377**	**21,784**
Sales distributed by business segment[1]				
NCC Construction Sweden			22,854	17,002
NCC Housing			2,523	4,782
Total			**25,377**	**21,784**

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

NOTE 3 REPORTING BY OPERATING SEGMENTS

NCC's business operations are divided into seven operating segments based on the parts of the organization monitored by the President and CEO, who is the chief operating decision maker. Each operating segment has a president who is responsible for the daily operations and regularly reports on the results of the segment's performance to Group Management. The following segments were identified based on this reporting procedure: NCC Construction Sweden, Denmark, Finland and Norway, which construct housing, offices, other buildings, industrial facilities, roads, and other types of infrastructure.

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

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

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

All transactions between the different segments were conducted on a purely commercial basis. With the exception of Swedish pension costs, segment reporting is prepared by applying the same accounting policies as those used in the consolidated financial statements. Occasionally, "Other and eliminations" may also be reported, which comprises primarily impairment losses and provisions attributable to the activities conducted in the segment.

	NCC Construction									
GROUP 2010	Sweden	Denmark	Finland	Norway	NCC Roads	NCC Housing	NCC Property Development	Total segment	Other and eliminations	Group
External net sales	19,869	2,671	3,764	4,234	10,023	6,836	2,009	49,406	13[1]	49,420
Internal net sales	1,092	235	2,027	107	656	44	12	4,174	–4,174	
Total net sales	20,962	2,906	5,791	4,341	10,679	6,880	2,021	53,580	–4,161	49,420
Depreciation	–163	–22	–15	–26	–312	–9	–3	–549	–18	–567
Impairment losses and reversal of impairment losses		–2				–97		–99	67	–32
Share in associated company profits					3			3	1	4
Operating profit/loss	924	124	132	147	356	327	116	2,126	128[1]	2,254
Financial items										–246
Profit after financial items										2,008
Capital employed	1,645	328	253	426	2,820	6,818	2,838	15,129	–2,739	12,390

	NCC Construction									
GROUP 2009	Sweden	Denmark	Finland	Norway	NCC Roads	NCC Housing	NCC Property Development	Total segment	Other and eliminations	Group
External net sales	20,403	3,121	3,745	3,906	9,600	11,133	3,137	55,046	958[1]	56,005
Internal net sales	1,837	199	1,972	159	738	1	2	4,909	–4,909	
Total net sales	22,241	3,321	5,718	4,065	10,338	11,134	3,139	59,954	–3,951	56,005
Depreciation	–160	–27	–22	–25	–308	–10	–3	–554	–19	–573
Impairment losses		–2	–14		–1	–184		–200		–200
Share in associated company profits					–3	1		–2	1	–1
Operating profit/loss	1,026	72	172	140	387	–5	705	2,496	123[1]	2,619
Financial items										–514
Profit after financial items										2,105
Capital employed	1,454	617	103	859	2,788	8,845	2,965	17,632	–5,415	12,217

[1] This heading includes:

	2010		2009	
	External net sales	Operating profit/loss	External net sales	Operating profit/loss
NCC's Head office, results from minor subsidiaries and associated companies, the remaining portions of the previously phased-out NCC International Projects and the Polish Construction operations	13	–23[1]	958	–134[2]
Eliminations of inter-company gains		22		140
Other Group adjustments (essentially comprising the difference in accounting policies pertaining to Swedish pensions between the segments and the Group)		129		117
Total	**13**	**128**	**958**	**123**

[1] This amount includes payment of SEK 57 M from the Polish motorway project A2.

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

GEOGRAPHICAL AREAS

	External net sales		Fixed Assets [1]		
	2010	2009	2010	2009	2008
Sweden	26,530	31,609	1,805	1,802	1,799
Finland	7,538	8,977	244	289	316
Norway	6,374	5,802	751	761	677
Denmark	5,955	6,158	1,247	1,452	1,613
Other countries	3,023	3,459	72	122	159
Total	**49,420**	**56,005**	**4,119**	**4,426**	**4,564**

[1] Pertains to fixed assets that are not financial instruments, deferred tax assets, assets pertaining to severance payments and rights arising in accordance with insurance agreements.

INVESTMENTS AND SALES

	2010	2009
NCC Housing		
Investments in civil engineering projects	12	19
Investments in housing projects	3,171	3,193
Sales of housing projects	3,758	7,507
Housing projects at December 31	8,745	10,137
NCC Property Development		
Property investments	1,533	1,215
Property sales	841	2,245
Property projects at December 31	2,931	2,835

NOTE 4 AVERAGE NUMBER OF EMPLOYEES

	2010		2009	
	No. of employees	of whom men	No. of employees	of whom men
Parent Company				
Sweden	6,764	6,230	7,259	6,690
Subsidiaries				
Sweden	2,643	2,457	2,784	2,596
Denmark	2,198	1,930	2,295	1,951
Estonia	35	28	46	39
Finland	2,515	2,098	2,475	2,025
Latvia	40	30	87	75
Lithuania	14	9	84	67
Norway	1,661	1,524	1,790	1,645
Poland			2	1
Russia	217	155	198	143
Germany	636	516	692	566
Other countries	8	7	33	29
Total in subsidiaries	**9,967**	**8,754**	**10,486**	**9,137**
Group total	**16,731**	**14,984**	**17,745**	**15,827**

Percentage of women %	2010	2009
Distribution of company management by gender		
Group total, including subsidiaries		
– Boards of Directors	17.9	22.9
– Other senior executives	18.1	18.1
Parent Company		
– Board of Directors	22.2	22.2
– Other senior executives	23.1	16.7

NOTE 5 PERSONNEL EXPENSES

WAGES, SALARIES AND OTHER REMUNERATION DISTRIBUTED BY MEMBERS OF THE BOARD AND SENIOR EXECUTIVES AND OTHER EMPLOYEES

	2010			2009		
	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	36	2,873	2,909	34	3,012	3,046
Total in Parent Company	**36**	**2,873**	**2,909**	**34**	**3,012**	**3,046**
	(10.0)			(9.2)		
Social security expenses			1,282			1,468
– of which pension costs	12	260	272	14	334	348
Pension commitments	61			51		
Group total	**248**	**7,655**	**7,904**	**223**	**8,316**	**8,539**
	(44.6)			(33.2)		
Social security expenses			2,393			2,631
– of which pension costs			721			833
Pension commitments	105			81		

The Board of Directors and senior executives category comprises 13 people (13) in the Parent Company. In the subsidiaries there are183 (171) people in different managerial positions.

SICKNESS ABSENCE

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

	Group		Parent Company	
%	2010	2009	2010	2009
Total sickness absence as a percentage or ordinary working time	3.1	3.4	3.2	3.7
Percentage of total sickness absence accounted for by uninterrupted sickness absence of 60 days or more	40.2	44.7	39.3	44.1
Sickness absence by gender:				
Men	3.2	3.6	3.3	3.8
Women	2.3	2.3	2.3	2.3
Sickness absence by age category:				
29 years or younger	3.0	3.5	3.1	3.6
Between 30 and 49 years	2.4	2.5	2.5	2.6
50 years or older	4.0	4.5	4.0	4.7

SENIOR EXECUTIVES' EMPLOYMENT CONDITIONS AND REMUNERATION

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

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

Remuneration for the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pensions. The term "other senior executives" pertains to the senior executives who, together with the CEO, constitute Group Management, as well as those senior executives who are not members of Group Management but who report directly to the CEO. At the start of 2010, there were 11 such executives, at the end of 2010 there were 12, of whom eight were employed by the Parent Company and four by subsidiaries.

VARIABLE REMUNERATION

The maximum variable remuneration payable to CEO Olle Ehrlén in 2010 amounted to 50 percent of his basic salary. The variable remuneration was based on financial targets established by the Board. The provision posted for 2010 corresponded to 50 percent of his fixed salary, meaning SEK 3,399,000 (3,090,000). Variable remuneration for other senior executives in 2010 corresponded to 35 to 50 percent of basic salary based on the outcome in relation to established financial targets. The provision posted for variable remuneration payments to other senior executives during 2010 corresponded to 30 to 50 percent (26–50) of basic salary.

NOTE 5 CONT. PERSONNEL EXPENSES

REMUNERATION AND OTHER BENEFITS IN 2010

SEK 000s	Total salary, remuneration and benefits	of which benefits	of which variable remuneration	Other remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	575					
Deputy Chairman of the Board Fredrik Lundberg 1)	131					
Member of the Board Ulf Holmlund	375					
Member of the Board Antonia Ax:son Johnson	375					
Member of the Board Ulla Litzén	375					
Member of the Board Marcus Storch	375					
Member of the Board Christoph Vitzthum 1)	268					
President and CEO Olle Ehrlén	10,694	88	3,399		4,982	25,267
Other senior executives (8 people) 2)	22,605	241	6,624		6,998	14,605
Total Parent Company	**35,773**	**329**	**10,023**	**0**	**11,980**	**39,872**
Other senior executives employed by subsidiaries (4 people)	19,082	512	5,883	5,555	4,241	5,581
Total senior executives	**54,855**	**841**	**15,906**	**5,555**	**16,221**	**45,453**

REMUNERATION AND OTHER BENEFITS IN 2009

SEK 000s	Total salary, remuneration and benefits	of which benefits	of which variable remuneration	Other remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	575					
Deputy Chairman of the Board Fredrik Lundberg	460					
Member of the Board Ulf Holmlund	375					
Member of the Board Antonia Ax:son Johnson	375					
Member of the Board Ulla Litzén	375					
Member of the Board Marcus Storch	375					
President and CEO Olle Ehrlén 3)	9,417	65	3,090		7,980	23,053
Other senior executives (8 people)	21,906	170	6,080		5,948	10,587
Total Parent Company	**33,858**	**235**	**9,170**	**0**	**13,928**	**33,640**
Other senior executives employed by subsidiaries (4 people)	18,069	592	4,224		2,309	3,242
Total senior executives	**51,927**	**827**	**13,394**	**0**	**16,237**	**36,882**

1) Christoph Vitzthum was elected and Fredrik Lundberg stepped down at the Annual General Meeting on April 14, 2010.
2) The number of senior executives employed in the Parent Company in 2010 was seven up to October, and thereafter eight.
3) Remuneration and benefits pertain to vacation compensation, reduced working hours and company cars.
4) Variable remuneration pertains to the amounts expensed during the particular fiscal year.
5) The number of senior executives employed in the Parent Company in 2009 was eight up to September, and thereafter seven.

PENSION CONDITIONS FOR THE PRESIDENT

President and CEO Olle Ehrlén is encompassed by a defined benefit ITP plan with an agreed retirement age of 65. In addition, Olle Ehrlén is also covered by a defined benefit pension agreement originating from the period prior to him becoming CEO.

In connection with Olle Ehrlén taking office as President and CEO, a supplementary agreement was signed under which the costs outstanding for these earlier agreements were limited to a specific amount.

This entails entitlement to an old-age pension between 60 and 65 years corresponding to 50 percent of fixed salary in 2010 and – excluding ITP – from 65 years corresponding to approximately 10 percent of this salary. The commitment is vested in NCC's pension foundation.

From the age of 60, which took place in November 2009, Olle Ehrlén earns a pension whereby the premium corresponds to 30 percent of his fixed salary.

To this should be added ITP contributions which, in the event of retirement prior to age 65, are to be paid off on a single occasion, as well as indexation of the defined benefit pensions specified above.

PENSION CONDITIONS FOR OTHER SENIOR EXECUTIVES

Other senior executives employed in Sweden are covered by a defined benefit ITP plan with a retirement age of 65. In addition, five senior executives are encompassed by a supplementary pension plan with retirement ages of 60 or 62. The supplementary pension plan is paid until the age of 65, and has a target pension of 70 percent of pensionable salary. Pensionable salary is defined as the senior executive's average fixed salary over a vesting period of at least ten years. The earned benefit is vested and secured in a pension foundation. The company has undertaken to pay the ITP plan in full on the condition that the senior executive remains in service until the agreed age of retirement. One senior executive, who is not part of the aforementioned supplementary pension plan, is encompassed by a defined contribution pension commitment totaling 30 percent of fixed salary subject to deductions for pension costs for defined benefit ITP. Two senior executives, who are not encompassed by the supplementary pension plan described above, are covered by a defined contribution pension obligation of 30 percent of pensionable salary exceeding 30 income base amounts.

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

SEVERANCE PAY

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

OTHER REMUNERATION

As stated on p. 45, an agreement was reached during 2010 between the company and a president of a foreign subsidiary concerning the timing of this executive's future departure from the position concerned, and other terms and conditions for employment termination. Under the agreement, the president of the foreign subsidiary will receive salary during the period of notice and severance pay totaling SEK 16.7 M, which will be accrued over the remaining service period. The consequences of the agreement reached in 2010 and those reached previously between the company and the president of the foreign subsidiary include a switch from the previous defined benefit pension solution to a defined contribution pension. On the whole, the assessment is that the agreements will entail a lower commitment for the company compared with the original situation.

NOTE 6 DEPRECIATION/AMORTIZATION

	Group		Parent Company	
	2010	2009	2010	2009
Other intangible assets	–18	–21		
Owner-occupied properties	–32	–34	–7	–7
Machinery and equipment[1)]	–517	–519	–65	–69
Total depreciation/amortization	**–567**	**–573**	**–72**	**–75**

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

NOTE 7 FEES AND REMUNERATION TO AUDIT FIRMS

	Group		Parent Company	
	2010	2009	2010	2009
Audit firms				
PricewaterhouseCoopers				
Auditing assignments	15	15	5	5
Audit in addition to the audit assignment	1	1		1
Other assignments	1	2		
Other auditors				
Auditing assignments	1	1		
Total fees and remuneration to auditors and audit firms	**19**	**20**	**6**	**6**

NOTE 8 RESULT FROM SALES OF PROPERTIES

	Owner-occupied properties	
GROUP	2010	2009
Sales value	58	19
Carrying amount	–56	–9
Total	**2**	**10**

	Owner-occupied properties	
PARENT COMPANY	2010	2009
Sales value	32	3
Carrying amount	–88	
Total	**–56**	**3**

NOTE 9 IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

	Group		Parent Company	
	2010	2009	2010	2009
Production costs				
Housing projects	–30	–192	–10	–18
Financial expenses				
Other securities		–2		
Result from participations in subsidiaries				
Shares in subsidiaries			47	–49
Impairment loss and reversal of impairment losses, fixed assets				
Owner-occupied properties		–6		
Machinery and equipment		–1		
Other intangible assets	–2			
Total	**–32**	**–200**	**37**	**–67**

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

	Group		Parent Company	
	2010	2009	2010	2009
Production costs	–30	–192	–10	–18
Impairment loss, fixed assets	–2	–7		
Financial expenses		–2		
Result from participations in Group companies			47	–49
Total	**–32**	**–200**	**37**	**–67**

NOTE 10 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

	Group		Parent Company	
	2010	2009	2010	2009
Dividend			596	2,901
Capital gain/loss on sale		5		–1
Impairment losses			–14	–49
Reversal of impairment losses			61	
Total	**0**	**5**	**643**	**2,851**

NOTE 11 RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

GROUP	2010	2009
Participation in results of associated companies after taxes	5	4
Capital gains/losses on sales	–1	–5
Total	**4**	**–1**

PARENT COMPANY	2010	2009
Dividends from associated companies and earnings in partnerships and limited partnerships	–24	24
Total	**–24**	**24**

NOTE 12 OPERATING EXPENSES

GROUP	2010	2009
Change in inventories	–23	110
Personnel expenses	10,297	11,170
Depreciation/amortization	567	573
Impairment losses	42	200
Reversal of impairment losses	–9	
Total	**10,873**	**12,053**

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

NOTE 13 RESULT FROM OTHER FINANCIAL FIXED ASSETS

PARENT COMPANY	2010	2009
Capital gains on sales	18	1
Total	**18**	**1**

NOTE 14 RESULT FROM FINANCIAL CURRENT ASSETS

PARENT COMPANY	2010	2009
Interest income, Group companies	65	57
Interest income, others	11	11
Premium income	137	140
Exchange-rate differences	20	15
Total	**232**	**223**

NOTE 15 INTEREST EXPENSE AND SIMILAR INCOME STATEMENT ITEMS

PARENT COMPANY	2010	2009
Interest expense, Group companies	–64	–92
Interest expense, others	–292	–276
Exchange-rate differences	82	17
Other financial items	–3	3
Total	**–277**	**–348**

NOTE 16 NET FINANCIAL ITEMS

GROUP	2010	2009
Interest income on financial assets held for trading	46	34
Interest income on non-impaired investments held to maturity	8	11
Interest income on non-impaired loans and accounts receivable	16	11
Interest income on bank balances	10	6
Net profit on available-for-sale financial assets		2
Net exchange-rate changes	14	
Other financial income	5	14
Financial income	**99**	**78**
Interest expense on financial liabilities recognized at accrued acquisition valve	–285	–527
Interest expense on financial liabilities held for trading	–14	–5
Net loss on financial assets/liabilities held for trading	–9	–7
Net loss on financial assets available for sale	–1	
Impairment loss on financial investments		–2
Net exchange-rate changes		–5
Other financial expenses	–36	–46
Financial expense	**–345**	**–592**
Net financial items	**–246**	**–514**
Of which, changes in value calculated using valuation techniques	5	–7

Interest expense was capitalized in the amount of SEK 6 M (7), for which an interest rate of 2.7 percent (2.6) was used to determine the amount.

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

GROUP	2010 Exchange rates 2009[1]	2010	Exchange-rate effect
Net sales	47,478	49,420	1,942
Operating profit	2,205	2,254	49
Profit after financial items	1,974	2,008	34
Net profit for the year	1,502	1,527	25

1) Figures for 2010 converted at 2009 exchange rates.

			Average exchange rate Jan–Dec		Year-end rate Dec 31	
Country	SEK	Currency	2010	2009	2010	2009
Denmark	100	DKK	128.25	142.65	120.94	138.72
EU	1	EUR	9.55	10.62	9.01	10.32
Norway	100	NOK	119.26	121.61	115.31	123.88
US	1	USD	7.21	7.65	6.81	7.19

NOTE 18 EARNINGS PER SHARE

GROUP	2010		2009	
SEK M	Before dilution	After dilution	Before dilution	After dilution
Earnings per share	14.05	14.05	15.26	15.26

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

	2010		2009	
SEK M	Before dilution	After dilution	Before dilution	After dilution
Net profit for the year attributable to Parent Company shareholders	1,524	1,524	1,654	1,654
Weighted average number of shares outstanding				
Thousands of shares				
Total number of shares, January 1	108,415	108,436	108,415	108,436
Total number of shares, December 31	108,415	108,436	108,415	108,436
Weighted average number of shares for the year	108,415	108,436	108,415	108,436

NOTE 19 APPROPRIATIONS AND UNTAXED RESERVES

	Appropriations		Untaxed reserves	
PARENT COMPANY	2010	2009	2010	2009
Accumulated depreciation in excess of plan				
– machinery and equipment	17	4	15	32
Reserve in work in progress	154	46	316	481
Total	**171**	**50**	**331**	**513**

NOTE 20 INTANGIBLE ASSETS

	Group				Parent Company
	Acquired intangible assets				
2010	Goodwill	Usufructs	Other	Total other	Other
Recognized acquisition value on January 1	**2,105**	**171**	**96**	**268**	**4**
Investments		19	6	24	
Divestment and scrappage		–1	–2	–3	
Reclassifications	–105	6	0	6	
Translation difference during the year	–161	–13	–12	–24	
Recognized acquisition value on December 31	**1,839**	**183**	**88**	**271**	**4**
Accumulated amortization on January 1		**–77**	**–69**	**–145**	**–4**
Divestment and scrappage		1	2	2	
Reclassifications		–6		–6	
Translation difference during the year		7	8	15	
Amortization according to plan during the year		–10	–8	–18	
Accumulated amortization on December 31	**0**	**–86**	**–66**	**–151**	**–4**
Accumulated impairment losses on January 1	**–355**	**–2**		**–1**	
Reclassifications	105				
Translation differences during the year	23				
Impairment losses during the year			–2	–2	
Accumulated impairment losses on December 31	**–226**	**–2**	**–2**	**–3**	
Residual value on January 1	**1,750**	**92**	**28**	**121**	
Residual value on December 31	**1,613**	**94**	**20**	**115**	**0**

	Group				Parent Company
	Acquired intangible assets				
2009	Goodwill	Usufructs	Other	Total other	Other
Recognized acquisition value on January 1	**2,134**	**170**	**115**	**284**	**4**
Investments		5	16	21	
Divestment and scrappage		–1	–30	–32	
Reclassifications	–1			0	
Translation difference during the year	–28	–2	–5	–7	
Recognized acquisition value on December 31	**2,105**	**171**	**96**	**268**	**4**
Accumulated amortization on January 1		**–68**	**–81**	**–150**	**–4**
Divestment and scrappage		1	23	24	
Reclassifications			–5	–5	
Translation difference during the year		1	3	5	
Amortization according to plan during the year		–12	–9	–21	
Accumulated amortization on December 31	**0**	**–77**	**–69**	**–145**	**–4**
Accumulated impairment losses on January 1	**–361**	**–2**	**–12**	**–13**	
Divestment and scrappage			8	8	
Reclassifications			5	5	
Translation differences during the year	5				
Accumulated impairment losses on December 31	**–355**	**–2**	**0**	**–1**	
Residual value on January 1	**1,772**	**100**	**22**	**123**	
Residual value on December 31	**1,750**	**92**	**28**	**120**	**0**

NOTE 20 CONT. INTANGIBLE ASSETS

IMPAIRMENT TESTING OF GOODWILL IN CASH-GENERATING UNITS

Goodwill totaling SEK 1,613 M is included in NCC's balance sheet. The item is distributed as follows among NCC's business areas:

Unit	2010	2009
NCC Construction	585	610
NCC Roads	1,007	1,118
– of which Denmark	635	728
– of which Norway	248	267
NCC Housing	22	22
NCC Group	**1,613**	**1,750**

Impairment testing of these units has been conducted by discounting future cash flow after tax and thus calculating their value in use. In all cases, this has been based on the five-year forecasts established by company management, in which the following important assumptions were made:

Long-term growth: In all cases, a long-term sustainable growth rate of 1.5 percent (1.5) has been assumed when the forecast period is over, which reflects long-term growth in the market. Subject to the exceptions specified below, it is assumed that the growth rate also applies to sales during the forecast period.

Operating margin: Subject to the exceptions specified below, the operating margin has been assumed to equal the average for the most recent three years.

Working capital and reinvestment requirement: In most cases, the requirement has been assumed to be in line with the figure for 2010.

Discount interest rate after tax: This has been established based, among other factors, on the following variables: risk-free interest rate, market premium, beta, capital structure and local tax rates. Although the discount interest rates vary somewhat among the different cash-generating units, in NCC's scenario it amounts to 6.7 percent (7.8) on the whole.

NCC's impairment testing reveals no impairment requirement. The difference between the carrying amount and the value in use is lowest for NCC Road's foreign operations. During the forecast period, it is assumed that the profitability of these operations will reverse and end up at the historically achieved level or, in one case, that the current trend of annual earnings improvements will continue. The discount interest rate for these units varies between 6.0 and 6.3 percent.

The difference between the carrying amount and the estimated value in use for NCC Roads' Danish and Norwegian operations totals SEK 877 M. If the discount interest rate is increased by two percentage point, the difference is reduced to SEK 105 M. The table below illustrates the sensitivity of the value in use to changes in certain important variables:

	Impact of value in use	
	Discount interest rate, basic scenario (6.0–6.3%)	Discount interest rate, basic scenario plus 2 percentage points
0.5 percentage points lower operating margin during the forecast period	–300	–210
1% lower annual sales growth during the forecast period	–125	–85
0.5% higher discount interest rate	–250	–125

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	
	2010	2009
Production costs	–12	–14
Selling and administrative costs	–6	–7
Total	**–18**	**–21**

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

	Group	
	2010	2009
Total on line Impairment of fixed assets	–2	–7

NOTE 21 TANGIBLE FIXED ASSETS

	Group				Parent Company		
2010	Owner-occupied properties	Construction in progress	Machinery and equipment	Total	Owner-occupied properties	Machinery and equipment	Total
Recognized acquisition value on January 1	**1,370**	**3**	**6,291**	**7,664**	**183**	**504**	**687**
Investments	46	2	596	644		27	27
Divestment and scrappage	–138		–442	–579	–100	–69	–169
Reclassifications	22		14	35			
Translation difference during the year	–95		–346	–441			
Recognized acquisition value on December 31	**1,205**	**5**	**6,112**	**7,323**	**83**	**462**	**545**
Accumulated impairment losses and depreciation on January 1	**–726**		**–4,381**	**–5,108**	**–71**	**–333**	**–404**
Divestment and scrappage	92		366	458	12	57	69
Reclassifications	–16		–19	–36			
Translation difference during the year	49		254	303			
Impairment losses during the year [1)]	–1			–1			
Depreciation during the year	–32		–517	–548	–7	–65	–72
Accumulated impairment losses and depreciation on December 31[2)]	**–634**	**0**	**–4,297**	**–4,931**	**–66**	**–340**	**–406**
Residual value on January 1	**644**	**3**	**1,910**	**2,556**	**112**	**171**	**283**
Residual value on December 31	**571**	**5**	**1,816**	**2,392**	**17**	**122**	**138**
Carrying amount of financial lease			**209**	**209**			
Tax assessment value of fixed assets in Sweden							
– Buildings	191			191	14		14
– Land	196			196	10		10
Carrying amount of fixed assets in Sweden assigned tax assessment value	**571**			**571**	**17**		**17**
1) Impairment losses on owner-occupied properties are included on the line "Impairment losses" in the income statement. Impairment losses on machinery and equipment are included on the line "Production costs."							
2) Accumulated impairment losses at year-end	–42		–59	–102			

	Group				Parent Company		
2009	Owner-occupied properties	Construction in progress	Machinery and equipment	Total	Owner-occupied properties	Machinery and equipment	Total
Recognized acquisition value on January 1	**1,384**	**6**	**6,185**	**7,575**	**178**	**478**	**656**
Investments	35	4	517	556	5	82	87
Increase through acquisitions	2			2			
Transfer within NCC Group						–22	–22
Divestment and scrappage	–36		–421	–457		–33	–33
Decrease through sales of companies			–6	–6			
Reclassifications	7	–7	31	32			
Translation difference during the year	–21		–16	–37			
Recognized acquisition value on December 31	**1,370**	**3**	**6,291**	**7,664**	**183**	**504**	**687**
Accumulated impairment losses and depreciation on January 1	**–708**		**–4,210**	**–4,919**	**–65**	**–303**	**–368**
Transfer within NCC Group						7	7
Divestment and scrappage	10		351	360		31	31
Decrease through sales of companies			2	2			
Reclassifications	–1		–22	–23			
Translation difference during the year	13		18	31			
Impairment losses during the year[1)]	–6		–1	–7			
Depreciation during the year	–34		–519	–553	–7	–69	–75
Accumulated impairment losses and depreciation on December 31[2)]	**–726**	**0**	**–4,381**	**–5,108**	**–71**	**–333**	**–404**
Residual value on January 1	**676**	**6**	**1,975**	**2,657**	**113**	**175**	**288**
Residual value on December 31	**644**	**3**	**1,910**	**2,556**	**112**	**171**	**283**
Carrying amount of financial lease			**209**	**209**			
Tax assessment value of fixed assets in Sweden							
– Buildings	198			198	41		41
– Land	187			187	16		16
Carrying amount of fixed assets in Sweden assigned tax assessment value	**241**			**241**	**112**		**112**
1) Impairment losses on owner-occupied properties are included on the line "Impairment losses" in the income statement. Impairment losses on machinery and equipment are included on the line "Production costs."							
2) Accumulated impairment losses at year-end.	–121		–100	–221			

NOTE 22 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share % 1)	No. of participations 2)	2010	2009
Real estate companies				
NCC Property Development BV, 33.213.877, The Netherlands	93		4	4
NCC Property Development Nordic AB, 556743-6232, Solna	100	1	960	960
Total participations in real estate companies			**964**	**964**
Other companies				
Alsike Utvecklings AB, 556245-9452, Solna	100	16	2	2
Anjo Bygg AB, 556317-8515, Halmstad	100	9	35	43
Bergnäsets Ställningsmontage i Luleå AB, 556393-2838, Luleå	100	1	2	2
Däldehög AB, 556268-5700, Göteborg	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		
Fastighetsbolaget CVH KB, 969724-6529, Solna	100			
Fastighetsbolaget Jungmannen AB, 556793-1562, Solna	100	1		
Frösunda Exploaterings AB, 556430-1876, Solna	100	1		
Frösunda Exploaterings KB, 916636-6451, Stockholm	98 3)		1	1
Fågelbro Mark AB, 556234-0868, Stockholm	100	200	30	30
Hercules Grundläggning AB, 556129-9800, Stockholm	100	196	59	59
JCC Johnson Construction Company AB, 556113-5251, Solna	100	1		
Kungsplattan AB, 556713-0850, Solna	100	1	1	1
Kvarntorget Bostad AB, 556729-8541, Uppsala	100	1		
LLC NCC Real Estate, INN7841322136, Russia	100		42	
LLC NCC Village, INN7842398917, Russia	100			
Luzern, AB, 556336-4727, Lund	100	1	3	3
Marielund 1:7 AB, 556522-7369, Stockholm	100	1		6
Mälarstadens Exploaterings AB, 556336-2135, Solna	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	100		
NCC Boende Holding 1 AB, 556761-3459, Solna	100	1		
NCC Boende Holding 2 AB, 556795-2089, Solna	100	1		
NCC Boende Holding 3 AB, 556795-2287, Solna	100	1		
NCC Boende Holding 4 AB, 556824-7901, Solna	100	1		
NCC Boende Holding 5 AB, 556824-7919, Solna	100	1		
NCC Boende Holding 6 AB, 556824-7927, Solna	100	1		
NCC Boende Holding 7 AB, 556824-8230, Solna	100	1		
NCC Boende Holding 8 AB, 556824-8248, Solna	100	1		
NCC Bolig A/S, 32 65 55 05, Denmark	100	5	474	
NCC Bolig AS, 980 390 020, Norway	100	8	45	45
NCC Construction Danmark A/S, 69 89 40 11, Denmark	100	400	115	115
NCC Construction Norge AS, 911 274 426, Norway	100	17,500	160	160
NCC Deutschland GmbH, HRB 8906 FF, Germany	100		410	410
NCC Construction Sverige AB, 556613-4929, Solna	100	500	50	50

cont.

PARENT COMPANY			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share % 1)	No. of participations 2)	2010	2009
NCC Elamuarendus Oü 11398856, Estonia	100		6	
NCC Försäkrings AB, 516401-8151, Solna	100	500	78	78
NCC Hällevik AB, 556749-6251, Solna	100	1		
NCC Industries AB, 556001-8276, Stockholm	100	15	22	22
NCC International AB, 556033-5100, Solna	100	1,000	258	258
NCC International Danmark A/S, 26708621, Denmark	100	300		
NCC Kaninen Projekt AB, 556740-3638, Solna	100	100		
NCC Knallen Stockholm AB, 556716-8637, Stockholm	100	1		
NCC Komponent AB, 556627-4360, Solna	100	1	65	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, Zoo, Poland, KRS20513, Solna	100	665		
NCC Purchasing Group AB, 556104-9932, Stockholm	100	2		1
NCC Rakennus Oy, 1765514-2, Finland	100	4	391	391
NCC Reinsurance AG, CH-0203003243-9, Switzerland	100	3	35	35
NCC Roads Holding AB, 556144-6732, Solna	100	275	1,633	1,633
NCC Södra Ekkällan AB, 556679-8780, Solna	100	1	1	1
NCC Treasury AB, 556030-7091, Solna	100	120	16	16
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
Onsala Stenfastigheter AB, 556796-8025, Uppsala	100	1		
Portalgatan Förvaltnings AB, 556385-9296, Uppsala	100			3
Siab Investment AB, 556495-9079, Stockholm	100	1		
SIA NCC Housing, 40003941615, Latvia	100			
Sintrabergen Holding AB, 556498-1248, Stockholm	100	3		
Ställningsmontage och Industritjänst i Södra Norrland AB, 556195-2226, Solna	100	2	1	1
Svelali AB, 556622-7517, Halmstad	100	1		
Svenska Industribyggen AB, 556087-2508, Stockholm	100	1		
Söderby Park Fastigheter HB, 916630-4817, Stockholm	100		10	10
Södertäljebyggare Exploaterings KB, 916635-5900, Södertälje	100	1	1	1
Tipton Ylva AB, 556617-6326, Stockholm	100	1	1	1
UAB NCC Housing, 302477035, Lithuania	100	100		
Ursvik Sopsug AB, 556764-2334, Sundbyberg	57	1		
Vätterbron AB, 556145-1856, Solna	100	1		
Total participations in other companies			**5,025**	**4,458**
Total participations in Group companies			**5,989**	**5,421**

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

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

GROUP	2010	2009
Carrying amount on January 1	**9**	**10**
Divestment of associated companies	–2	–1
Share in associated company profits [1]	1	
Translation difference	–1	
Carrying amount on December 31	**7**	**9**

Group			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share, % [1]	No. of participations [2]	2010	2009
Aggder Bygg-Gjennvinning AS, 880 704 532, Norway	50		1	1
Asfalt & Maskin, 960,585,593, Norway	50		2	2
Glysisvallen AB, 556315-5125, Hudiksvall	50	1	1	1
Återvinnarna i Sverige AB, 556560-7883, Stockholm	50			2
Östhammarkrossen KB, 916673-1365, Uppsala	50		2	2
Other NCC-owned associated companies 17 (18)			1	1
Total			**7**	**9**

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

NOTE 24 PARTICIPATIONS IN JOINT VENTURES CONSOLIDATED IN ACCORDANCE WITH THE PROPORTIONAL METHOD

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

GROUP	2010	2009
Revenues	390	151
Costs	–347	–139
Profit	**43**	**12**
Fixed assets	87	26
Current assets	798	653
Total assets	**885**	**679**
Long-term liabilities	161	187
Current liabilities	574	347
Total liabilities	**735**	**534**
Net assets	**150**	**145**

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

SPECIFICATION OF JOINT VENTURES

GROUP	Shareholding %
A2 Bau Development Gmbh	50
Arandur OY	33
Bolig Interessentskabet Tuborg Nord	50
C825 Circle Line Project	35
Entreprise 23 konsortiet	50
Entreprise 26 konsortiet	50
Fastighets AB Strömstaden	32
Fløng-1 Konsortiet	45
Fløng-2 Konsortiet	50
Granitsoppen AB	50
Granitsoppen, KB	50
Hercules-Trevi Foundations AB	50
Korsnäs, konsortie	50
Koy Albergan	50
Koy Polaris Parkki	30
Koy Polaristontti 2	50
Koy Polaristontti 3	50
Koy Polaristontti 7	50

cont.

CONT. SPECIFICATION OF JOINT VENTURES

GROUP	Shareholding %
Langebro 2	50
M11-Entreprenør	50
NVB Beckomberga KB	25
NVB Sköndalsbyggarna AB	33
NVB Sköndalsbyggarna II AB	33
NVB Sköndalsbyggarna KB	33
NVB Sköndalsbyggarna II KB	33
Elinegård Utvecklings AB	50
NCC MJE konsortie I/S	50
Oraser AB	50
Polaris Business Park Oy	50
PULS Planerad Underhållsservice AB	50
Scania II, konsortie	50
Scanpile AB	50
Skattkärrs Byggnads AB	50
Stora Ursvik KB	50
SWTP Construction OY	33
Tipton Brown AB	33
Ullevi Park 4 i 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 25 PARTICIPATIONS IN ASSOCIATED COMPANIES

PARTICIPATIONS IN ASSOCIATED COMPANIES INCLUDED IN FINANCIAL FIXED ASSETS

PARENT COMPANY			Carrying amount	
Name of company, Corp. Reg. No., Registered office	Ownership share %[1]	No. of participations[2]	2010	2009
Fastighets AB Strömstaden, 556051-7202, Norrköping	32	2	2	2
PULS Planerad Underhålls Service AB, 556379-1259, Malmö	50	15	8	8
Stora Ursvik KB, 969679-3172, Stockholm	50		117	110
Tipton Brown AB, 556615-8159, Stockholm	33	125	15	15
Återvinnarna i Sverige AB, 556560-7883, Stockholm				2
Other 11 (17)			1	2
Total			**141**	**139**

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

NOTE 26 FINANCIAL INVESTMENTS

GROUP	2010	2009
Financial investments classified as fixed assets		
Available-for-sale financial assets		
Shares and participations	25	29
Investments held to maturity		
Interest-bearing securities	156	174
Total	**182**	**203**
Short-term investments classified as current assets		
Financial assets at fair value through profit and loss		
Interest-bearing securities	669	227
Investments held to maturity		
Interest-bearing securities	72	58
Total	**741**	**286**

Carrying amount	2010	2009
Other long-term holdings of securities include:		
Unlisted securities		
Other, unlisted	25	29
Total	**25**	**29**

Investments held to maturity had an established interest rate ranging from 1.0 percent (1.0) to 5.8 percent (5.8), and had due dates ranging from 1 month (1) to 4 years (4).

NOTE 27 FINANCIAL FIXED ASSETS

PARENT COMPANY 2010	Participations in Group companies	Receivables, Group companies	Participations in associated companies and joint ventures	Receivables, associated companies and joint ventures	Other long-term securities	Other long-term receivables	Total
Recognized acquisition value on January 1	**13,904**	**145**	**436**	**130**	**14**	**307**	**14,935**
Assets added	62		7	6		25	100
Transferred within NCC Group	462						462
Assets removed	–20		–4	–16		–4	–44
Recognized acquisition value on December 31	**14,408**	**145**	**439**	**121**	**14**	**327**	**15,453**
Accumulated write-ups on January 1	**268**						**268**
Accumulated write-ups on December 31	**268**						**268**
Accumulated impairment losses on January 1	**–8,752**		**–297**	**–1**	**–7**	**–2**	**–9,059**
Assets removed	17					1	18
Impairment losses/reversed impairment losses during the year	47						47
Accumulated impairment losses on December 31	**–8,687**		**–297**	**–1**	**–7**	**–2**	**–8,994**
Residual value on December 31	**5,989**	**145**	**141**	**120**	**6**	**325**	**6,727**

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

NOTE 28 LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

GROUP	2010	2009	2008
Long-term receivables classified as fixed assets			
Receivables from associated companies and joint ventures	83	67	31
Receivables from sales of property and housing projects	8		
Pension receivable, net[1)]	1,060	962	965
Derivatives held for hedging purposes	3	1	1
Other long-term receivables	210	232	139
Long-term receivables classified as fixed assets	**1,363**	**1,261**	**1,135**
Other receivables classified as current assets			
Receivables from associated companies and joint ventures	77	22	33
Receivables from sales of property and housing projects	660	428	347
Advance payments to suppliers	43	16	13
Derivatives held for hedging purposes	82	75	85
Other current receivables	522	1,006	960
Other receivables classified as current assets	**1,384**	**1,547**	**1,438**

1) Also refer to Note 36 Pensions.

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

	Group		Parent Company	
	2010	2009	2010	2009
Tax on net profit for the year				
Current tax cost	–609	–137	–381	–44
Deferred tax cost/revenue	128	–313	25	–62
Total recognized tax on net profit for the year	**–481**	**–449**	**–356**	**–106**

	Group				Parent Company			
	2010		2009		2010		2009	
Effective tax	Tax %	Profit/Loss	Tax %	Profit/Loss	Tax %	Profit/Loss	Tax %	Profit/Loss
Pretax profit		2,008		2,105		2,060		3,253
Tax according to Company's current tax rate	–26	–529	–26	–554	–26	–542	–26	–855
Effect of other tax rates for non-Swedish companies	–1	–18	–3	–61				
Other non-tax-deductible costs	–2	–45	–2	–52	–2	–40	–1	–40
Non-taxable revenues	5	103	12	259	10	200	24	769
Tax effect resulting from utilization of non-capitalized tax loss carryforwards	2	36	2	37	2	36	1	37
Tax effect resulting from non-capitalized tax loss carryforwards		–5	–4	–76		–4		
Tax attributable to prior years	–1	–21		1		–3		–2
Changed tax rate								–5
Other		–2		–3		–3		
Recognized tax	**–24**	**–481**	**–21**	**–449**	**–17**	**–356**	**3**	**–106**

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

TAX ITEMS RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME OR AGAINST SHAREHOLDERS' EQUITY

	Group		Parent Company	
	2010	2009	2010	2009
Current tax in Group contributions received/granted			–172	–59
Current tax in hedging instruments	–60	–31		
Other	–5	8		
Total	**–65**	**–23**	**–172**	**–59**

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND TAX LOSS CARRYFORWARDS

	Group		Parent Company	
	2010	2009	2010	2009
Opening value	–504	–205	240	301
Acquisition of subsidiaries		4		
Total recognized tax on net profit for the year	128	–313	25	–62
Tax items reported directly against other comprehensive income	–5	3		
Translation differences	–6	3		
Other	16	2		
Total	**–371**	**–504**	**265**	**240**

DEFERRED TAX ASSETS AND LIABILITIES

	Assets			Liabilities			Net		
GROUP	2010	2009	2008	2010	2009	2008	2010	2009	2008
Tangible fixed assets	25	54	62				25	54	62
Financial fixed assets					–1	–1		–1	–1
Non-completed projects				–480	–656	–764	–480	-656	–764
Properties held for future development				–87	–110	–132	–87	–110	–132
Provisions	526	570	634				526	570	634
Personnel benefits/pension provisions	15	10	15	–261	–253	–229	–246	–243	–214
Tax loss carryforwards	50	54	275				50	54	275
Other	95	99	148	–254	–272	–213	–158	–173	–65
Deferred tax asset/tax liability	**711**	**787**	**1,134**	**–1,082**	**–1,292**	**–1,339**	**–371**	**–504**	**–205**
Offsetting	–643	–651	–903	643	651	903			
Net deferred tax asset/tax liability	**68**	**136**	**231**	**–439**	**–641**	**–436**	**–371**	**–504**	**–205**

	Assets		Liabilities		Net	
PARENT COMPANY	2010	2009	2010	2009	2010	2009
Provisions	259	238			259	238
Personnel benefits/pension provisions	5	5			5	5
Other	1			–4	1	–4
Deferred tax asset/tax liability	**265**	**244**		**–4**	**265**	**240**
Offsetting		–4		4		
Net deferred tax asset/tax liability	**265**	**240**			**265**	**240**

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

Within the Group, there are also non-capitalized tax loss carryforwards corresponding to SEK 0.3 billion (0.5). These mainly derive from operations conducted outside Sweden, primarily in Germany, and are not expected to be utilized to offset future profits. In the Parent Company, all tax loss carryforwards from the operations are capitalized.

NOTE 30 PROPERTIES CLASSED AS CURRENT ASSETS

GROUP 2010	Properties held for future development	Ongoing property projects	Completed property projects	Total property development projects[2]	Properties held for future development, housing	Unsold ongoing proprietary housing	Unsold completed housing	Total housing projects[3]	Total
Recognized acquisition value on January 1	**2,043**	**406**	**442**	**2,891**	**7,336**	**2,196**	**1,306**	**10,838**	**13,729**
Investments	391	1,085	12	1,488	316	2,377	14	2,707	4,195
Increase through company acquisitions	235	23		258	210			210	468
Divestment and scrappage	–94	–439	–665	–1,198	–832	–2,100	–883	–3,815	–5,013
Decrease through company divestments					–12			–12	–12
Reclassifications	–390	–52	481	39	–542	441	49	–52	–13
Translation difference during the year	–313	–142	–48	–503	–321	–197	–97	–615	–1,118
Recognized acquisition value on December 31	**1,872**	**881**	**222**	**2,975**	**6,155**	**2,717**	**389**	**9,261**	**12,236**
Accumulated impairment losses and depreciation on January 1	**–56**			**–56**	**–388**		**–313**	**–701**	**–757**
Divestment and scrappage					71		94	165	165
Reclassifications	7			7					7
Translation difference during the year	5			5	26		24	50	55
Reversal of impairment losses					9		21	30	30
Impairment losses during the year[1]					–57	–3		–60	–60
Accumulated impairment losses and depreciation on December 31[4]	**–44**			**–44**	**–339**	**–3**	**–174**	**–516**	**–560**
Residual value on January 1	**1,987**	**406**	**442**	**2,835**	**6,948**	**2,196**	**993**	**10,137**	**12,972**
Residual value on December 31	**1,828**	**881**	**222**	**2,931**	**5,816**	**2,714**	**215**	**8,745**	**11,676**
4) Accumulated impairment losses at year-end.	–7			–7	–280	–3	–174	–457	–464

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

2) Pertains to properties classed as current assets recognized in NCC Property Development, and to a lesser extent in other business areas.

3) Pertains to properties classed as current assets recognized in NCC Housing, and to a lesser extent in other business areas.

GROUP 2009	Properties held for future development	Ongoing property projects	Completed property projects	Total property development projects[2]	Properties held for future development, housing	Unsold ongoing proprietary housing	Unsold completed housing	Total housing projects[3]	Total
Recognized acquisition value on January 1	**1,981**	**1,875**	**234**	**4,090**	**7,916**	**3,823**	**2,708**	**14,447**	**18,537**
Investments	176	946	17	1,139	1,850	2,500	126	4,476	5,615
Divestment and scrappage	–27	–1,897	–210	–2,134	–2,132	–3,903	–1,281	–7,316	–9,450
Decrease through company divestments					–491			–491	–491
Reclassifications	–35	–482	420	–97	394	–107	–165	122	25
Translation difference during the year	–52	–36	–19	–107	–201	–117	–81	–399	–506
Recognized acquisition value on December 31	**2,043**	**406**	**442**	**2,891**	**7,336**	**2,196**	**1,307**	**10,839**	**13,730**
Accumulated impairment losses and depreciation on January 1	**–72**			**–72**	**–342**		**–273**	**–615**	**–687**
Divestment and scrappage	–1			–1	4		99	103	102
Reclassifications	15			15			–18	–18	–3
Translation difference during the year	2			2	10		11	21	23
Impairment losses during the year[1]					–60		–132	–192	–192
Accumulated impairment losses and depreciation on December 31[4]	**–56**			**–56**	**–388**		**–313**	**–701**	**–757**
Residual value on January 1	**1,909**	**1,875**	**234**	**4,018**	**7,574**	**3,823**	**2,434**	**13,831**	**17,850**
Residual value on December 31	**1,987**	**406**	**442**	**2,835**	**6,948**	**2,196**	**993**	**10,137**	**12,972**
4) Accumulated impairment losses at year-end.	–13			–13	–320		–242	–562	–575

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

2) Pertains to properties classed as current assets recognized in NCC Property Development, and to a lesser extent in other business areas.

3) Pertains to properties classed as current assets recognized in NCC Housing, and to a lesser extent in other business areas.

cont.

NOTE 30 CONT. PROPERTIES CLASSED AS CURRENT ASSETS

PARENT COMPANY	2010 Properties held for future development	2010 Unsold completed housing	2010 Total housing projects	2009 Properties held for future development	2009 Unsold completed housing	2009 Total housing projects
Recognized acquisition value on January 1	**232**	**186**	**418**	**243**	**398**	**639**
Investments	1	6	7	42	68	110
Divestment and scrappage	–36	–234	–270	–61	–352	–413
Reclassifications	–27	106	79	8	72	80
Recognized acquisition value on December 31	**170**	**64**	**234**	**232**	**186**	**418**
Accumulated impairment losses on January 1	**–37**	**–22**	**–59**	**–41**	**–48**	**–89**
Divestment and scrappage	20	18	38	5	57	62
Reclassifications	10		10		–13	–13
Reversal of impairment losses	5		5			
Impairment losses during the year [1]	–15		–15		–18	–18
Accumulated impairment losses on December 31	**–17**	**–4**	**–21**	**–37**	**–22**	**–59**
Residual value on January 1	**195**	**163**	**358**	**201**	**350**	**549**
Residual value on December 31	**153**	**60**	**214**	**195**	**163**	**358**

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

NOTE 31 MATERIALS AND INVENTORIES

	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Aggregates	330	351		
Building materials	93	81	25	13
Other	114	82		
Total	**537**	**514**	**25**	**13**

NOTE 32 CONSTRUCTION CONTRACTS

WORKED-UP, NON-INVOICED REVENUES

GROUP	2010	2009	2008
Worked-up revenues from non-completed contracts	3,865	2,993	11,017
Invoicing for non-completed contracts	–3,061	–2,215	–10,175
Total	**804**	**777**	**841**

INVOICED REVENUES, NOT WORKED-UP

GROUP	2010	2009	2008
Invoicing for non-completed contracts	–35,595	–34,016	–36,698
Worked-up revenues from non-completed contracts	39,687	38,266	41,482
Total	**4,092**	**4,250**	**4,784**

Worked-up revenues from non-completed contracts including recognized gains less recognized loss reserves amounted to SEK 39,460 M (37,009) (47,715). Advanced payments received amounted to SEK 1,781 M (1,530) (1,449). Amounts withheld by the customer amounted to SEK 608 M (564) (301).

NOTE 33 SHARE CAPITAL

Changes in share capital		Number of shares	Share capital SEK M
1988	Start of year	6,720,000	672
	Split 1:4	20,160,000	
	Directed placement in connection with the acquisitions of ABV	16,259,454	407
1991	Conversions of debentures	1,449,111	36
1993	Conversions of debentures	468,928	11
	Directed placements in connection with purchase of minority-held NK 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
2010	**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
2010	**End of year**	**21,138**

The share capital is distributed among 108,435,822 shares with a quotient value of SEK 8.00 each. During 2010, 11,093,923 (4,000,000) Series A shares were converted into Series B shares.

THE SHARES ARE DISTRIBUTED AS FOLLOWS BY CLASS:

GROUP	Series A	Series B	Total
Number of shares	31,302,925	77,132,897	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 page 52. The Board of Directors proposes an ordinary dividend of SEK 10.00 per share, making a total of SEK 1,084,146,840.

cont.

NOTE 33 CONT. SHARE CAPITAL

SERIES A AND B SHARES

	Series A shares	Series B shares	Total A and B shares
No. of shares on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares during 2000–2009	–20,715,234	20,715,234	
Shares repurchased during 2000–2003		–6,035,392	–6,035,392
Sale of treasury shares during 2005-2007		6,014,254	6,014,254
No. of shares on Dec. 31, 2009	**42,396,448**	**66,018,236**	**108,414,684**
Conversion of Series A to Series B shares during 2010	–11,093,523	11,093,523	
No. of shares at Dec. 31, 2010	**31,302,925**	**77,111,759**	**108,414,684**
Number of voting rights	313,029,250	77,111,759	390,141,009
Percentage of voting rights	80	20	100
Percentage of share capital	29	71	100
Closing price Dec. 31, 2010	147,20	147,80	
Market capitalization, SEK M	4,608	11,397	16,005

NOTE 34 INTEREST-BEARING LIABILITIES

GROUP	2010	2009
Long-term liabilities		
Liabilities to credit institutions	2,057	2,187
Financial lease liabilities	209	209
Other long-term loans	447	575
Total	**2,712**	**2,972**
Current liabilities		
Current portion of liabilities to credit institutions	1,514	1,453
Other current liabilities	32	285
Total	**1,546**	**1,739**
Total interest-bearing liabilities	**4,258**	**4,711**

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

FINANCIAL LEASING

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

PARENT COMPANY	2010	2009
Long-term liabilities		
Reloaning from the NCC Group's pension foundation	1,200	1,200
Group companies	496	869
Total	**1,696**	**2,069**
Current liabilities		
Associated companies		2
Group companies	1,247	1,946
Other current liabilities	4	8
Total	**1,251**	**1,956**
Total interest-bearing liabilities	**2,947**	**4,025**

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

NOTE 35 PROVISIONS

GROUP 2010	Pensions	Taxes	Guarantees	Other	Total
On January 1	**18**	**641**	**2,047**	**944**	**3,650**
Provisions during the year		98	421	257	776
Amount utilized during the year	–4	–275	–453	–342	–1,074
Reversed, unutilized provisions		–12	–36	–3	–51
Reclassifications	–13	4		3	–6
Translation differences		–17	–71	–36	–124
On December 31	**1**	**439**	**1,908**	**824**	**3,172**

cont.

GROUP 2009	Pensions	Taxes	Guarantees	Other	Total
On January 1	**42**	**436**	**1,764**	**1,387**	**3,629**
Provisions during the year	7	243	809	255	1,314
Amount utilized during the year	–28	–42	–503	–567	–1,140
Reversed, unutilized provisions	–6	–2	–56	–49	–113
Via sold companies		–9		–20	–29
Reclassifications		4	52	–114	–58
Translation differences	3	11	–19	52	47
On December 31	**18**	**641**	**2,047**	**944**	**3,650**

PARENT COMPANY 2010	Pensions	Guarantees	Other	Total
On January 1	**3**	**1,235**	**64**	**1,301**
Provisions during the year		326	5	331
Amount utilized during the year		–330	–26	–356
On December 31	**3**	**1,231**	**43**	**1,277**

PARENT COMPANY 2009	Pensions	Guarantees	Other	Total
On January 1	**9**	**1,003**	**100**	**1,112**
Provisions during the year		473	8	482
Amount utilized during the year		–241	–44	–286
Reversed, unutilized provisions	–6			–6
On December 31	**3**	**1,235**	**64**	**1,301**

SPECIFICATION OF OTHER PROVISIONS AND GUARANTEES

	Group			Parent Company		
	2010	2009	2008	2010	2009	2008
Restoration reserve	177	158	151			
Other	647	787	1,236	43	64	100
Other provisions	**824**	**944**	**1,387**	**43**	**64**	**100**
Guarantee commitments	1,908	2,047	1,764	1,231	1,235	1,003
Total	**2,732**	**2,991**	**3,151**	**1,274**	**1,299**	**1,103**

GUARANTEE COMMITMENTS

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

A provision has been posted for documented deficiencies in the performance of housing construction whereby façades were sealed in accordance with the single-stage method. NCC has previously issued a ten-year guarantee for damp-related damage to the particular façade design. On the basis of in-house studies and conclusions from studies implemented by the Development Fund of the Swedish Construction Industry and SP Technical Research Institute of Sweden, NCC has also developed a program for investigating and rectifying deficiencies in façades sealed in accordance with the single-stage method. This action program has been offered to property owners in a number of residential areas in which NCC, in dialog with the property owners concerned, has cause to expect that deficiencies could arise. Since 2009, the action program has been implemented with favorable results in a number of properties in southern and western Sweden. Measures implemented under the program will also continue in 2011. The provisions that have been posted in relation to the actions taken to address the damp-related damage have, where appropriate, been based on an assessment of anticipated costs for implementing the action program in respect of the properties concerned. A number of property owners, who have been offered but have declined the action program, have instead decided to sue NCC and, among other measures, have demanded that the existing façades be demolished and replaced by a different façade design. NCC disagrees with the opinion forwarded by these property owners.

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

NOTE 36 PENSIONS

PENSION COSTS

GROUP	2010	2009
Defined-benefit plans:		
Current service cost	142	163
Past service cost	16	15
Interest expense	151	134
Expected return on plan assets	–219	–200
Actuarial gains (–) and losses (+) reported during the year	63	84
Losses (+) or gains (–) on reductions and payments	6	11
Total cost of defined-benefit plans	**159**	**207**
Total cost of defined-contribution plans	**562**	**626**
Payroll taxes and return tax	**70**	**93**
Total cost of remuneration after terminated employment	**791**	**926**

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 2010 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 2010, the contributions for pension insurance arranged by Alecta amounted to SEK 64 M (64).

Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2010, Alecta's surplus in the form of its collective solvency rate amounted to 146 percent (141). 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	2010	2009
Obligations secured in full or in part in funds:		
Present value of defined benefit obligations	4,650	4,493
Fair value of plan assets	4,360	4,013
Net value of obligations funded in full or in part	290	480
Adjustments:		
Accumulated unrecognized actuarial gains (+) and losses (–)	–1,287	–1,391
Net obligation	**–997**	**–912**
Special payroll tax/employer contributions	**–61**	**–50**
Net amount in balance sheet (obligation +, asset –)	**–1,059**	**–962**

NET AMOUNT IS RECOGNIZED IN THE FOLLOWING BALANCE-SHEET ITEMS:

Financial fixed assets	–1,060	–965
Provisions for pensions and similar obligations	1	3
Net amount in balance sheet (obligation +, asset –)	**–1,059**	**–962**
Net amount is distributed among plans in the following countries:		
Sweden	–991	–948
Norway	–67	–13
Net amount in balance sheet (obligation +, asset –)	**–1,059**	**–962**

CHANGE IN OBLIGATION FOR DEFINED BENEFIT PLANS

GROUP	2010	2009
Obligation for defined benefit plans on January 1	**4,493**	**3,946**
Benefits paid	–106	–78
Current service cost plus interest expense	284	251
Curtailments	–2	–3
Settlements	14	12
Actuarial gains and losses	31	261
Exchange-rate differences	–65	103
Obligation for defined benefit plans on December 31	**4,650**	**4,493**

CHANGE IN PLAN ASSETS

GROUP	2010	2009
Fair value of plan assets on January 1	**4,013**	**3,392**
Contribution by employer	139	276
Benefits paid	–14	–23
Expected return	219	200
Actuarial gains and losses	66	77
Exchange-rate differences	–63	91
Fair value of plan assets on December 31	**4,360**	**4,013**
The plan assets comprise:		
Shares	1,507	1,224
Funds	318	283
Properties	151	152
Interest-bearing securities	2,352	2,323
Others	31	31
Fair value of plan assets on December 31	**4,360**	**4,013**

RETURN ON PLAN ASSETS

GROUP	2010	2009
Return on fair value of plan assets	285	277
Expected return on plan assets	219	200
Unrecognized actuarial result for plan assets during the year (gain +)	**66**	**77**

HISTORICAL VALUES

GROUP	2010	2009	2008	2007	2006	2005
Present value of defined benefit obligations	4,650	4,493	3,946	3,632	3,070	2,920
Fair value of plan assets	4,360	4,013	3,392	3,349	3,059	2,631
Surplus (–)/deficit (+) in the plan	**290**	**480**	**554**	**283**	**11**	**289**
Experience-based adjustment of plan assets	72	111	–403	–86	15	–49
Experience-based adjustment of benefit obligation	31	260	45	96	45	51

ACTUARIAL ASSUMPTIONS, WEIGHTED AVERAGE VALUE %

GROUP	2010	2009
Discount interest rate	3.8	4.1
Expected return on plan assets	5.5	5.5
Future salary increases	3.2	3.2
Future pension increases	2.0	2.0
Anticipated inflation	2.0	2.0

NOTE 36 CONT. PENSIONS

PENSION LIABILITY ACCORDING TO THE BALANCE SHEET

	Group		Parent Company	
	2010	2009	2010	2009
Provision for pensions, other	1	18	3	3

COST OF PENSION PAYMENTS

PARENT COMPANY	2010	2009
Proprietary pension payments		
Proprietary costs, excluding interest expense	180	172
Interest expense	47	19
Cost of proprietary pension payments	227	191
Pension payments through insurance		
Insurance premiums	132	133
Subtotal	**359**	**324**
Special payroll tax on pension costs	61	81
Pension costs during the year	**420**	**405**

CAPITAL VALUE OF PENSION OBLIGATIONS

PARENT COMPANY	2010	2009
Capital value of pension obligations pertaining to proprietary pension payments on January 1	2,307	2,149
Cost, excluding interest expense, charged against profit	180	172
Interest expense	47	19
Pension payments	–49	–33
Capital value of pension obligations pertaining to proprietary pension on December 31	**2,486**	**2,307**

FAIR VALUE OF ESPECIALLY DETACHED ASSETS

PARENT COMPANY	2010	2009
Fair value of especially detached assets on January 1	2,779	2,345
Return on especially detached assets	179	308
Payment to/from pension foundations	46	126
Fair value of especially detached assets on December 31	**3,004**	**2,779**
Fair value of especially detached assets is divided among:		
Shares	1,253	994
Funds	294	258
Interest-bearing receivables	1,457	1,527
Fair value of especially detached assets on December 31	**3,004**	**2,779**

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

NET PENSION OBLIGATION

PARENT COMPANY	2010	2009
Capital value of pension obligations pertaining to proprietary pension payments on December 31	2,486	2,307
Fair value of especially detached assets on December 31	3,004	2,779
Surplus on especially detached assets	521	475
Net reported pension obligation	**2**	**3**

ASSUMPTIONS UNDERLYING DEFINED-BENEFIT OBLIGATIONS

PARENT COMPANY	2010	2009
Discount interest rate on December 31	3.84	3.84

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

NOTE 37 OTHER LIABILITIES

GROUP	2010	2009	2008
Other long-term liabilities			
Liabilities to associated companies	13	21	21
Derivative instruments held for hedging	34	38	32
Other long-term liabilities	874	499	784
Total	**921**	**558**	**837**
Other current liabilities			
Advance payments from customers	1,781	1,530	1,449
Liabilities to associated companies	15	1	3
Derivative instruments held for hedging	34	51	575
Other current liabilities	1,511	2,535	3,446
Total	**3,341**	**4,117**	**5,474**

NOTE 38 WORK IN PROGRESS ON ANOTHER PARTY'S ACCOUNT AND NET SALES

PARENT COMPANY	2010	2009
Invoicing excluding withheld amount	18,223	22,649
Withheld amount	360	312
Total invoicing	**18,583**	**22,961**
Costs incurred excluding reserve for losses	–15,732	–19,690
Reserve for losses	122	61
Total costs incurred	**–15,610**	**–19,629**
Total work in progress on another party's account	**2,973**	**3,331**
Profit-recognized invoicing		
Invoicing during the year	20,999	22,196
Invoiced but not recognized as profit on January 1	22,961	22,549
Less: Invoiced but not recognized as profit on December 31	–18,583	–22,961
Total revenues	**25,377**	**21,784**

NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

FINANCE POLICY (PRINCIPLES FOR RISK MANAGEMENT)

Through its business operations, the Group is exposed to financial risks. These financial risks are defined as refinancing, liquidity, interest-rate, exchange-rate, credit and counterparty risks. NCC's finance policy for managing financial risks has been decided by NCC's Board of Directors and constitutes a framework of guidelines and rules in the form of risk mandates and limits for finance activities.

Within the NCC Group's decentralized organization, finance activities are centralized to NCC Corporate Finance in order to monitor the Group's overall financial risk positions, to achieve cost-effectiveness and economies of scale and to accumulate expertise, while protecting Group-wide interests. Within NCC, risks associated with the Group's interest and exchange rates, credit, refinancing, counterparty and liquidity are managed by NCC's internal bank, NCC Treasury AB. Customer-credit risks are managed by the business area concerned.

CONTRACTUAL CONDITIONS

NCC has a covenant in the form of the debt/equity ratio that is linked to a credit facility of EUR 275 M that was concluded with a bank syndicate and had a remaining term to maturity of about two years. NCC satisfies the financial covenants.

REFINANCING RISK

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

NCC's policy for its refinancing risk is to ensure that the borrowing portfolio has a maturity structure that minimizes the Group's exposure from the perspective of the refinancing risk. The maturity periods must be well-diversified over time. The norm concerning distribution is that the weighted average remaining maturity must be at least 18 months. At December 31, the maturity of loans was 32 months for all interest-bearing liabilities. Financing of SEK 1,412 M pertaining to construction conducted by Finnish housing companies and Swedish tenant-owners' associations is linked to each particular housing development project and the capital tied up in financing reflects this relationship. Excluding loans in Finnish housing companies and Swedish tenant-owners' associations, the capital is tied up for 44 (47) months.

MATURITY STRUCTURE, CAPITAL DECEMBER 31, 2010

	Interest-bearing liabilities	
Maturity	Amount	Proportion %
2011	1,546	36
2012	826	19
2013	59	2
2014	350	8
2015[1]	1,320	31
2016	52	1
2017–	105	3
Total	**4,258**	**100**

[1] Of which, reloaning from the NCC Group's pension foundation accounted for SEK 1,200 M.

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

MARKET-FINANCING PROGRAMS

	Limit	Utilized SEK M
Commercial paper (CP) program in Finland	EUR 300 M	
Commercial paper (CP) program in Sweden	SEK 4,000 M	
Medium Term Note (MTN) in Sweden	SEK 3,000 M	541
Total		**541**

Of NCC's total interest-bearing liability, investor-related loans accounted for 13 percent (13).

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 excluding cash and cash equivalents belonging to Swedish tenant-owners' associations, short-term investments and unutilized committed lines of credit, less market-financing programs with a remaining maturity of less than three months. On December 31, the volume of unutilized committed lines of credit amounted to SEK billion 3.5 (4.3), with a remaining average maturity of 2.3 years (2.1). 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, excluding cash and cash equivalents belonging to Swedish tenant-owners' associations, including short-term investments, amounted to SEK 3.4 billion (2.1). Access to funds on December 31 corresponded to 14 percent (11) of sales.

The table below shows the Group's financial liabilities (including interest payments) and derivative instruments classed as financial liabilities. For financial instruments carrying variable interest rates, the interest rate pertaining on the balance-sheet date has been used. Amounts in foreign currencies have been translated to SEK based on the exchange rate applying on the balance-sheet date.

ANALYSIS OF MATURITIES (AMOUNTS INCLUDING INTEREST)

	2010						2009					
	Total	<3 months	3 months –1 year	1–3 years	3–5 years	>5 years	Total	<3 months	3 months –1 year	1–3 years	3–5 years	>5 years
Reloaning from NCC Group Pension Foundation	1,525		65	130	1,330		1,530		66	132	1,332	
Interest-bearing liabilities	1,566	65	116	730	490	165	2,138	117	323	831	606	261
Interest-bearing liabilities in Finnish housing companies and Swedish tenant-owners' associations	1,437	179	1,258				1,636	599	1,037			
Financial lease liabilities	216	1	4	211			211		7	204		
Interest-rate swaps	79	7	13	24	20	15	135	10	23	44	26	32
Currency forward contracts							21		21			
Accounts payable	3,414	3,414					3,536	3,536				
Total	**8,237**	**3,666**	**1,456**	**1,095**	**1,840**	**180**	**9,207**	**4,262**	**1,477**	**1,211**	**1,964**	**293**

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

INTEREST-RATE RISKS

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

At the end of 2010, NCC's interest-bearing gross debt amounted to SEK 4,258 M (4,728) and the average interest-rate maturity was 12 months. Excluding loans in Finnish tenant-owner housing companies and Swedish tenant-owners' associations the gross liability amounted to SEK 2,847 M (3,349) and the average interest-rate maturity was 18 (22) months, including interest-rate swaps linked to the borrowing portfolio. Short-term investments and cash and cash equivalents, excluding cash and cash equivalents in Finnish housing companies and Swedish tenant owner associations amounted to SEK 3,425 M (2,117) 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 16 months (21), including interest-rate swaps linked to the borrowing portfolio.

On December 31 NCC had interest-rate swaps linked to the borrowing portfolio with a nominal value of SEK 1,122 M (1,811). Other interest-rate swaps, intended for the hedging of the interest-rate risk in a leasing contract, had a nominal value of SEK 451 M (516). At the same date, the interest-rate swaps linked to the borrowing portfolio had a negative fair value of SEK 6 M (neg: 10) net, comprising assets of SEK 3 M (1) and liabilities of SEK 9 M (11). The other interest-rate swaps had a negative fair value of SEK 31 M (neg: 32) net, comprising liabilities of SEK 31 M (32). The interest-rate swaps linked to the borrowing portfolio have expiration dates ranging from 0.2 (0.4) to 2.2 (3.2) years. The other interest-rate swaps have expiration dates ranging from 0.5 (1.5) to 6.6 (7.6) years.

INTEREST-RATE MATURITY STRUCTURE AT DEC 31, 2010

	Interest-bearing liabilities, incl. interest-rate swaps	
Maturity	Amount	Proportion %
2011	3,168	75
2012	513	12
2013	169	4
2014	12	
2015		
2016		
2017–	396	9
Total	**4,258**	**100**

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

	2010			2009		
Currency	Net outflow	Of which hedged	Hedged portion %	Net outflow	Of which hedged	Hedged portion %
EUR	452	353	78	425	444	104
Other	55	42	76	127	49	39
Total	**507**	**395**	**78**	**552**	**493**	**89**

EXCHANGE-RATE RISKS

The exchange-rate risk is the risk that changes in exchange rates will adversely affect the consolidated income statement, balance sheet or cash flow statement. In accordance with the finance policy, transaction exposure must be eliminated as soon as it becomes known. Contracted and probable forecast flows are hedged, mainly by using currency forward contracts. Contracted net exposure in each currency is hedged at a rate of 100 percent. Forecast net exposure is hedged successively over time, which entails that the quarters that are closest in time are hedged to a greater extent than the following quarters. Accordingly, each quarter is hedged on several occasions and is covered by several hedged contracts that have been entered into at different times. The target is to hedge 90 percent of the forecast for the current quarter and 70 percent of the forecast for the following quarter, followed by 50, 30 and 10 percent, respectively, in the following quarters. In the financial statements, hedge accounting is applied when the requirements for hedge accounting are fulfilled.

Exposure to financial flows, such as loans and investments, is mainly hedged using currency swaps. The main rule of NCC's finance policy is that the Group's translation exposure should not be hedged.

Development operations, such as NCC Property Development and NCC Housing, are exempt from this rule and for these operations currency hedging is permissible. In those cases where hedging occurs, not more than 90 percent of foreign net assets may be hedged, without taking the tax effect into account. The CEO may decide on the hedging of foreign net assets in selected companies in excess of the above limits.

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

INTEREST-BEARING LIABILITIES AT DEC 31, 2010

Counter-value in SEK M	Amount	Proportion %
EUR	2,021	47
LVL	19	1
SEK	2,218	52
Total	**4,258**	**100**

FINANCING VIA CURRENCY SWAP AGREEMENTS AT DEC 31, 2010

Counter-value in SEK M	
Sell DKK	–1,450
Buy EUR	210
Sell LTL	–37
Sell LVL	–322
Sell NOK	–715
Sell RUB	–612
Buy SGD	30
Net	**–2,896**

During 2010, no cash-flow hedges were closed, because it was no longer probable that the expected cash flow would be achieved. Transaction exposure was hedged through currency forward contracts. The forward contracts used to hedge contracted and forecast transactions are classified as cash-flow hedges. The net fair value of currency forward contracts used for hedging transaction exposure amounted to SEK 3 M (neg: 1). Of this amount, assets of SEK 10 M (4) and liabilities of SEK 7 M (5) have been recognized in the balance sheet.

The table below shows forecast currency flows during 2011-2012, the outstanding hedge position at year-end and the hedged portion.

Counter-value in SEK M

	Quarter 1 2011			Quarter 2 2011			Quarter 3 2011			Quarter 4 2011			Quarter 1 2012-			Total		
Currency	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %	Net outflow	Hedge position	Hedged portion %
EUR	125	109	87	73	43	59	75	30	40	79	16	20	67	4	6	419	202	48
Target value %			**90**			**70**			**50**			**30**			**10**			**50**

The outstanding hedge position at year-end in terms of contracted net currency flows had a negative value of SEK 18 M (pos: 35), of which SEK 35 M (19) will fall due within three months.

cont.

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

TRANSLATION EXPOSURE

The table below shows the Group's hedged net investments and hedging positions per currency, plus the hedged portion both with and without taking tax effects into account. The tables at December 31, 2010 show net investments that will continue to be hedged (NCC Property Development and NCC Housing). Figures for 2009 also include hedges of other companies for which the hedges were being phased out during 2009.

Counter-value in SEK M

	Dec 31, 2010					Dec 31, 2009				
Currency	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedged portion after tax %	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedged portion after tax %
DKK	370	301	81	222	60	490	458	93	338	69
EUR	871	663	76	489	56	1,821	1,401	77	1,033	57
NOK	206	199	97	147	71	394	319	81	236	60
RUB	–48	–44	92	–32	67	–64	–62	97	–46	72
LTL	–26	–6	23	–4	15	–9	–19	211	–14	156
LVL	–5	18	–360	13	–260	–61	–50	82	–37	61
EEK	53	44	83	32	60	–78	–63	81	–46	59
Total	**1,421**	**1,175**	**83**	**867**	**61**	**2,493**	**1,984**	**80**	**1,464**	**59**

OTHER COMPANIES

	Dec 31, 2009				
Counter-value in SEK M Currency	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedged portion after tax %
DKK	1,748	757	43	559	32
EUR	1,244	62	5	46	4
NOK	1,007	404	40	298	30
Total	**3,999**	**1,223**	**31**	**903**	**23**

Net assets are hedged through the raising of loans and through currency forward contracts. The carrying amount of currency forward contracts (including underlying capital amounts) used as hedging instruments at December 31 was SEK 1,175 M (3,207). Hedge accounting is applied when the criteria for hedge accounting are met. An exchange-rate difference of SEK 230 M (118) before tax was recognized in other comprehensive income in connection with the recalculation of loans and currency forward contracts into SEK. For more information on hedge accounting, refer to Note 1 Accounting policies, Hedging of net investments.

The hedges fulfill effectiveness requirements (except the hedging in LVL), meaning that all changes resulting from changed exchange rates are reported in other comprehensive income.

CREDIT RISKS

Credit risks in financial operations

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

Total counterparty exposure with respect to derivative trading, calculated as the net receivable per counterparty, amounted to SEK 140 M (144) at the end of 2010. The net receivable per counterparty is calculated in accordance with the market valuation method (FFFS 2007:1). Calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 3,454 M (2,603).

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

	2010		2009	
	Gross	Provision for doubtful receivables	Gross	Provision for doubtful receivables
Not due accounts receivable	6,067	11	5,893	5
Past-due accounts receivable 1–30 days	526	8	256	4
Past-due accounts receivable 31–60 days	84	2	75	4
Past-due accounts receivable 61–180 days	99	8	110	7
Past-due accounts receivable > 180 days	676	274	861	393
Total	**7,452**	**303**	**7,195**	**413**

Collateral for accounts receivable was received in an amount of SEK 187 M (832).

PROVISION FOR DOUBTFUL RECEIVABLES

	2010	2009
Opening balance	413	313
Provision for the year	116	318
Reversal of previously posted impairment losses	–188	–221
Translation differences	–38	2
Closing balance	**303**	**413**

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount and the fair value of financial instruments are presented in the following table. For financial assets, the fair value has been established through a discounting of future payment flows to the market interest rate prevailing on the balance-sheet date. It is considered that the carrying amount for accounts receivable and accounts payable matches the fair value.

The fair value of currency derivatives is calculated by means of a discounting of the difference between the agreed forward rate and the forward rate that can be attained on the balance-sheet date for the remaining contractual period. The fair value of interest-rate swaps is calculated by means of a discounting of future cash flows. The interest rate used for discounting is the market-based interest rate for similar instruments on the balance-sheet date.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

Fair value and carrying amount

GROUP 2010	Financial assets at fair value through profit and loss 1)	Derivatives used in hedge accounting	Accounts and loan receivables	Investments held to maturity	Available-for-sale financial assets	Financial liabilities at fair value through profit and loss 1)	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities				157	25			182	185
Long-term receivables	3		165					168	168
Accounts receivable			6,481					6,481	6,481
Prepaid expenses and accrued income			10					10	10
Other receivables	46	36	802					884	884
Short-term investments	669			72				741	741
Total assets	**718**	**36**	**7,458**	**229**	**25**			**8,466**	**8,469**
Long-term interest-bearing liabilities 2)							2,712	2,712	2,712
Other long-term liabilities		29				5	888	922	922
Provisions for pensions, and similar obligations							1	1	1
Current interest-bearing liabilities							1,546	1,546	1,546
Accounts payable							3,414	3,414	3,414
Accrued expenses and deferred income						3	3	6	6
Other current liabilities		10				23	15	48	48
Total liabilities		**39**				**31**	**8,579**	**8,649**	**8,649**

GROUP 2009	Financial assets at fair value through profit and loss 1)	Derivatives used in hedge accounting	Accounts and loan receivables	Investments held to maturity	Available-for-sale financial assets	Financial liabilities at fair value through profit and loss 1)	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities				174	29			203	213
Long-term receivables	1		111					112	112
Accounts receivable			6,340					6,340	6,340
Prepaid expenses and accrued income			4					4	4
Other receivables	30	45	527					602	602
Short-term investments	228			58				286	286
Total assets	**259**	**45**	**6,982**	**232**	**29**			**7,547**	**7,557**
Long-term interest-bearing liabilities 2)							2,972	2,972	2,972
Other long-term liabilities		31				6	520	557	557
Provisions for pensions, and similar obligations							18	18	18
Current interest-bearing liabilities							1,739	1,739	1,739
Accounts payable							3,536	3,536	3,536
Accrued expenses and deferred income						3	2	5	5
Other current liabilities		15				36	1	52	52
Total liabilities		**46**				**45**	**8,788**	**8,879**	**8,879**

1) Held for resale.
2) Reloaning of SEK 1,200 M (1,200) from NCC Group Pension Foundation is included.

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

PARENT COMPANY 2010	Derivatives used in hedge accounting	Accounts and loan receivables	Available- for-sale financial assets	Other liabilities	Total carrying amount	Total fair value
Receivables from associated companies		120			120	120
Other long-term holdings of securities			6		6	6
Other long-term receivables		34			34	34
Accounts receivable		3,011			3,011	3,011
Current receivables from Group companies	21	2,072			2,093	2,093
Current receivables from associated companies		138			138	138
Other current receivables		47			47	47
Short-term investments		6,295			6,295	6,295
Total assets	**21**	**11,717**	**6**		**11,744**	**11,744**
Long-term liabilities to credit institutions [1]				1,200	1,200	1,200
Long-term liabilities to Group companies				1,605	1,605	1,605
Accounts payable				1,515	1,515	1,515
Current liabilities to Group companies	3			1,377	1,380	1,380
Current liabilities to associated companies				9	9	9
Other current liabilities				4	4	4
Total liabilities	**3**			**5,710**	**5,713**	**5,713**

PARENT COMPANY 2009	Derivatives used in hedge accounting	Accounts and loan receivables	Available- for-sale financial assets	Other liabilities	Total carrying amount	Total fair value
Receivables from associated companies		130			130	130
Other long-term holdings of securities			6		6	6
Other long-term receivables		37			37	37
Accounts receivable		3,179			3,179	3,179
Current receivables from Group companies	23	1,942			1,965	1,965
Current receivables from associated companies		34			34	34
Other current receivables		2,591			2,591	2,591
Short-term investments		3,526			3,526	3,526
Total assets	**23**	**11,439**	**6**		**11,468**	**11,468**
Long-term liabilities to credit institutions [1]				1,491	1,491	1,491
Long-term liabilities to Group companies				1,987	1,987	1,987
Accounts payable				1,808	1,808	1,808
Current liabilities to Group companies	7			2,059	2,066	2,066
Current liabilities to associated companies				6	6	6
Other current liabilities				8	8	8
Total liabilities	**7**			**7,359**	**7,366**	**7,366**

[1] Reloaning of SEK 1,200 (1,200) from NCC Group Pension Foundation is included.

The classification categories Financial assets at fair value through profit and loss, Investments held to maturity and Financial liabilities at fair value through profit and loss are not applicable for the Parent Company. No reclassification of financial assets and liabilities among the above categories was effected during the year.

In the tables below, disclosures are made concerning how fair value was determined for the financial instruments at fair value in the balance sheet.
When determining fair value, assets were divided into the following three tiers:
Tier 1: in accordance with prices quoted on an active market for the same instruments.
Tier 2: on the basis of directly or indirectly observable market data that is not included in Tier 1.
Tier 3: on the basis of input data that is not observable in the market (which is not applicable for NCC).

GROUP 2010	Tier 1	Tier 2	Total
Financial assets at fair value through profit and loss			
– Derivate instruments held for trading		49	49
– Securities held for trading	669		669
Derivative instruments used for hedging purposes		36	36
Total assets	**669**	**85**	**754**
Financial liabilities at fair value through profit and loss			
– Derivate instruments held for trading		31	31
Derivative instruments used for hedging purposes		39	39
Total liabilities		**70**	**70**

cont.

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

PARENT COMPANY 2010	Tier 1	Tier 2	Total
Derivative instruments used for hedging purposes		21	21
Total assets		**21**	**21**
Derivative instruments used for hedging purposes		3	3
Total liabilities		**3**	**3**

GROUP 2009	Tier 1	Tier 2	Total
Financial assets at fair value through profit and loss			
– Derivative instruments held for trading		31	31
– Securities held for trading	227		227
Derivative instruments used for hedging purposes		45	45
Total assets	**227**	**76**	**303**
Financial liabilities at fair value through profit and loss			
– Derivative instruments held for trading		45	45
Derivative instruments used for hedging purposes		46	46
Total liabilities		**91**	**91**

PARENT COMPANY 2009	Tier 1	Tier 2	Total
Derivative instruments used for hedging purposes		23	23
Total assets		**23**	**23**
Derivative instruments used for hedging purposes		7	7
Total liabilities		**7**	**7**

NOTE 40 ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2010	2009	2010	2009
Payroll-related costs	1,953	1,950	943	937
Financial expense	5	5		
Prepaid rental revenues	5	5	1	1
Prepaid revenues from rental guarantees	111	91		
Project-related costs	1,019	1,110	390	538
Administrative costs	27	32	2	2
Guarantee costs	4	1		
Operating and sales costs	114	118		
Other expenses	89	312	30	44
Total	**3,327**	**3,623**	**1,367**	**1,521**

NOTE 41 LEASING

In Finland, Norway and Denmark, framework agreements have been concluded for the operational leasing of cars and light goods vehicles, including relating administrative services. The agreements are based on variable interest rates. A separate agreement is required for the acquisition of leased objects and the extension of leasing agreements.

In Sweden, 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 expires during 2011. The property is leased to a number of other tenants on operational leasing contracts.

In 2006, a sale-leaseback agreement was concluded with the German finance group HSH Nordbank and its associated company AGV pertaining to properties in the Sonnengarten area of Berlin. At the same time, an 18-year lease was signed, which is recognized as an operational lease.

GROUP	2010	2009
Financial lessor		
Leasing contracts that expire:		
Within 1 year		7
Financial lessee		
Future minimum leasing fees		
Within 1 year	35	38
Later than 1 year but earlier than 5 years	174	175
Present value of future leasing fees		
Within 1 year	65	66
Later than 1 year but earlier than 5 years	128	126
Future minimum leasing fees		
Within 1 year	62	64
Later than 1 year but earlier than 5 years	125	124
Reconciliation of future leasing fees and their present value		
Future minimum leasing fees	193	192
Less interest charge	–7	–4
Present value of future minimum leasing fees	**186**	**188**
Variable fees included in net profit for the year: Interest		
Leased machinery and equipment	7	4
Total	**7**	**4**

cont.

NOTE 41 CONT. LEASING

OPERATIONAL LEASING

	Group		Parent Company	
	2010	2009	2010	2009
Operational lessor				
Future minimum leasing fees – lessor (leased premises)				
Distributed by maturity period:				
Within 1 year	12	8	5	
Later than 1 year but earlier than 5 years	3	16		13
Later than 5 years	2			
Operational lessee				
Future minimum leasing fees – lessee				
Leasing contracts that expire:				
Within 1 year	395	465	7	
Later than 1 year but earlier than 5 years	445	630	3	20
Later than 5 years	428	474		
The year's cost for operational leasing amounts to	389	546	7	8

NOTE 42 TRANSACTIONS WITH RELATED COMPANIES

The main companies that are closely related to NCC are the Nordstjernan Group, companies in the Axel Johnson Group and associated companies and joint ventures. In 2009, the Lundberg Group was also considered an associated company. The Lundberg Group disposed of their entire holding in NCC during 2010. The Parent Company has a close relationship with its subsidiaries; refer to Note 22, Participations in Group companies. For information on NCC's senior executives, refer to Note 5, 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	2010	2009
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	197	143
Purchases from associated companies and joint ventures	77	51
Dividend from associated companies	1	3
Long-term receivables from associated companies and joint ventures	83	67
Current receivables from associated companies and joint ventures	108	36
Interest-bearing liabilities to associated companies and joint ventures	71	23
Current liabilities to associated companies and joint ventures	39	26
Contingent liabilities to Group companies	7	29
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	40	18
Purchases from the Nordstjernan Group	612	790
Current receivables from the Nordstjernan Group	2	6
Current liabilities to the Nordstjernan Group	65	50
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	2	72
Purchases from the Axel Johnson Group	11	12
Current receivables from the Axel Johnson Group		1
Transactions with the Lundberg Group		
Sales to the Lundberg Group		184
Purchases from the Lundberg Group		2
Current receivables from the Lundberg Group		24

PARENT COMPANY	2010	2009
Transactions with Group companies		
Sales to Group companies	1,964	242
Purchases from Group companies	914	1,007
Interest income from Group companies	65	57
Interest expense to Group companies	64	92
Dividend from Group companies	596	2,901
Long-term receivables from Group companies	145	145
Current receivables from Group companies	9,182	6,806
Interest-bearing liabilities to Group companies	1,743	2,815
Current liabilities to Group companies	1,241	1,238
Contingent liabilities to Group companies	11,149	11,817
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	135	93
Purchases from associated companies and joint ventures	62	42
Dividend from associated companies and joint ventures	5	1
Long-term receivables from associated companies and joint ventures	120	130
Current receivables from associated companies and joint ventures	138	34
Interest-bearing liabilities to associated companies and joint ventures		2
Current liabilities to associated companies and joint ventures	10	4
Contingent liabilities to associated companies and joint ventures		29
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	30	9
Purchases from the Nordstjernan Group	408	510
Current receivables from the Nordstjernan Group	2	6
Current liabilities to the Nordstjernan Group	53	42
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	2	72
Purchases from the Axel Johnson Group	8	9
Current receivables from the Axel Johnson Group		1
Transactions with the Lundberg Group		
Sales to the Lundberg Group		149
Purchases from the Lundberg Group		1
Current receivables from the Lundberg Group		15

NOTE 43 PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Group			Parent Company	
GROUP	2010	2009	2008	2010	2009
Pledged assets					
For own liabilities:					
Property mortgages	1,365	463	1,859		
Chattel mortgages	6	6	8		
Assets subject to liens, etc.	209	209	232		
Restricted bank deposits	12	57	60	12	13
Total	**1,593**	**735**	**2,159**	**12**	**13**
Other pledged assets					
Pledging to Nasdaq OMX Stockholm AB	19	20			
Total	**19**	**20**			
Total assets pledged	**1,612**	**756**	**2,159**	**12**	**13**
Guarantees and guarantee obligations					
Own contingent liabilities:					
Guarantees on behalf of Group companies				11,149	11,817
Deposits and concession fees	1,733	2,958	3,049	1,733	2,958
Construction loans		324	413		1,365
Other guarantees and contingent liabilities	70	72	175	70	72
Held jointly with other companies:					
Liabilities in consortiums, partnerships and limited partnerships	123	205	194	3	5
Total guarantees and guarantee obligations	**1,926**	**3,559**	**3,831**	**12,955**	**16,217**

ASSETS SUBJECT TO LIENS
Pertains to leased equipment in the form of vehicles.

SURETIES ON BEHALF OF GROUP COMPANIES
Sureties on behalf of subsidiaries have mainly been issued as collateral for utilized guarantee limits with banks and insurance companies, NCC Treasury AB's borrowing and fulfillment of construction-contract agreements.

DEPOSITS AND CONCESSION FEES
Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by NCC. Such guarantees shall be relinquished as soon as one year has passed after the final acquisition cost for the tenant-owner association's building has been established.

BUILDING LOANS
The guarantee provided by NCC AB as collateral for a building loan raised from a tenant-owner association applies until loans are transferred to the agreed sales by the various property-owning project companies. For jointly owned companies, NCC's share is specified.

NOTE 44 CASH-FLOW STATEMENT

GROUP	2010	2009
Cash and cash equivalents		
Cash and bank balances	1,907	1,579
Short-term investments of less than three months	806	738
Total according to balance sheet and cash flow statement	**2,713**	**2,317**

PARENT COMPANY	2010	2009
Cash and bank balances	819	1,348
Short-term investments	6,295	3,526
Total according to cash flow statement	**7,114**	**4,874**

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.

SALE OF SUBSIDIARIES

GROUP	2010	2009
Buildings and land		
Tangible fixed assets		5
Accounts receivable and other current receivables		38
Cash and cash equivalents		5
Accounts payable and other current liabilities		–45
Current interest-bearing liabilities		–1
Deferred tax liability		–4
Capital gains		–2
Purchase considerations	**0**	**–4**
Sold cash and cash equivalents		–5
Impact on the Group's cash and cash equivalents	**0**	**–9**

ACQUISITION OF TANGIBLE FIXED ASSETS
Group
Acquisitions of tangible fixed assets during the year amounted to SEK 577 M (487), of which SEK 0 M (0) was financed through loans.
Acquisitions of subsidiaries amounted to SEK 0 M (0), of which SEK 0 M (0) had no effect on cash flow. Sales of subsidiaries amounted to SEK 0 M (negative: 4), of which SEK 0 M (5) had no effect on cash flow.

Parent Company
Acquisitions of tangible fixed assets during the year amounted to SEK 27 M (72), of which SEK 0 M (0) was financed through loans.
Since the Parent Company has only insignificant amounts of cash and cash equivalents in foreign currency, no exchange-rate differences in cash and cash equivalents arose during the year.

INFORMATION ABOUT INTEREST PAID/RECEIVED
Group
Interest received during the year amounted to SEK 62 M (57). Interest paid during the year amounted to SEK 284 M (482).

Parent Company
Interest received during the year amounted to SEK 70 M (68). Interest paid during the year amounted to SEK 203 M (208).

NOTE 44 CONT. CASH FLOW STATEMENT

CASH FLOW ATTRIBUTABLE TO JOINT VENTURES CONSOLIDATED IN ACCORDANCE WITH THE PROPORTIONAL METHOD

GROUP	2010	2009
Operating activities	–50	102
Change in working capital	152	–56
Investing activities	–4	–8
Financing activities	–83	
Total cash flow	**–289**	**38**

CASH AND CASH EQUIVALENTS UNAVAILABLE FOR USE

GROUP	2010	2009
Restricted bank deposits	12	57
Cash and cash equivalents in joint ventures	80	60
Total cash and cash equivalents unavailable for use	**92**	**117**

TRANSACTIONS THAT DO NOT GIVE RISE TO RECEIPTS/DISBURSEMENTS

GROUP	2010	2009
Sales of assets through receipt of promissory note		1
Acquisition of an asset through promissory note	84	
Acquisition of an asset through financial leasing	91	86

NOTE 45 INFORMATION ABOUT THE PARENT COMPANY

NCC AB, Corp. Reg. No: 556034-5174, is a limited liability company registered in Sweden, with its Head Office in Solna. NCC's shares are listed on the Nasdaq OMX Exchange on the Stockholm/Large Cap List.

The address to the Head Office is:
NCC AB, Vallgatan 3,
SE-170 80 Solna, Sweden

The consolidated financial statements for 2010 relate to the Parent Company and its subsidiaries, jointly designated the Group. The Group also includes shareholdings in associated companies and joint ventures.

NCC AB is consolidated as a subsidiary in Nordstjernan AB's consolidated financial statements. Nordstjernan AB accounts for 23.1 percent of the share capital and 64.1 percent of the voting rights in NCC AB. Nordstjernan AB, Corp. Reg. No. 556000-1421, has its registered Head Office in Stockholm.

NOTE 46 TRANSITION TO IFRIC 15

As of January 1, 2010, NCC applies IFRIC 15, Agreements for the Construction of Real Estate, as previously described in Note 1, Accounting Policies.
The following tables show the effect of IFRIC 15 on the financial statements for 2009.

GROUP SEK M	2009 Jan–Dec	Change to IFRIC 15	2009 IFRIC Jan–Dec
Net sales	51,817	4,188	56,005
Production costs	–46,544	–3,719	–50,263
Gross Profit	**5,273**	**469**	**5,742**
Selling and administrative expenses	–3,035		–3,035
Result from sales of properties	10		10
Impairment losses on fixed assets	–7		–7
Result from sales of Group companies	5		5
Competition impeding damages	–95		–95
Result from participations in associated companies	–1		–1
Operating profit	**2,150**	**469**	**2,619**
Financial income	78		78
Financial expense	–534	–58	–592
Net financial items	**–456**	**–58**	**–514**
Profit after financial items	**1,694**	**411**	**2,105**
Tax on net profit for the year	–432	–18	–449
Net profit for the year	**1,262**	**393**	**1,656**

GROUP SEK M	2009 Dec	Change to IFRIC 15	2009 IFRIC Dec
ASSETS			
Fixed assets			
Goodwill	1,750		1,750
Other intangible assets	120		120
Owner-occupied properties	647		647
Machinery and equipment	1,910		1,910
Participations in associated companies	9		9
Other long-term holdings of securities	203		203
Long-term receivables	1,261		1,261
Deferred tax assets	117	19	136
Total fixed assets	**6,016**	**19**	**6,035**
Current assets			
Property projects	2,835		2,835
Housing projects	8,363	1,774	10,137
Materials and inventories	514		514
Tax receivables	200		200
Accounts receivable	6,355	–15	6,340
Worked-up, non-invoiced revenues	1,459	–682	777
Prepaid expenses and accrued income	844	138	982
Other receivables	1,272	275	1,547
Short-term investments	286		286
Cash and cash equivalents	1,831	486	2,317
Total current assets	**23,959**	**1,976**	**25,935**
TOTAL ASSETS	**29,976**	**1,994**	**31,970**
EQUITY			
Share capital	867		867
Shareholders' equity	**7,667**	**–197**	**7,470**
Minority interests	18		18
Total shareholders' equity	**7,685**	**–197**	**7,488**
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	2,941	31	2,972
Other long-term liabilities	558		558
Deferred tax liabilities	710	–69	641
Provisions for pensions and similar obligations	18		18
Other provisions	3,023	–91	2,932
Total long-term liabilities	**7,250**	**–129**	**7,121**
Current liabilities			
Current liabilities, interest-bearing	391	1,348	1,739
Accounts payable	3,545	–9	3,536
Tax liabilities	38		38
Invoiced revenues, not worked up	4,516	–267	4,250
Accrued expenses and deferred income	3,539	84	3,623
Provisions	59		59
Other current liabilities	2,954	1,164	4,117
Total current liabilities	**15,041**	**2,320**	**17,361**
Total liabilities	**22,291**	**2,191**	**24,482**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**29,976**	**1,994**	**31,970**
Assets pledged	**319**	**437**	**756**
Contingent liabilities	**4,600**	**–1,041**	**3,559**
Capital employed	11,034	1,182	12,217
Net indebtedness	–754	–1,030	–1,784
Debt/equity ratio, times	0.1		0.2
Equity/assets ratio, %	26		23

Proposed distribution of unappropriated earnings

The Board of Directors proposes that	
the funds available for distribution by the Annual General Meeting	5,982,149,076
be appropriated as follows:	
Ordinary dividend to shareholders of SEK 10.00 per share	1,084,146,840
To be carried forward	4,898,002,236
Total, SEK	**5,982,149,076**

The Board of Directors and President hereby give their assurance that the Annual Report and the consolidated financial statements have been compiled in compliance with the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated July 19, 2002 regarding the application of international accounting standards and with generally acceptable accounting practices for listed companies and thus provide a fair and accurate impression of the financial position and earnings of the Group and the Parent Company. The Reports of the Board of Directors for both the Group and the Parent Company accurately review the Group's and the Parent Company's operations, financial positions and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on March 4, 2011. 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 13, 2011 for adoption.

Solna, March 4, 2011

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

Marcus Storch
Member of the Board

Christoph Vitzthum
Member of the Board

Lars Bergqvist
Member of the Board
representing employees

Sven Frisk
Member of the Board
representing employees

Karl G Sivertsson
Member of the Board
representing employees

Olle Ehrlén
President and CEO

Our audit report was submitted on March 8, 2011

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, Corporate Registration 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 2010 fiscal year. The Company's Annual Report is included in the printed version of this document on pages 38–90. The Board of Directors and the President are responsible for these accounts and the administration of the Company, and for ensuring that the Annual Accounts Act is applied when the Annual Report is compiled, and that the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act are applied for compiling the consolidated financial statements. Our responsibility is to express an opinion on the Annual Report, consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report and the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the President, evaluating the material estimations made by the Board of Directors and President when compiling the Annual Report and the consolidated financial statements, and evaluating the overall presentation of information in the Annual Report and consolidated financial statements. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the President or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Annual Report has been prepared in accordance with the Annual Accounts Act and provides a true and fair picture of the Company's and the Group's earnings and financial position in accordance with Generally Accepted Accounting Standards in Sweden. The consolidated financial statements have been compiled in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and provide an accurate impression of the Group's earnings and financial position. The Report of the Board of Directors is compatible with the other parts of the Annual Report and consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and the Group, that the profit in the Parent Company be dealt with in accordance with the proposal in the Report of the Board of Directors, and that the members of the Board and the President be discharged from liability for the fiscal year.

Stockholm, March 8, 2011

PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

Multi-year review

INCOME STATEMENT, SEK M	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	2009	IFRIC 2009	2010
Net sales	47,521	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817	56,005	49,420
Production costs	–45,232	–40,950	–41,739	–41,809	–42,749	–45,158	–50,729	–52,572	–52,005	–46,544	–50,263	–44,487
Gross profit	**2,289**	**4,215**	**3,513**	**3,628**	**3,785**	**4,347**	**5,147**	**5,825**	**5,460**	**5,273**	**5,742**	**4,933**
Selling and administrative expenses	–4,004	–3,157	–2,717	–2,523	–2,577	–2,677	–2,795	–3,059	–3,197	–3,035	–3,035	–2,682
Result from property management	254	103	50	29	45	17	–5					
Result from sales of managed properties	229	322	–26	51	–60	92	9					
Result from sales of owner-occupied properties			16	6	6	19	22	19	15	10	10	2
Impairment losses on fixed assets	–282	–6	–64	–138	–149	–94	–22	–245	–76	–7	–7	–2
Impairment losses/reversal of impairment losses on properties, NCC Property Development [1]	–77	–4	–782	–69								
Result from sale of Group companies	8	303	4	73	64	–5	7	415	8	5	5	
Competition-infringement fee								–175		–95	–95	
Result from participations in associated companies	47	44	11	60	33	49	29	11	9	–1	–1	4
Operating profit/loss	**–1,536**	**1,820**	**5**	**1,117**	**1,147**	**1,748**	**2,392**	**2,790**	**2,219**	**2,150**	**2,619**	**2,254**
Financial income	529	327	219	148	209	116	116	131	615	70	78	99
Financial expense	–1,123	–841	–547	–310	–412	–284	–245	–313	–449	–526	–592	–345
Net financial items	**–595**	**–514**	**–328**	**–162**	**–203**	**–168**	**–129**	**–182**	**166**	**–456**	**–514**	**–246**
Profit/loss after net financial items	**–2,130**	**1,306**	**–323**	**955**	**945**	**1,580**	**2,263**	**2,608**	**2,385**	**1,694**	**2,105**	**2,008**
Tax on profit for the year	–121	–461	–77	–96	–68	–393	–555	–357	–565	–432	–449	–481
Net profit/loss for the year	**–2,251**	**844**	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**	**1,262**	**1,656**	**1,527**
Attributable to:												
NCC's shareholders	–2,269	821	–421	856	873	1,178	1,706	2,247	1,809	1,261	1,654	1,524
Non-controlling interests	18	24	21	3	3	9	1	4	11	1	1	4
Net profit/loss for the year	**–2,251**	**844**	**–400**	**859**	**876**	**1,187**	**1,708**	**2,252**	**1,820**	**1,262**	**1,656**	**1,527**

[1] As of 2004, Impairment losses/reversal of impairment losses on properties, NCC Property Development, are reported as production costs.

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.

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 were included.

2004: Properties were sold for nearly SEK 5 billion and net indebtedness was reduced by SEK 3.7 billion to SEK 1.1 billion.

2005: Earnings increased, primarily as a result of a strong housing market in the Nordic region and also because of improved profitability in the Nordic contracting operations. Impairment losses of approximately SEK 220 M were incurred for such assets as goodwill, property projects and associated companies.

2006: A boom in the Nordic region gave rise to considerable activity, resulting in rising sales and earnings. Sales of housing, above all else, contributed to the healthy earnings, as did contracting operations, which showed increased profitability. Costs of SEK 186 M for the NCC Complete development project were charged against earnings.

2007: The economic boom in combination strong earnings from property development operations contributed to the highest earnings in NCC's history and all of the financial objectives were achieved. Costs of SEK 645 M for the NCC Complete development project were charged against earnings, as was a competition-infringement fee of SEK 175 M. Operating profit included SEK 383 M from the sale of the Polish asphalt and aggregates operations.

2008: NCC reported historically high earnings and all of the financial objectives were achieved. This was also the year that the housing market came to an abrupt halt and a recession started, which was compounded by a global financial crisis. Earnings were charged with impairment losses and restructuring costs totaling SEK 741 M. The divestment of NCC's share in the Polish concession company AWSA contributed SEK 493 M to earnings.

2009: The year was characterized by recession and reduced demand in the Nordic construction market. While volumes declined, margins remained healthy. Although sales of housing units were favorable, they generated a loss due to price discounts. Earnings were charged with SEK 192 M for impairment losses on land and unsold housing units.

2010: The economic recovery had a favorable impact on the year's earnings. The lower volume was due mainly to fewer completed and handed over projects in NCC Housing and NCC Property Development, a reduction in orders received by the Construction units in 2009 and a cold winter, which resulted in delays and lower activity.

BALANCE SHEET, SEK M	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	IFRIC 2008	2009	IFRIC 2009	2010
ASSETS													
Fixed assets													
Goodwill	2,787	2,538	2,045	1,597	1,790	1,772	1,700	1,651	1,772	1,772	1,750	1,750	1,613
Other intangible assets	146	130	82	31	31	61	113	96	122	122	120	120	115
Managed properties	3,895	1,306	897	41	449	71	65	21	12	12			
Owner-occupied properties and construction in progress	1,072	1,190	868	821	830	865	796	640	682	682	647	647	576
Machinery and equipment	3,242	3,055	1,926	1,803	1,848	1,937	1,940	1,774	1,975	1,975	1,910	1,910	1,816
Participations in associated companies	872	805	694	609	200	44	47	25	10	10	9	9	7
Other long-term holdings of securities	236	201	167	311	311	265	242	250	227	227	203	203	182
Long-term receivables	670	1,253	1,217	1,392	1,363	1,246	2,739	1,968	1,338	1,366	1,378	1,397	1,431
Total fixed assets	**12,920**	**10,478**	**7,896**	**6,605**	**6,822**	**6,263**	**7,642**	**6,424**	**6,139**	**6,166**	**6,016**	**6,035**	**5,739**
Current assets													
Property projects	5,477	4,215	3,755	2,002	2,105	2,005	1,955	2,145	3,439	4,018	2,835	2,835	2,931
Housing projects	3,335	3,358	3,510	3,495	4,345	4,395	5,979	8,553	11,377	15,060	8,363	10,137	8,745
Materials and inventories	669	727	575	604	609	502	443	474	624	624	514	514	537
Participations in associated companies	120	132	116	53									
Accounts receivable	6,880	6,401	6,167	6,185	6,476	7,137	7,934	8,323	7,820	7,794	6,355	6,340	6,481
Worked-up, non-invoiced revenues	3,507	2,683	2,420	2,696	2,998	2,737	2,840	2,956	1,854	841	1,459	777	804
Prepaid expenses and accrued income	689	884	692	582	587	638	852	1,048	1,169	1,119	844	982	988
Other receivables	2,551	2,620	2,399	1,912	1,819	1,361	1,532	1,979	1,778	1,602	1,472	1,747	1,425
Short-term investments			2	32	113	153	173	483	215	215	286	286	741
Cash and cash equivalents	3,164	3,717	2,463	2,574	2,514	1,919	1,253	1,685	1,832	1,919	1,831	2,317	2,713
Total current assets	**26,392**	**24,737**	**22,101**	**20,133**	**21,567**	**20,848**	**22,961**	**27,645**	**30,108**	**33,193**	**23,959**	**25,935**	**25,366**
TOTAL ASSETS	**39,312**	**35,215**	**29,997**	**26,738**	**28,389**	**27,110**	**30,603**	**34,069**	**36,247**	**39,359**	**29,976**	**31,970**	**31,104**
SHAREHOLDERS' EQUITY													
Shareholders' equity	7,322	7,597	6,188	6,728	6,715	6,785	6,796	7,207	6,840	6,243	7,667	7,470	8,111
Non-controlling interests	94	83	78	84	84	94	75	30	25	25	18	18	21
Total shareholders' equity	**7,416**	**7,680**	**6,266**	**6,812**	**6,799**	**6,879**	**6,870**	**7,237**	**6,865**	**6,268**	**7,685**	**7,488**	**8,132**
LIABILITIES													
Long-term liabilities													
Long-term interest-bearing liabilities	4,826	4,924	4,267	3,148	3,485	2,004	2,023	1,590	2,620	2,721	2,941	2,972	2,712
Other long-term liabilities	24	20	38	34	343	392	561	816	837	837	558	558	921
Deferred tax liabilities	504	687	659	502	481	199	461	431	492	436	710	641	439
Provisions for pensions and similar obligations	1,022	1,168	20	180	180	143	119	112	42	42	18	18	1
Other provisions	1,370	1,475	1,472	1,641	1,683	1,611	2,157	2,729	3,190	3,029	3,023	2,932	2,722
Total long-term liabilities	**7,746**	**8,274**	**6,456**	**5,506**	**6,172**	**4,348**	**5,321**	**5,678**	**7,180**	**7,065**	**7,250**	**7,121**	**6,796**
Current liabilities													
Current liabilities, interest-bearing	8,904	4,987	4,125	1,107	1,187	1,052	552	1,701	2,929	7,036	391	1,739	1,546
Accounts payable	4,890	4,460	3,855	3,891	3,908	4,520	4,874	4,974	4,356	4,356	3,545	3,536	3,414
Tax liabilities	398	292	118	261	260	137	170	101	140	140	38	38	449
Invoiced revenues, not worked-up	3,468	3,486	3,521	3,563	4,375	4,367	4,823	4,971	5,300	4,784	4,516	4,250	4,092
Accrued expenses and prepaid income	3,548	3,003	3,161	3,231	3,305	3,271	4,592	5,177	4,371	4,234	3,598	3,682	3,336
Other current liabilities	2,942	3,033	2,497	2,368	2,383	2,535	3,400	4,231	5,106	5,474	2,954	4,117	3,341
Total current liabilities	**24,150**	**19,261**	**17,276**	**14,421**	**15,418**	**15,883**	**18,411**	**21,154**	**22,202**	**26,026**	**15,041**	**17,361**	**16,177**
Total liabilities	**31,896**	**27,535**	**23,732**	**19,926**	**21,590**	**20,231**	**23,732**	**26,832**	**29,382**	**33,090**	**22,291**	**24,482**	**22,973**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**39,312**	**35,215**	**29,997**	**26,738**	**28,389**	**27,110**	**30,603**	**34,069**	**36,247**	**39,359**	**29,976**	**31,970**	**31,104**

2005: NCC Property Development divested managed properties and received payment for properties sold in the preceding years, which led to a reduction in total assets. All financial objectives were achieved and net indebtedness was reduced to SEK 0.5 billion.

2006: As a result of additional sales of property projects within NCC Property Development, long-term receivables from sales of property projects increased. Investments in land for housing projects increased. All financial objectives were achieved and net indebtedness was reduced to SEK 0.4 billion.

2007: Capital tied-up in property projects increased at NCC Property Development, and in housing projects within NCC's Construction units in Sweden, Denmark and Finland.

2008: Continued increase in tied-up capital, primarily in housing operations.

2009: Total assets declined due to an intensified focus on cash flow and tied-up capital, resulting in, for example, higher sales of property and housing projects.

2010: Increased investments in properties held for future development were offset by higher sales of housing units, which resulted in a decrease in housing projects. NCC's positive cash flow led to an increase in cash and cash equivalents and short-term investments. Interest-bearing liabilities were reduced through repayments.

Multi-year review, cont.

KEY FIGURES	2001	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	2009	IFRIC 2009	2010
Financial statements, SEK M												
Net sales	47,521	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817	56,005	49,420
Operating profit/loss	–1,536	1,820	5	1,117	1,147	1,748	2,392	2,790	2,219	2,150	2,619	2,254
Profit/loss after net financial items	–2,130	1,306	–323	955	945	1,580	2,263	2,608	2,385	1,694	2,105	2,008
Profit/loss for the year	–2,251	844	–400	859	876	1,187	1,708	2,252	1,820	1,262	1,656	1,527
Investments in fixed assets	2,269	1,662	1,102	850	866	901	798	780	983	584	584	667
Investments in property projects	2,819	1,439	1,334	413	438	626	1,049	1,493	2,210	1,054	1,215	1,533
Investments in housing projects[1]	860	1,525	1,667	1,921	1,920	2,140	3,908	5,392	5,010	1,262	3,193	3,171
Cash flow, SEK M												
Cash flow from operating activities	916	2,747	959	3,399	4,161	2,046	2,171	1,031	128	3,318	6,440	2,423
Cash flow from investing activities	–1,662	2,308	–196	1,097	1,083	69	–514	134	–306	–481	–481	–489
Cash flow before financing	–746	5,055	762	4,517	5,244	2,115	1,657	1,165	–178	2,837	5,960	1,935
Cash flow from financing activities	1,617	–4,452	–1,962	–4,380	–5,264	–2,745	–2,307	–763	298	–2,827	–5,549	–1,504
Change in cash and cash equivalents	871	603	–1,199	115	–20	–596	–666	432	147	–1	399	396
Profitability ratios												
Return on shareholders' equity, %	neg	11	neg	14	14	18	27	34	27	18	25	20
Return on capital employed, %	neg	10	1	10	9	17	24	28	23	17	17	19
Financial ratios at year-end, SEK M												
Interest-coverage ratio, %	–1.1	2.4	0.5	3.6	3.6	6.9	11.5	10.2	7.0	4.5	5.0	5.3
Equity/assets ratio, %	19	22	21	25	24	25	22	21	19	26	23	26
Interest-bearing liabilities/total assets, %	37	31	28	16	17	12	9	10	15	11	15	14
Net indebtedness	10,306	5,816	4,891	679	1,149	496	430	744	3,207	754	1,784	431
Debt/equity ratio, times	1.4	0.8	0.8	0.1	0.2	0.1	0.1	0.1	0.5	0.1	0.2	0.1
Capital employed at year-end	22,153	18,759	14,678	11,098	11,503	10,032	9,565	10,639	12,456	11,034	12,217	12,390
Capital employed, average	22,999	20,770	17,770	13,152	14,054	10,930	10,198	10,521	11,990	12,659	15,389	12,033
Capital turnover rate, times	2.1	2.2	2.5	3.5	3.3	4.5	5.5	5.6	4.8	4.1	3.6	4.1
Share of risk-bearing capital, %	20	24	23	27	26	26	24	23	20	28	25	28
Average interest rate, %[2]	5.6	5.3	4.6	4.8	4.8	4.8	4.8	5.2	5.9	4.5	4.5	4.6
Average period of fixed interest, years	1.2	1.3	0.9	1.3	1.3	1.1	2.6	1.8	1.6	1.8	1.8	1.5
Order status, SEK M												
Orders received	50,647	43,098	40,941	45,362	45,624	52,413	57,213	63,344	51,864	45,957	46,475	54,942
Order backlog	30,750	23,788	23,752	27,077	27,429	32,607	36,292	44,740	40,426	34,084	35,951	40,426
Per share data, SEK												
Profit/loss after taxes, before dilution	–21.60	7.95	–4.10	8.36	8.53	11.07	15.80	20.75	16.69	11.63	15.26	14.05
Profit/loss after taxes, after dilution	–21.60	7.55	–4.10	7.89	8.05	10.86	15.74	20.73	16.69	11.63	15.26	14.05
Cash flow from operating activities, after dilution	8.45	25.34	8.84	31.35	38.39	18.88	20.03	9.51	1.18	30.60	59.39	22.35
Cash flow before financing, after dilution	–6.88	46.63	7.03	41.67	48.38	19.52	15.29	10.75	–1.64	26.17	54.96	17.84
P/E ratio, before dilution	neg	7	neg	10	10	13	12	7	3	10	8	11
Dividend, ordinary	2.25	2.75	2.75	4.50	4.50	5.50	8.00	11.00	4.00	6.00	6.00	10.00[3]
Extraordinary dividend			6.70[4]	10.00	10.00	10.00	10.00	10.00				
Dividend yield, %	3.2	5.2	17.0	16.5	16.5	10.9	9.6	15.1	8.1	5.1	5.1	6.8
Dividend yield excl. extraordinary dividend, %	3.2	5.2	5.0	5.1	5.1	3.9	4.3	7.9	8.1	5.1	5.1	6.8
Shareholders' equity before dilution	69.75	74.20	60.45	65.70	65.58	63.30	62.86	66.48	63.10	70.72	68.91	74.81
Shareholders' equity after dilution	67.55	70.08	57.08	62.07	61.95	62.60	62.69	66.48	63.10	70.70	68.90	74.80
Share price/shareholders' equity, %	100	71	92	134	134	225	298	209	78	167	172	198
Share price at year-end, NCC B, SEK	70.00	53.00	55.50	88.00	88.00	142.50	187.50	139.00	49.50	118.25	118.25	147.80
Number of shares, millions												
Total number of issued shares[5]	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
Treasury shares at year-end	3.4	6.0	6.0	6.0	6.0	1.2	0.3					
Total number of shares outstanding at year-end before dilution	105.0	102.4	102.4	102.4	102.4	107.2	108.1	108.4	108.4	108.4	108.4	108.4
Average number of shares outstanding before dilution during the year	105.0	103.6	102.4	102.4	102.4	106.4	108.0	108.3	108.4	108.4	108.4	108.4
Market capitalization before dilution, SEK M	7,347	5,366	5,625	8,984	8,984	15,282	20,242	14,999	5,209	12,809	12,809	16,005
Personnel												
Average number of employees	28,170	25,554	24,076	22,214	22,375	21,001	21,784	21,047	19,942	17,745	17,745	16,731

1) As of 2007, includes investments in the unsold share of ongoing proprietary housing projects. As of 2008, includes costs incurred prior to project start.

2) Excluding Swedish tenant-owners' associations and Finnish housing companies.

3) Board of Directors' motion to the Annual General Meeting.

4) Extraordinary dividend in 2003 pertains to all shares in Altima.

5) All shares issued by NCC are common shares.

Figures for 2001 to 2004 are not IFRS adjusted.

Figures for 2004 are not adjusted for IAS 39, Financial Instruments.

For definitions of key figures, see p. 109.

Quarterly data

	Quarterly amounts, 2010				Full year	Quarterly amounts, 2009				Full year
MSEK	Q 1	Q 2	Q 3	Q 4	2010	Q 1	Q 2	Q 3	Q 4	2009
NCC Group										
Orders received	14,004	14,601	12,183	14,154	54,942	7,909	12,555	11,660	14,352	46,475
Order backlog	40,497	42,026	41,024	40,426	40,426	40,512	38,196	36,512	35,951	35,951
Net sales	9,685	11,949	12,448	15,338	49,420	11,009	15,060	13,992	15,944	56,005
Operating profit/loss	–114	670	850	848	2,254	–182	855	1,180	767	2,619
Operating margin, %	–1.2	5.6	6.8	5.5	4.6	–1.7	5.7	8.4	4.8	4.7
Profit/loss after financial items	–182	617	773	801	2,008	–324	719	1,046	664	2,105
Net profit/loss attributable to NCC's shareholders	–134	455	613	590	1,524	–237	532	879	481	1,654
Cash flow before financing	845	–169	72	1,207	1,934	–1,192	1,291	2,992	2,869	5,960
Net indebtedness	–930	–1,734	–1,610	–431	–431	–8,596	–7,699	–4,657	–1,784	–1,784
Earnings per share after dilution, SEK	–1.24	4.19	5.66	5.44	14.05	–2.19	4.91	8.11	4.43	15.26
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	7,266	6,092	4,951	5,674	23,983	3,767	5,107	4,143	5,826	18,842
Order backlog	19,329	20,446	20,215	19,132	19,132	18,330	17,636	16,973	16,231	16,231
Net sales	4,169	4,976	5,010	6,806	20,962	5,072	5,714	4,896	6,559	22,241
Operating profit	126	153	222	423	924	225	204	254	342	1,026
Operating margin, %	3.0	3.1	4.4	6.2	4.4	4.4	3.6	5.2	5.2	4.6
Capital employed	783	726	956	1,645	1,645	1,396	904	1,126	1,454	1,454
NCC Construction Denmark										
Orders received	1,014	791	929	1,097	3,831	554	800	720	1,119	3,194
Order backlog	2,554	2,572	2,652	2,845	2,845	2,224	2,165	2,011	2,263	2,263
Net sales	577	726	748	855	2,906	866	828	748	878	3,321
Operating profit	21	27	33	44	124	9	24	17	23	72
Operating margin, %	3.6	3.7	4.4	5.1	4.3	1.0	2.8	2.3	2.6	2.2
Capital employed	597	299	298	328	328	646	681	607	617	617
NCC Construction Finland										
Orders received	1,756	2,056	1,004	1,696	6,512	799	1,344	1,840	1,679	5,662
Order backlog	4,815	5,251	4,643	4,637	4,637	4,109	3,880	4,205	4,498	4,498
Net sales	1,173	1,513	1,463	1,642	5,791	1,546	1,541	1,125	1,506	5,718
Operating profit	22	20	48	41	132	73	34	23	42	172
Operating margin, %	1.9	1.4	3.3	2.5	2.3	4.7	2.2	2.0	2.8	3.0
Capital employed	117	120	221	253	253	139	65	167	103	103
NCC Construction Norway										
Orders received	675	1,382	1,158	1,155	4,370	646	1,077	833	2,125	4,681
Order backlog	3,768	4,105	4,027	3,867	3,867	2,911	2,932	3,000	4,124	4,124
Net sales	949	996	1,049	1,348	4,341	1,199	985	776	1,104	4,065
Operating profit	38	45	31	33	147	45	27	29	39	140
Operating margin, %	4.0	4.5	3.0	2.5	3.4	3.8	2.7	3.7	3.5	3.4
Capital employed	870	339	351	426	426	760	764	786	859	859
NCC Roads										
Orders received	2,009	3,095	2,872	2,585	10,561	1,901	3,404	3,035	2,661	11,001
Order backlog	4,991	5,047	4,160	3,803	3,803	4,304	4,721	4,216	4,159	4,159
Net sales	1,056	3,002	3,674	2,948	10,679	1,147	2,939	3,484	2,768	10,338
Operating profit/loss	–515	319	428	123	356	–412	367	413	19	387
Operating margin, %	–48.8	10.6	11.7	4.2	3.3	–35.9	12.5	11.9	0.7	3.7
Capital employed	2,631	3,179	3,168	2,820	2,820	2,751	3,425	3,267	2,788	2,788
NCC Housing										
Orders received	2,480	2,379	2,187	3,489	10,534	460	1,143	2,222	1,821	5,646
Order backlog	5,936	6,938	7,650	9,251	9,251	10,018	7,925	7,395	6,044	6,044
Net sales	2,148	1,356	1,313	2,062	6,880	1,754	3,384	2,480	3,515	11,135
Operating profit/loss	223	59	–38	83	327	–159	53	–11	112	–5
Operating margin, %	10.4	4.4	–2.9	4.0	4.8	–9.1	1.6	–0.4	3.2	0.0
Capital employed	7,548	6,928	6,980	6,818	6,818	12,270	11,679	10,343	8,845	8,845
NCC Property Development										
Net sales	67	452	356	1,144	2,020	492	887	1,241	517	3,139
Operating profit	–1	14	–7	111	116	34	111	376	184	705
Capital employed	2,942	3,167	3,011	2,838	2,838	3,858	3,539	2,849	2,965	2,965

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

Corporate governance report

NCC AB is a Swedish public limited liability company whose shares are registered for trading on Nasdaq OMX Stockholm. NCC AB is governed in accordance with Swedish company law. 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 (for further information concerning the Code, refer to www.corporategovernanceboard.se). NCC has applied the Code since it was introduced in 2005. This report has been issued by the Board of Directors but is not part of the formal Annual Report documentation.

GENERAL SHAREHOLDER MEETINGS

The procedures for notifying shareholders of General Meetings are stipulated in the Articles of Association. Official notice of meetings shall be made in the form of an announcement in Post- och Inrikes Tidningar and on the Company's website www.ncc.se. Confirmation that the official notice has been issued will be announced in Dagens Nyheter and Svenska Dagbladet. Notice of the Annual General Meeting (AGM) shall be issued not earlier than six weeks and not later than four weeks prior to the Meeting.

Notice of Extraordinary General Meetings convened to address amendments to the Articles of Association shall be issued not earlier than six weeks and not later than four weeks prior to the Meeting. Notice of other Extraordinary General Meetings shall be issued not earlier than six weeks and not later than three 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 2010 AGM was held on April 14 and was attended by 336 shareholders representing 41 percent of the share capital and 77 percent of the total number of voting rights. The minutes from the 2010 Annual General Meeting and from previous AGMs are available at www.ncc.se/bolagsstyrning.

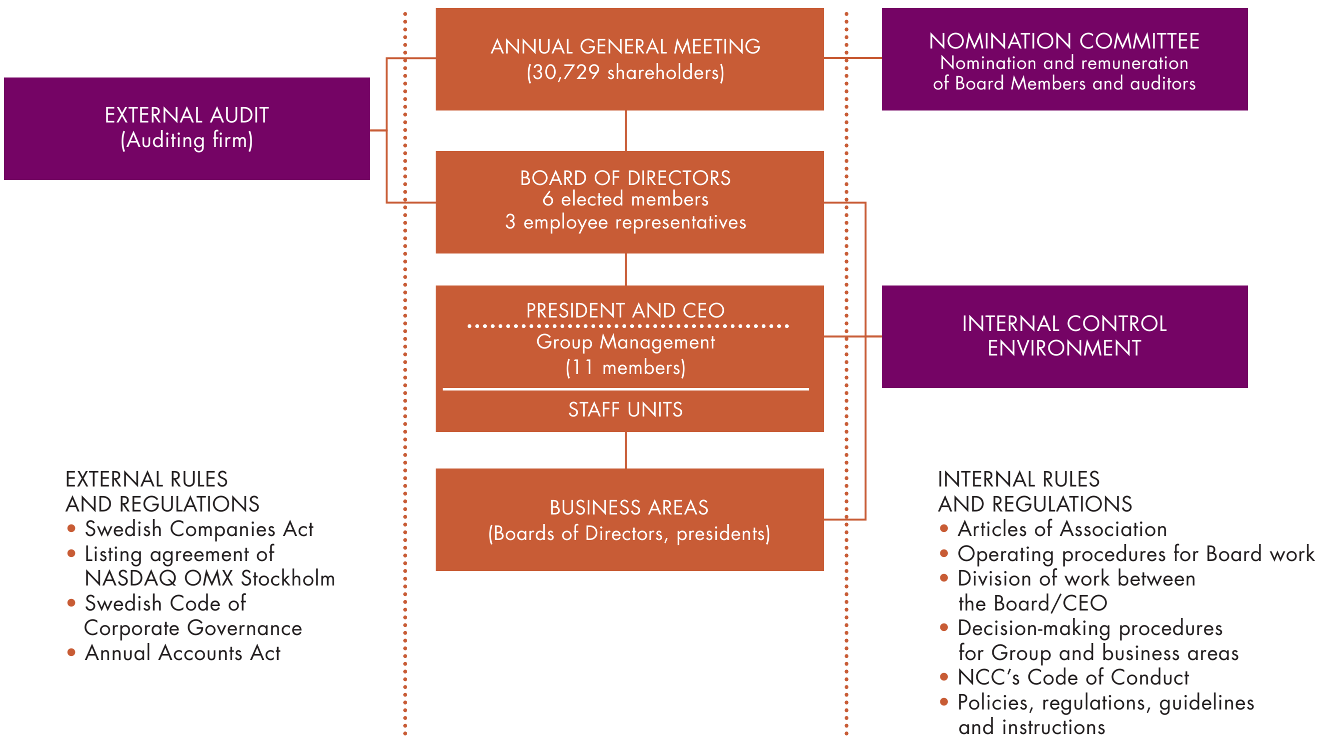
SHARE STRUCTURE AND VOTING RIGHTS

NCC shares are issued in two series, designated Series A and Series B shares. Each Series A share carries ten votes and each Series B share one vote. All of the shares carry identical rights to participation in the Company's assets and profits and identical entitlement to dividends. The distribution of shares and voting rights is shown on pp. 106–107, as is the ownership structure. On request, Series A shares may be converted into Series B shares. A written conversion request must be submitted to the Company's Board, which makes continuous decisions on conversion matters. Following a conversion decision, the matter is reported to Euroclear Sweden AB for registration. Conversions become effective when the shares are registered.

COMPOSITION OF THE BOARD

The Board shall consist of not fewer than five and not more than ten members elected by the AGM. The employees are represented on

NCC's control structure 2010



the Board. The Board members are elected for a period of one year. During 2010, six Board members were elected by the AGM. The Board also included three representatives and two deputies for the employees. Information on individual Board members is presented on pp. 102–103.

NOMINATION COMMITTEE

The AGM elects a Nomination Committee whose task is to nominate candidates for election as Chairman of the Meeting, Chairman of the Board and Board members, and to propose the fees to these officers. The Nomination Committee shall also nominate auditors and propose the fees to be paid to them. The AGM held on April 14, 2010 elected Viveca Ax:son Johnson (Chairman of Nordstjernan AB), Kerstin Stenberg (member of the Board of Swedbank Robur Fonder AB) and Peter Rudman (Director of Corporate Governance, Nordea Funds) to the Nomination Committee, with Viveca Ax:son Johnson as chairman. Tomas Billing, Chairman of the NCC Board, is a co-opted member of the Committee, but has no voting right. No remuneration was paid to members of the Nomination Committee.

The work of the Nomination Committee complies with instructions adopted by the AGM.

NOMINATION COMMITTEE'S PROPOSALS

The NCC Nomination Committee proposes that the 2011 AGM reelect the current members of the Board: Tomas Billing, who is also proposed for reelection as Chairman of the Board, Antonia Ax:son Johnson, Ulf Holmlund, Ulla Litzén, Marcus Storch and Christoph Vitzthum.

The Nomination Committee proposes Tomas Billing as Chairman of the 2011 AGM.

A report on the Nomination Committee's work, assessments underlying its work and motions ahead of the 2011 AGM is presented on NCC's website www.ncc.se under the "Corporate Governance" tab.

BOARD DUTIES IN 2010

In 2010, NCC's Board held six scheduled meetings, one unscheduled meeting and the statutory meeting held directly after the AGM, making a total of eight meetings. The Board's work focuses primarily on strategic issues, the adoption and follow-up of operational goals, business plans, the financial accounts and major investments and divestments, plus other decisions that, in accordance with NCC's decision-making procedures, have to be addressed by the Board. Reporting on the progress of the Company's operations and financial position was a standing item on the agenda. The Board has established operating procedures for its work and instructions for the division of duties between the Board and the CEO, as well as for financial reporting to the Board. The Board made a number of worksite visits in connection with Board meetings. 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

Board of Directors 2010

	Independent in relation to the company and executive management	Independent in relation to major shareholders	Fee, SEK	Board meetings and attendance 2010							
				Feb. 9	Apr. 14	Apr. 14[3]	May 10	Aug. 19	Nov. 9	Dec. 1	Dec. 19[4]
Board Members elected by the Annual General Meeting											
Tomas Billing	yes	no	575,000	✓	✓	✓	✓	✓	✓	✓	✓
Antonia Ax:son Johnson	yes	no	375,000	✓	✓	✓	✓	✓	✓	✓	✓
Ulla Litzén	yes	yes	375,000	✓	✓	✓	✓	✓	✓	✓	✓
Ulf Holmlund	yes	yes	375,000	✓	✓	✓	✓	✓	✓	✓	✓
Marcus Storch	yes	no	375,000	✓	✓	✓	✓	✓	✓	✓	✓
Christoph Vitzthum[1]	yes	yes	268,000	–	–	–	✓	✓	✓	✓	✓
Fredrik Lundberg[2]	yes	no	131,000	✓	–	–	–	–	–	–	–
Regular employee representatives											
Lars Bergqvist			–	✓	✓	✓	✓	✓	✓	✓	✓
Sven Frisk			–	✓	✓	✓	✓	✓	✓	✓	✓
Karl G Sivertsson			–	✓	✓	✓	✓	✓	✓	✓	✓

1) Elected as of the Annual General Meeting on April 14, 2010.
2) Elected up to the Annual General Meeting on April 14, 2010.
3) Statutory Board meeting.
4) Unscheduled Board meeting.

instead to address remuneration and audit-related issues within the framework of ordinary Board work (also see the section entitled "Work involving audit, financial reporting and internal control", below). During the year, the Board of Directors appointed Peter Wågström as the new President and Chief Executive Officer of NCC. Peter Wågström assumes his new position on April 13, when Olle Ehrlén retires.

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. The Chairman of the Board is a co-opted member of the Nomination Committee but has no voting right.

SHARE BUYBACKS

At the AGM on April 14, 2010, the Board of Directors' authorization to make decisions concerning the buyback of NCC shares was renewed. No shares were bought back in 2010. The Company already holds 21,138 Series B treasury shares.

WORK INVOLVING AUDIT, FINANCIAL REPORTING AND INTERNAL CONTROL

In accordance with Chapter 6, Section 6 and Chapter 7, Section 31 of the Swedish Companies Act, the Corporate Governance Report must contain disclosures concerning the principal elements of the internal control and risk management systems used by the Company in connection with financial reporting and the preparation of consolidated financial statements, respectively. These disclosures are presented in this section.

The President and 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 reports constitute the Company's fundamental financial reporting, which is supplemented by business unit information from NCC's internal reporting system. Each scheduled Board Meeting also addresses matters of material significance in terms of principle or major financial importance.

According to the Swedish Companies Act, the Board must establish an audit committee. If the Board considers it more appropriate, the entire Board of Directors may fulfill the duties of the audit committee, a method applied at NCC, in cases when three independent Board members possess auditing expertise. In addition, 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 NCC Group is a decentralized international organization with business areas structured in a corporate format based on rules concerning the companies' governance in accordance with company law. Each year, the Board of Directors establishes rules of procedure for the work of the Board of Directors and an instruction concerning the division of work between the Board and the Chief Executive Officer. Operational management of the Group is based on decision-making regulations within the NCC Group that are adopted annually by the Board. The decision-making regulations stipulate the matters that require the Board's approval or confirmation. In turn, this is reflected in the corresponding decision-making 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.

NCC's auditor also reviewed the company's nine-month report.

The control environment regarding 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 of financial reporting.

Instructions and policies

Information and communication regarding the internal policies, guidelines, manuals and codes to which the financial reporting is subject is available on NCC's Intranet (Starnet Ekonomi). Starnet Ekonomi is a living regulatory system that is updated regularly through the addition of, for example, new regulations concerning IFRS and Nasdaq OMX Stockholm. NCC's Chief Financial Officer has principal responsibility for Starnet Ekonomi which includes the following:

- Policies and regulations for the valuation and classification of assets, liabilities, revenues and costs.
- Definitions of the terms used within NCC.
- Accounting and reporting instructions.
- Framework for self-evaluation of internal controls.
- 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 regularly 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.

Risk-assessment and risk-management

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 include market risks, operating risks and the risk of errors in financial recognition. With respect to the latter, systematic and documented updates occur once annually. The material risks that have to be considered mainly comprise the risk of errors in percentage-of-completion profit recognition and items based on assessments and estimates, such as valuations of land held for future development and ongoing property development, goodwill and provisions.

Within NCC, 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, investments and sales, 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.

Control activities

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. For the business operations, operational control systems form the basis for the control structure established and these focus on stages in the business operations, such as investment decisions, assessment of tenders and permission to start up projects, which occur in part via the IT systems that support the various operational processes and in part through appropriately designed manual controls intended to prevent, discover and correct faults and nonconformities. 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-up

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.

As part of its audit of the financial statements and the administration, NCC's auditor, PricewaterhouseCoopers AB, also examines a selection of NCC's controls.

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.

EVALUATION OF THE BOARD OF DIRECTORS AND AUDITORS

The Board of Directors is evaluated within the framework of the Nomination Committee's work. In addition, the Board performs an annual evaluation of its work and the format for performing Board work, which also constitutes part of the Nomination Committee's evaluation. For the purpose of examining the Company's Annual Report, consolidated financial statements, accounting records and the Company's management by the Board of Directors and President, the AGM appoints a maximum of three Authorized Public Accountants, with a maximum of three deputies. A registered firm of accountants may also be appointed auditor of the Company. The Nomination Committee evaluates the audit work and nominates auditors. Auditors are currently appointed for a period of four years. Since April 8, 2008 and until the close of the AGM in 2012, the registered firm of accountants PricewaterhouseCoopers AB will serve as NCC's auditors. Authorized Public Accountant Håkan Malmström has been elected PricewaterhouseCoopers AB's auditor-in-charge. For more information about auditors, see p. 103.

REMUNERATION OF 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 AGM. Remuneration paid to the CEO is proposed by the Chairman and established by the Board. The CEO does not participate in this decision. Remuneration of other senior executives is proposed by the CEO and approved by the Chairman of the Board. Remuneration of the CEO and other senior executives consists of a fixed salary, variable remuneration, pension and other benefits. Framework conditions for variable remuneration are decided by the Board. The variable remuneration potentially payable to the CEO and other senior executives is linked to predetermined and measurable criteria, which have also been designed to promote long-term value generation in the company. In addition, the maximum outcome of variable remuneration is subject to distinct limits. In the Swedish Code of

Corporate Governance, it is stipulated that the total amount of severance pay may not exceed a sum corresponding to two years of fixed salary. The Board of Directors follows up and evaluates application of the remuneration program applicable for senior executives. The term “other senior executives” pertains to the executives who, in addition to the CEO, comprise Group Management. A specification of salaries and other remuneration paid to Board members, the CEO and senior executives is presented in Note 5, Personnel expenses.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer of the company is Olle Ehrlén (for details concerning the CEO’s age, professional experience, assignments outside the company and holdings of shares in the company, refer to p. 104). The Board of Directors has established instructions for the division of duties between the Board and the CEO, and for financial reporting to the Board (also refer to p. 98, “Work involving audit, financial reporting and internal control”). Peter Wågström has been appointed new President and Chief Executive Officer of NCC, effective April 13, 2011, when Olle Ehrlén retires. (For information concerning Peter Wågström’s age, professional experience, assignments outside the company and holdings of NCC shares, refer to p. 104.)

DEPUTY CHIEF EXECUTIVE OFFICERS

NCC has not appointed any Deputy Chief Executive Officers.

GROUP MANAGEMENT

In 2010, NCC’s Group Management consisted of the CEO, the Presidents of NCC Construction Sweden, NCC Construction Denmark, NCC Construction Finland, NCC Construction Norway, NCC Property Development, NCC Housing and NCC Roads, plus the Chief Financial Officer and the Senior Vice Presidents for Corporate Communications and Corporate Legal Affairs. Further information on members of Group Management is presented on p. 104–105.

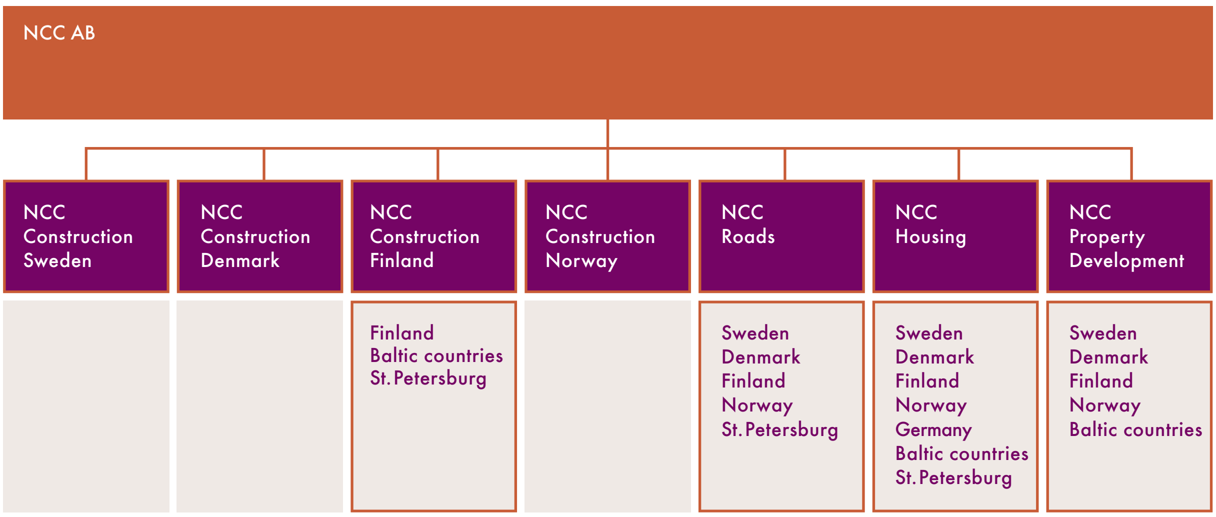
Group Management mainly focuses on strategic matters and generally meets once per month.

INTERNAL GOVERNANCE

NCC’s operations require a considerable amount of delegated responsibility. Procedures have been formulated within the Group in order to clarify exactly who is to do what at each stage of the decision-making process. In addition to strategic and organizational matters, the areas regulated include investments and divestments, rental and leasing agreements, financing, sureties, guarantees, the assessment of tenders and business agreements.

The number of ongoing projects in production varies from year to year but totals several thousands. The organization of each project varies according to the specific project’s size and complexity. Each project is led by a project manager who is responsible for product format, purchases, financial aspects, production, quality, completion and handover to the customer. Major projects are monitored on a monthly basis by the 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.

NCC organization 2010



GOVERNANCE OF BUSINESS AREAS

Apart from NCC Housing, the Group comprises business areas that constitute separate subsidiaries. These subsidiaries are managed by the respective business area presidents, who are similarly appointed president of the particular subsidiary. Each business area has a Board of Directors, of which, among others, NCC AB's CEO, Chief Financial Officer and Senior Legal Counsel are members. For certain decisions, the approval of the CEO, NCC AB's Board Chairman or Board of Directors is required. The decision-making procedure consists of proposals, endorsement, decisions and confirmation. A matter requiring a decision is normally processed by the entity that initiated the matter or which is responsible for it in terms of function. Many types of decisions are preceded by consultation. Country managers (the heads of NCC's Construction units in each country) are responsible for initiating coordination in matters involving several NCC units in the particular country. Such matters include the Group's brands and image, utilizing synergism, maintaining uniform systems for salaries, accounting and IT, and coordinating salary-setting and personnel policies.

CODE OF CONDUCT

A comprehensive program to formulate and implement the values that are to hallmark NCC's operations has been under way in recent years. These values have been translated into norms and rules governing how NCC employees are to behave in various situations. These regulations are summarized in a Code of Conduct. The Code of Conduct describes the requirements that NCC – the Board of Directors, management and all employees – have to meet in terms of behavior and conduct and that NCC in turn expects its business partners to respect.

Every manager has an obligation, within his or her area of responsibility, to ensure that employees and business partners are informed about the contents of the Code of Conduct and the requirement that they be observed. NCC managers must always set a good example. Adherence to the Code of Conduct is followed up continuously as a natural part of ongoing operations. NCC has a whistleblower procedure in the form of distinct reporting routes to the company's top management in the event of any violations of the Code of Conduct.

Repeated and serious violation of the Code of Conduct results in corrective action. If any of NCC's business partners repeatedly and seriously violates NCC's Code of Conduct, cooperation is discontinued.

NCC applies a Compliance Program, consisting of a comprehensive training program in business ethics and competition law. The program is an integral part of NCC's standard training of managers and specialists and has been received by approximately 3,000 employees 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.

AUDITORS' REPORT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of NCC AB, Corp. Reg. No. 556034-5174

It is the Board of Directors who are responsible for the 2010 Corporate Governance Report on pp 96–101 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Report has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company.

In our opinion, a Corporate Governance Report has been prepared and its statutory content is consistent with the other parts of the annual accounts.

Stockholm March 8, 2011

PricewaterhouseCoopers AB

Håkan Malmström *Authorized Public Accountant* *Auditor-in-charge*	Ulf Westerberg *Authorized Public Accountant*

Board of Directors and Auditors

APPOINTED BY ANNUAL GENERAL MEETING

TOMAS BILLING

Chairman. Born 1963.
Board member since 1999 and Chairman since 2001. President of Nordstjernan AB. Chairman of Nordstjernan Industriutveckling AB. Board member of Konecranes Oy and Stenas Sfärråd. Previous experience: President of Hufvudstaden AB and Monark Bodyguard AB, among other positions.
Shareholding in NCC AB: 20,600 Series A shares and 75,400 Series B shares.

ANTONIA AX:SON JOHNSON

Born 1943.
Board member since 1999. Chairman of Axel Johnson AB, Axel Johnson Inc. and the Axel and Margaret Ax:son Johnson Foundation. Deputy Chairman of Nordstjernan AB. Board member of Axfast AB, Axfood AB, Mekonomen AB and the Axel and Margaret Ax:son Johnson Foundation for Public Benefit, as well as the World Childhood Foundation.
Shareholding in NCC AB: 167,400 Series A shares and 72,400 Series B shares via private companies.

ULF HOLMLUND

Born 1947.
Board member since 2004. Board member of Atrium Ljungberg AB, Anticimex Holding AB and Nordstjernans Industriutveckling AB. Previous experience: President of LjungbergGruppen AB (1983–2003) and President of Fastighets AB Celtica (1993–2003), among other positions.
Shareholding in NCC AB: 10,000 Series B shares.

ULLA LITZÉN

Born 1956.
Board member since 2008. Board member of Alfa Laval AB, Atlas Copco AB, Boliden AB, Husqvarna 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 and the Min Stora Dag Foundation. Deputy Chairman of Axel Johnson AB, Axfood AB and Mekonomen AB. Board member of 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.

CHRISTOPH VITZTHUM

Born 1969.
Board member since 2010. Member of the executive management team of the Finnish industrial group Wärtsilä Oyj Abp and head of the business area Wärtsilä ServicMetra Finance. Previous experience: Wärtsilä Oyj Abp, CFO of Ship Power (1999–2002), President of Wärtsilä Propulsion (2002–2006), VP Wärtsilä Power Plants and member of Wärtsilä's executive management team (2006–2009).
Shareholding in NCC AB: 0

The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2010. 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 REPTRESENTATIVES

LARS BERGQVIST

Born 1951. Construction engineer. Board member since 1991. Employed since 1975. Shop steward at NCC. Employee representative of Ledarna (Swedish Association of Supervisors). Other assignments: President of Byggcheferna (union of construction managers). Shareholding in NCC AB: 1,140 Series A shares and 200 Series B shares (including related-party holdings).

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: Senior shop steward of Svenska Byggnadsarbetareförbundet's local union branch in Gothenburg. Shareholding in NCC AB: 0.

KARL G SIVERTSSON

Born 1961. Carpenter. Board member since 2009. Employed since 1986. Shop steward at NCC. Employee representative of Svenska Byggnadsarbetareförbundet. Other assignments: Section Head of the Swedish Building Workers' Union in Jämtland-Härjedalen. Shareholding in NCC AB: 0.

KARL-JOHAN ANDERSSON

Born 1964. Paver. Substitute Board member since 2007. Employed since 1984. Shop steward at NCC. Employee representative of SEKO (Union for Employees in the Service and Communication Sectors). Other assignments: Substitute member of SEKO's Executive Committee. Member of SEKO's Road and Rail Department in Skåne. Senior shop steward of the paving section in Skåne. Shareholding in NCC AB: 0.

LIS KARLEHEM

Born 1963. Systems manager. Deputy Board member since 2009. Employed since 1999. Employee representative of Unionen (formerly SF, Swedish Industrial Salaried Employees' Association). Systems manager at IT Sverige. Shareholding in NCC AB: 0.

SECRETARY OF THE BOARD

HÅKAN BROMAN

Born 1962. General Counsel at NCC AB. NCC AB's Board Secretary since 2009. Shareholding in NCC AB: 500 Series B shares.

AUDITORS

PRICEWATERHOUSECOOPERS AB

HÅKAN MALMSTRÖM

Auditor-in-charge. Born 1965. Other significant assignments: Auditor of Gambro AB, Karo Bio AB and Nordstjernan AB.

ULF WESTERBERG

Born 1959. Other significant assignments: Auditor of Brio AB, Home Properties AB and SBAB.

Group Management

OLLE EHRLÉN

Born 1949. President and CEO of NCC from 2007 to April 13, 2011. 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.

PETER WÅGSTRÖM

Born 1964. President and CEO of NCC as of April 13, 2011. President of NCC Housing (2009-2010). Employed by NCC since 2004. Previous experience: President of NCC Property Development (2007-2008), Head of NCC Property Development's Swedish operations (2004–2006), various management positions in Drott (currently Fabege) (1998–2004) and various positions in Skanska's real estate operations (1991–1998), among other positions. Other assignments: Chairman of ASPECT (Association for Chartered Surveying, Property Evaluation and Transactions). Shareholding in NCC AB: 2,360 Series B shares (including related-party holdings).

TOMAS CARLSSON

Born 1965. President of NCC Construction Sweden since 2007. Employed by NCC since 1991. Previous experience: Regional Manager at NCC Construction Sweden Western Region (2005–2006), Head of NCC Roads' New Markets (Poland, Baltic countries and St. Petersburg) 2000–2005, Production Manager at Skanska 1999–2000 (Southern Link), Supervisor at NCC Industry (Ballast) 1997–1999 and various positions in NCC's civil engineering operations (1991–1996), among other positions. Shareholding in NCC AB: 4,000 Series B shares.

TORBEN BIILMANN

Born 1956. President of NCC Construction Denmark since 2006. Employed by NCC since 1984 (in what was then Rasmussen & Schiøtz, 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) and 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 Regional Manager Baltic Region and Russia, among other positions. Other assignments: Board member of Mutual Pension Insurance Company Etera.
Shareholding in NCC AB: 0.

PETER GJÖRUP

Born 1959. President of NCC Construction Norway since 2007. Employed by NCC since 1984. Previous experience: Manager of Norrland Region in NCC Construction Sweden, among other positions in both civil engineering and building. Shareholding in NCC AB: 53 Series A shares and 2,000 Series B shares.

The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2010. 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.

GÖRAN LANDGREN

Born 1956. President of NCC Roads since 2006. Employed by NCC since 1981. Previous experience: Deputy President of NCC Construction Sweden with responsibility for marketing, business development and subsidiaries (2004–2006) and various positions in building and civil engineering operations at NCC (1981–2001). Employed by Peab as Head of the Civil Engineering Division (2001–2003).
Shareholding in NCC AB: 500 Series B shares (including related-party holdings).

SVANTE HAGMAN

Born 1961. President of NCC Housing as of February 1, 2011. Employed by NCC since 1987. Previous experience: Head of Stockholm/Mälardalen Region at NCC Construction Sweden and Head of Market and Business Development at NCC Construction Sweden, among other positions. Other assignments: Chairman of the Board of the Swedish Association of Building Contractors Stockholm and the Swedish Construction Federation, Eastern region.
Shareholding in NCC AB: 500 Series B shares (including related-party holdings).

JOACHIM HALLENGREN

Born 1964. President of NCC Property Development since 2009. Employed by NCC since 1995. Previous experience: Head of NCC Property Development's Swedish operations (2007–2009), Regional Manager NCC Property Development Western Sweden (2004–2007), Regional Manager NCC Property Development Southern Sweden (2003– 2004) and various positions within NCC's Property Development operations (1995–2003), among other positions.
Shareholding in NCC AB: 4,000 Series B shares.

HÅKAN BROMAN

Born 1962. General Counsel in NCC AB since 2009. Employed by NCC since 2000. Previous experience: corporate lawyer at NCC International Projects and NCC Property Development (2000–2008), corporate lawyer at ABB/Daimler Chrysler Transportation (1996– 2000), lawyer at Ekelunds advokatbyrå (1993–1996) and positions in Swedish court system (1991–1993), among other positions, active in the European International Contractors (EIC) since 2001.
Shareholding in NCC AB: 500 Series B shares.

ANN-SOFIE DANIELSSON

Born 1959. Chief Financial Officer since 2007 and Financial Director since 2003. Employed by NCC since 1996. Previous experience: Finance Director and Group controller at NCC AB (1999–2003), Group Accounts Manager at NCC AB (1996–1999) and Group Accounts Manager at Nynäs AB (1993–1995), among other positions. Authorized Public Accountant at Tönnerviksgruppen and KPMG (1984–1992).
Shareholding in NCC AB: 1,000 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), editorial manager and journalist at Dagens Industri (1987–1989) and journalist at Expressen (1983–1987), among other positions. Other assignments: Board member of the Swedish Public Relations Association.
Shareholding in NCC AB: 0.

OTHER SENIOR EXECUTIVES*

CHRISTINA LINDBÄCK

Born 1963. Environmental Manager since November 8, 2010. Previous experience includes Quality and Environmental Manager, Ragn-Sells AB, 2002–2010, Assistant Undersecretary, Acting Permanent Undersecretary of State and Deputy Assistant Undersecretary, etc. at the Ministry of the Environment (1991–2002). Other assignments: Chairman of the Board of Miljömärkning Sverige AB, Nordic Swan Ecolabel, Board member of MISTRA, (foundation for strategic environmental research), among other positions.
Shareholding in NCC AB: 0.

MATS PETTERSSON

Born 1961. Vice President Human Resources since 2007, Personnel Manager in NCC Construction Sweden since 2005. Employed by NCC since 2005. Previous experience: personnel manager at Manpower (1999–2005), personnel manager at SSP Restaurants and at Eurest (1993–1999), head of cabin department and training, salesman and steward at Scanair (1985–1993), and travel guide, site manager and sales representative Fritidsresor (1981–1985), among other positions.
Shareholding in NCC AB: 1,000 Series B shares.

* Reports directly to the Chief Executive Officer.

The NCC share

The favorable trend on the Nasdaq OMX Stockholm Exchange also continued in 2010 when the general index rose 23 percent. The NCC share performed slightly better, rising 25 percent. The total return (share performance plus the dividend) was 30 percent. The year-end price of the NCC share corresponded to market capitalization of SEK 16 billion.

NCC's shares were initially listed on the Stockholm Stock Exchange in 1988, under the Nordstjernan name. The shares are traded on Nasdaq OMX Stockholm/Large Cap.

SHARE PERFORMANCE AND TRADING

Following the global financial crisis, stock markets worldwide moved sharply upwards during 2009 and the favorable trend also continued in 2010 when the Nasdaq OMX Stockholm Exchange rose 23 percent. The price of Series B NCC shares rose 25 percent, which may be compared with the OMX sector index, which increased 15 percent.

During the year, a total of 178 million (141) NCC shares were traded as part of 334,540 transactions (183,184) with a total value of SEK 22.3 billion (11.7). The Nasdaq OMX Stockholm accounted for 99 percent (93) of trading in Series A shares. For Series B shares, Nasdaq OMX Stockholm accounted for 70 percent (87) of trading, which means that other marketplaces accounted for 30 percent (13) of trading in Series B shares[1]. The turnover rates for Series A NCC shares were 40 percent in total and 39 percent on Nasdaq OMX Stockholm. The turnover rates for Series B shares were 215 percent in total and 151 percent on Nasdaq OMX Stockholm. The turnover rate for Nasdaq OMX Stockholm as a whole was 95 percent and that for the Large Cap list was 99 percent.

OWNERSHIP STRUCTURE

Nordstjernan AB is the largest NCC shareholder. L E Lundbergföretagen AB, which was formerly the second largest owner, sold its entire holding of 10 percent in early 2010. Nordea funds and Lannebo funds increased their holdings of NCC shares during the year, while Catella funds reduced its holding. The proportion of foreign shareholders rose to 27 percent (21) of the share capital, with the US and UK accounting for the largest holdings. The current list of shareholders is available on www.ncc.se.

1) The introduction of the EU's MiFID directive changed the structure of share trading in Europe. Today, a company's shares can be traded on marketplaces other than the exchange on which the share is listed, whereby trading has become more fragmented.

SHARE REPURCHASES AND CONVERSIONS

The number of treasury shares at year-end was 21,138, which derived from a rolling options program that was concluded in 2007.

In 1996, holders of Series A shares were provided with the opportunity to convert their Series A shares to B shares. During 2010, slightly more than 11 million shares were converted, of which 10.85 million Series B shares derived from Series A shares converted by the former owner L E Lundbergföretagen AB in connection with their sale. A total of 32.5 million shares have been converted since 1996. Written requests regarding conversion must be submitted to the Board of Directors.

DIVIDEND AND DIVIDEND POLICY

NCC's dividend policy is to distribute at least half of profit after taxes as dividends. The Board of Directors proposes a dividend of SEK 10.00 (6.00) per share for 2010. The proposed ordinary dividend amounts to SEK 1,084 M (650), corresponding to 71 percent of profit after taxes for the year. The total return (based on the share performance and dividend paid in relation to the price of NCC's share at the beginning of the year) in 2010 was approximately 30 percent (147) for Series B shares. The Nasdaq OMX Stockholm average, according to Six Return Index, was 27 percent (53).

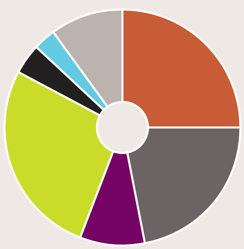
THE NCC SHARE IN 2010

	Series A shares	Series B shares
Total number of shares[1]	31,302,925	77,111,759
Voting rights	10 votes	1 vote
Total share turnover, including late entries	12,340,000	166,150,000
– of which, on Nasdaq OMX Stockholm	12,256,229	116,434,509
Total value of share turnover, SEK billion	1.4	20.9
– of which, on Nasdaq OMX Stockholm	1.4	14.6
Turnover rate, %		
– all marketplaces	40	215
– on Nasdaq OMX Stockholm	39	151
Share price at start of year, SEK	118.00	118.25
Share price at year-end, SEK	147.20	147.80
Highest price paid, SEK	150.70	151.00
Lowest price paid, SEK	97.75	95.50
Beta value[2]	1.32	1.31
Paid-out dividend, SEK	6.00	6.00
Total return, %	30	30

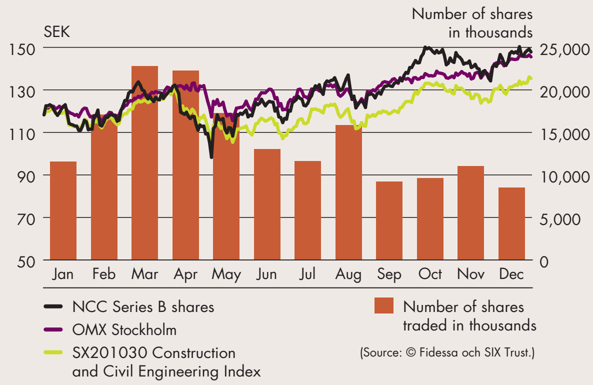
1) Excluding treasury shares.
2) Measured based on 250 days as per December 31.

SHAREHOLDER CATEGORIES, PERCENTAGE OF SHARE CAPITAL

The share of foreign ownership of NCC increased from 21 to 27 percent in 2010. Swedish mutual funds also increased their holdings, while the holdings of other listed companies virtually disappeared as a result of the shares sold by L E Lundbergföretagen AB.



SHARE PRICE TREND IN 2010



FIVE-YEAR TREND IN NCC SHARES

	2006	2007	2008	2009	2010
Market price at year-end, NCC B share, SEK	187.50	139.00	49.50	118.25	147.80
Market capitalization, SEK M	20,242	14,999	5,209	12,809	16,005
Earnings per share, SEK[1]	15.74	20.73	16.69	11.63[4]	14.05
Ordinary dividend, SEK	8.00	11.00	4.00	6.00	10.00[2]
Extraordinary dividend, SEK	10.00	10.00	–	–	–
Dividend yield, %	9.6	15.1	8.1	5.1	6.8
Total return, %[3]	42	–16	–49	147[4]	30
Number of shares at year-end (millions)	108.1	108.4	108.4	108.4	108.4

Key figures per share are presented in the Multi-year review on p. 94.
1) After tax and full dilution.
2) Proposed dividend.
3) Share performance and dividend paid in relation to the price of NCC's share at the beginning of the year.
4) Not recalculated in accordance with IFRIC 15.

SERIES A AND B SHARES

	Series A shares	Series B shares	Total series 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 2000–2009	–20,715,234	20,715,234	
Share buybacks 2000–2003		–6,035,392	–6,035,392
Sale of treasury shares 2005–2007		6,014,254	6,014,254
Number of shares at December 31, 2009[1]	**42,396,448**	**66,018,236**	**108,414,684**
Conversion of Series A to Series B shares 2010[1]	–11,093,523	11,093,523	
Number of shares at December 31, 2010[2]	**31,302,925**	**77,111,759**	**108,414,684**
Number of voting rights	313,029,250	77,111,759	390,146,409
Percentage of voting rights	80	20	100
Percentage of share capital	29	71	100
Closing price Dec. 31, 2010, SEK	147.20	147.80	
Market capitalization, SEK M	4,608	11,397	16,005

1) L E Lundbergföretagen AB sold its entire holding in February 2010. In connection with the divestment, the Series A shares were converted into Series B shares.
2) During the period January 1 to February 28, 2011, 29,300 Series A shares were converted to Series B shares.

DISTRIBUTION OF SHARES BY HOLDING, DECEMBER 31 2010[1]

	No. of shareholders	Percentage of total no. of shareholders	No. of shares	Percentage of share capital
1–500	22,774	74.1	4,032,515	3.8
501–1,000	4,309	14.0	3,618,000	3.3
1,001–10,000	3,214	10.5	8,823,311	8.1
10,001–100,000	299	0.9	9,738,260	8.9
100,001–1,000,000	120	0.4	38,587,628	35.6
1,000,001–	13	0.1	43,614,970	40.3
Total	**30,729**	**100.0**	**108,414,684**	**100.0**

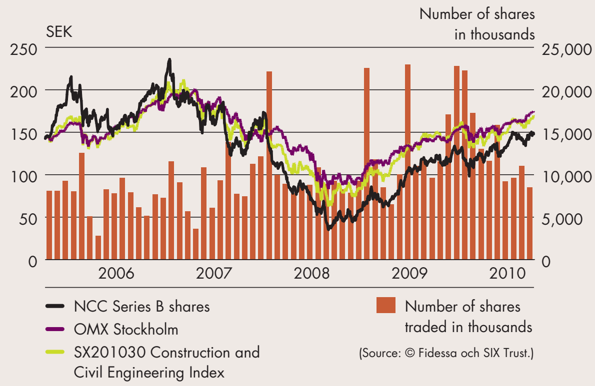
1) Calculated after a deduction for repurchased shares.
(Source: Euroclear Sweden AB)

OWNERSHIP STRUCTURE AT DECEMBER 31, 2010

	No. of Series A shares	No. of Series B shares	Percentage of[1] Share capital	Percentage of[1] Voting rights
Nordstjernan AB	25,000,000		23.1	64.1
Swedbank Robur funds	2,219,417	6,239,369	7.8	7.3
Nordea funds		5,062,730	4.7	1.3
Lannebo funds		3,844,000	3.5	1.0
SEB funds		2,822,945	2.6	0.7
Norwegian Government		1,631,432	1.5	0.4
Skandia Liv	989,226	571,955	1.4	2.7
Unionen		1,397,028	1.3	0.4
DFA funds (USA)	4,812	1,175,519	1.1	0.3
SHB funds		1,054,944	1.0	0.3
Total ten largest shareholders	**28,213,455**	**23,799,922**	**48.0**	**78.5**
Other shareholders in Sweden	2,928,502	26,946,774	27.5	14.3
Other shareholders outside Sweden	160,968	26,365,063	24.5	7.2
Total	**31,302,925**	**77,111,759**	**100.0**	**100.0**
Repurchased		21,138		
Total number of shares	**31,302,925**	**77,132,897**		

1) After repurchased shares have been deducted.
(Source: Euroclear Sweden AB.)

SHARE-PRICE TREND AND TURNOVER 2006–2010



(Source: © Fidessa och SIX Trust.)

TOTAL RETURN 2006–2010

(Source: SIX Trust.)

Financial information/contacts

NCC will publish financial information regarding the 2011 fiscal year on the following dates:

April 13	Annual General Meeting
May 5	Interim report, January–March
August 18	Interim report, January–June
October 28	Interim report, January–September
February 2012	Year-end report 2011

NCC's interim reports are downloadable from the NCC Group's website, www.ncc.se, where all information regarding the NCC Group is organized in English and Swedish versions. There are also links to brief descriptions in other languages, such as French, Chinese and Russian. The website also includes an archive of interim reports dating back to 1997 and an archive of annual reports dating back to 1996. Since 2003, NCC has not printed or distributed its interim reports. The printed Annual Report is sent to those who request it.

Price performance concerning NCC's Series A and B shares, updated every 15th minute of each day of trading, is presented under the "Investor Relations" tab, as are relevant financial figures. Press releases issued by the Group, NCC AB, and local press releases from the various countries are available on the website. These releases are sorted by year, and a search function is also available.

NCC's financial information can be ordered either by using the order form available on the www.ncc.se website, by e-mailing ir@ncc.se, writing to NCC AB, SE-170 80 Solna, Sweden, calling NCC AB at +46 8 585 510 00 or faxing NCC AB at +46 8 85 77 75. The person within the NCC Group responsible for shareholder-related issues and financial information is Johan Bergman, IR Manager (tel: +46 8 585 523 53; e-mail: ir@ncc.se).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 4:30 p.m. on April 13, 2011.

Venue: Grand Hôtel, Vinterträdgården, Royals entré, Stallgatan 6, Stockholm, Sweden. Notification can be made in writing to the following address: NCC AB, Att: Ylva Björkert, SE-170 80 Solna, Sweden; or by the NCC Group's Internet website www.ncc.se; or by telephone to +46 8 585 519 01; fax to +46 8 85 77 75; or e-mail to ylva.bjorkert@ncc.se. Notifications should include name, personal identification number (corporate registration number), address, telephone number and registered shareholding.

Registration at the Meeting will begin at 3:30 p.m. The official notification of the Annual General Meeting is available on the NCC Group's website, www.ncc.se, and was published in Post- and Inrikestidningar on March 9, 2011. Confirmation that the official notification had been issued was announced the same day in Dagens Nyheter and Swedish Dagbladet.

NCC AB (publ) Corp. Reg. No: 556034-5174.
Registered Head Office: Solna.
Addresses of the companies included in the NCC Group are available at www.ncc.se.

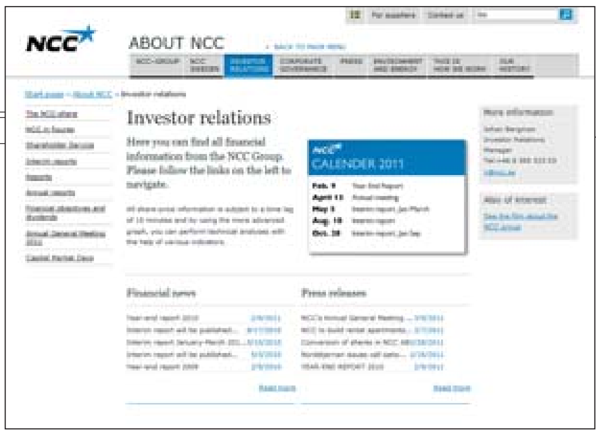
SHAREHOLDER INFORMATION ON NCC.SE

All financial information concerning the NCC Group and everything that concerns you as a NCC shareholder is available on NCC's website under the Investor Relations tab.

SHARE-PRICE INFORMATION. Share-price information with a 15-minute delay is available and it will also be possible to see the total return (including reinvested dividends) and compare the performance of the NCC share with that of Nordic competitors.

LIST OF ANALYSTS. Here, you will find a list of the analysts who monitor NCC regularly.

SHAREHOLDER SERVICE. From our Shareholder Service, you can subscribe for the information you would like to receive – and also decide the format in which you will receive it, on paper or by e-mail.



MORE INFORMATION/ CONTACT PERSON.
Johan Bergman
IR Manager
Tel: +46 8 585 523 53
e-mail: ir@ncc.se

Definitions/glossary

FINANCIAL KEY FIGURES

Average interest rate: Nominal interest weighted by interest-bearing liabilities outstanding on the balance-sheet date.

Average period of fixed interest: The remaining period of fixed interest weighted by interest-bearing liabilities outstanding.

Average shareholders' equity: Average of the balances at January 1, March 31, June 30, September 30 and December 31.

Capital employed: Total assets less interest-free liabilities including deferred tax liabilities. Average capital employed is calculated as the average of the balances at January 1, March 31, June 30, September 30 and December 31.

Capital turnover rate: Net sales divided by average capital employed.

Debt/equity ratio: Net indebtedness divided by shareholders' equity.

Dividend yield: The dividend as a percentage of the market price at year-end.

Earnings per share, after taxes: Net profit for the year attributable to NCC shareholders divided by the weighted number of shares during the year in question.

Equity/assets ratio: Shareholders' equity as a percentage of total assets.

Exchange-rate difference: Exchange-rate changes attributable to movements in various exchange rates when receivables and liabilities in foreign currencies are translated into SEK.

Exchange-rate effect: The impact of changes in various exchange rates on current reporting in NCC's consolidated accounts on translation into SEK.

Interest-coverage ratio: Profit after financial items plus financial expense divided by financial expense.

Net indebtedness: Interest-bearing liabilities and provisions less financial assets including cash and cash equivalents.

Net investments: Closing balance less opening balance plus depreciation and impairment losses less write-ups pertaining to fixed assets and properties classed as current assets.

Net margin: Profit after net financial items as a percentage of net sales.

Net sales: The net sales of construction operations are reported in accordance with the percentage-of-completion principle. These revenues are reported in pace with the gradual completion of construction projects within the Group. In the Parent Company, net sales correspond to income-recognized sales from completed projects. Within other operations, net sales correspond to invoicing for the year.

Operating margin: Operating profit as a percentage of net sales.

Operating net: Result from property management before depreciation.

Order backlog: Year-end value of the remaining non-worked-up project revenues for projects received, including proprietary projects for sale that have not been completed.

Orders received: Value of received projects and changes in existing projects during the period concerned. Proprietary projects for sale, if a decision to initiate the assignment has been taken, are also included among assignments received, as are finished properties included in inventory.

P/E ratio: Market price of the shares at year-end, divided by earnings per share after taxes.

Profit margin: Profit after financial items as a percentage of net sales.

Repurchase of NCC shares (treasury shares) in share data: Treasury shares have been excluded from calculations of key figures based on the number of shares outstanding.

Return on capital employed: Profit after financial items including results from participations in associated companies following the reversal of interest expense in relation to average capital employed.

Return on equity: Net profit for the year according to the income statement excluding minority share as a percentage of average shareholders' equity.

Return on total capital: Profit after financial items including result from participations in associated companies plus financial expense as a percentage of average total assets.

Share of risk-bearing capital: The total of shareholders' equity and deferred tax liabilities as a percentage of total assets.

Total return: Share-price performance during the year plus dividend paid divided by share price at the beginning of the year.

SECTOR-RELATED DEFINITIONS

Aggregates: Rock materials resulting from the disintegration of rock through crushing; also called macadam.

Buildings/other buildings: In descriptions of operations, this term pertains to commercial buildings, mainly offices, retail outlets, shopping malls and garages.

Construction costs: The cost of constructing a building, including building accessories, utility-connection fees, other contractor-related costs and VAT. Construction costs do not include the cost of land.

Development right: Estimated possibility to develop a site. With respect to housing, a development right corresponds to an apartment or semi- detached or detached house. Either ownership of a site or an option on ownership of the site concerned is a prerequisite for being granted access to a development right. For commercial properties, development rights are measured in square meters.

Contract forms:
General contract/implementation contract: When NCC conducts construction work on behalf of a client who has conducted the building design. NCC appoints and is responsible for the subcontractors.

Negotiated contract/mutual-trust contract: When NCC cooperates on an exclusive basis with the customer throughout the construction process – from planning to final inspection.

Turnkey contract/design and build contract: When NCC has turnkey responsibility for a project, from the concept and building design stage right through to completion.

Function contract: Usually a multi-year contract in which the customer imposes functional requirements rather than detailed requirements concerning materials and design.

Leasing rate: The percentage of anticipated rental revenues that corresponds to signed leases (also called leasing rate based on revenues).

NCC Partnering: A cooperation format applied in the construction and civil engineering industry, whereby the client, consultants and contractor establish open and trusting cooperation at an early stage of the process based on shared goals, joint activities and joint financial targets in order to optimize the project.

Platforms: Group-wide standardized technical solutions. Have been developed for everything from sports arenas, offices, logistics facilities and bridges to single-family and multi-family housing.

Properties: In descriptions of operations, "properties" refers to buildings, housing or land.

Proprietary project: When NCC, for its own development purposes, acquires land, designs a project, conducts construction work and then sells the project. Pertains to both housing projects and commercial property projects.

Required yield: The property yield required by NCC Property Development's and NCC Housing's investors for their investment, which is to be achieved through rental guarantees. Operating revenues less operating expenses divided by the investment value.

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Mats Lundgren p. 11. Michael Lundström inside cover, p. 1, 7, 11, 16, 18, 37, 45. Robert Nygård www.kveoy.no, inside cover, p. 11.
Sundell Arkitekter p. 32. Lothar Wels p. 23.

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NCC is one of the leading construction and property development companies in the Nordic region, with sales of SEK 49 billion and 17,000 employees. With the Nordic region as its home market, NCC is active throughout the value chain – developing and building residential and commercial properties, and constructing industrial facilities and public buildings, roads, civil engineering structures and other types of infrastructure. NCC also offers input materials used in construction and accounts for paving and road services. NCC creates future environments for working, living and communication based on responsible construction operations that result in sustainable interaction between people and the environment.

NCC AB
SE-170 80 Solna, Sweden
Tel +46 8 585 510 00
Fax +46 8 85 77 75
ncc.se