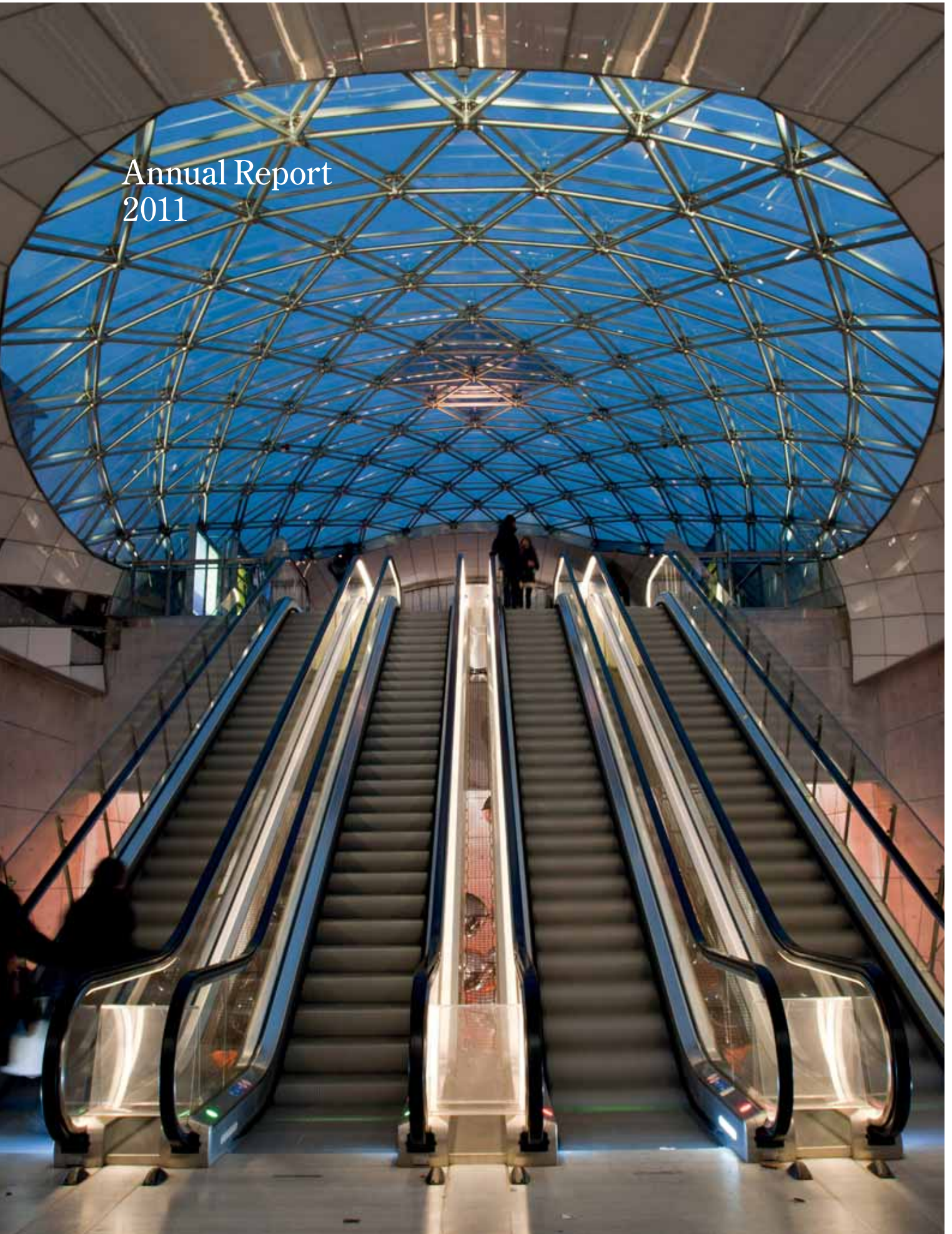


Annual Report
2011



NCC aims to *always* be the customer's *first choice*



2

Review by the President: Although we ended 2011 with healthy profit, a record-high order backlog, a favorable portfolio of housing and property projects and a strong financial position, the beginning of the year was challenging.



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Operations: NCC conducts integrated construction and development operations in the Nordic region, Germany, Estonia, Latvia and St. Petersburg. The company has three businesses: industrial, construction and civil engineering, as well as development. These businesses generate both operational and financial synergies. The company's operations are organized into seven business areas.



NCC's strategy 2012–2015

Profitable growth is the overriding objective for the strategy period, which extends through 2015. NCC aims to be a leading player in the company's markets, which entails being among the top three companies in terms of volumes and profitability. Growth will primarily be achieved organically and must not compromise profitability. The success of this strategy will depend on a reduction in construction costs and there being no significant deterioration in the market outlook.

Three markets and areas are to be prioritized:

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

Read more about NCC's strategy in the Review by the President on pp. 2–5 and in the strategy section on pp. 6–9.

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Sustainability report: NCC aims to be a leader in the area of sustainability and a forerunner in the development of new technical solutions and work methods. NCC reports its sustainability efforts in accordance with the guidelines of the Global Reporting Initiatives (GRI).

Cover

The image on the front cover of this report shows Triangeln Station in Malmö, Sweden, which won the prestigious 2011 Kasper Salin Award for outstanding architecture. The image on the back cover shows the station from above and NCC's ongoing property development project. NCC is conducting a proprietary construction project at the station comprising a shopping center, offices and housing units.

Review by the President

Profitable growth with the customer in focus

After working for several years to reduce our debt, improve our cash flow and prioritize profitability over volumes, we have successfully developed new businesses and positioned NCC for the future. We will now continue our journey with profitable growth.

Although we ended 2011 with healthy profit, a record-high order backlog, a favorable portfolio of housing and property projects and a strong financial position, the beginning of the year was challenging. We faced relentlessly harsh winter weather and economic recovery that never gained momentum. The European debt crisis in the autumn also contributed to a sense of uncertainty regarding the impact on our customers' willingness to make investments.

As 2010 came to a close, the expectations for 2011 were great. Many of our major customer groups expressed a sense of confidence in the future. Sweden

was described as a tiger economy, the Nordic region – with the exception of Denmark – was strong and Germany displayed stable growth. NCC's prospects were also bright, given our low level of indebtedness and strong finances. Housing sales were favorable and our orders received had recovered after the financial crisis.

One of the main challenges in 2011 was the prolonged winter weather that refused to subside in many of our markets until April. This resulted in higher costs and placed a strain on our earnings. Another was the European debt crisis in the autumn, which also raised major concerns regarding the demand trend in various customer groups, from private individuals looking to buy homes to companies needing to invest in their facilities and offices.

Looking back over the year, NCC delivered a high level of full-year earnings, despite the turmoil in the global economic climate and challenging weather conditions.

“ In 2011, we established an even more customer and expansion-oriented growth strategy focusing on growing in housing development and in the geographic markets of Norway and Finland through 2015.”

NCC'S GROWTH TARGETS 2012–2015

- **Industrial**
Sales growth \geq double GDP growth rate
- **Construction and civil engineering**
Sales growth \geq double GDP growth rate
- **Development**
 \geq 7,000 housing units under construction
- Maintain current level in the property development portfolio

KEY DATA

SEK M	2011	2010
Orders received	57,867	54,942
Order backlog	46,314	40,426
Net sales	52,535	49,420
Operating profit	2,017	2,254
Profit after financial items	1,808	2,008
Profit for the year	1,312	1,527
Earnings per share after dilution, SEK	12.08	14.05
Dividend per share, SEK	10.00 ¹⁾	10.00
Cash flow before financing	-2,404	1,934
Cash flow per share after dilution, SEK	-22.17	17.84
Return on shareholders' equity, %	17	20
Equity/assets ratio, %	25	26
Net indebtedness	3,960	431
Average number of employees during the year	17,459	16,731

¹⁾Proposed dividend.

The need for new housing is a strong driving force underlying NCC's growth strategy. The objective for the strategy period from 2012–2015 is for the number of housing units under construction to total at least 7,000.



STRONG ORDERS RECEIVED IN CONSTRUCTION OPERATIONS

NCC's construction operations, which had some 4,000 projects in progress in 2011, continued working to enhance the efficiency of the construction process. During the year, we intensified our work on industrial construction processes, virtual construction and coordinated purchasing. Sustainability issues are becoming increasingly important to NCC and, together with our customers, we have thus introduced Green Tenders, which enable us to offer our customers better environmental alternatives. We have launched Green Construction at our construction sites in Sweden and Norway, which is reducing the environmental impact of the sites.

Orders received in the construction operations were favorable and the assignments generated better margins than the average for the order backlog.

The Swedish construction operations reported strong orders received and favorable profitability, albeit slightly lower than in the preceding year.

Although the construction sector in Denmark was generally characterized by weak profitability, one outstanding exception was noted. After several years of systematic rationalization efforts, NCC Construction

Denmark displayed strong earnings and reported the highest margins in the industry. The secret to the company's success was its extremely thorough tendering analyses and risk assessments.

Both the Norwegian and Finnish construction operations incurred major losses on a couple of projects initiated during the recession. Although extensive comprehensive actions have been taken to rectify the problems, the projects will take time to complete, which is having an adverse impact on the operations' margins.

SUCCESSFUL LEASING

The commercial property development operations, which are included in the NCC Property Development business area, reported strong leasing of commercial premises in 2011. Despite a turbulent autumn, the rental market was favorable and NCC signed leases for various retail, logistics and office premises. Investors find it appealing that NCC conducts attractive projects with a distinct sustainability profile and long leases.

NCC Property Development started 12 projects during the year and a total of 23 are now under construction or were completed during the year.

Q1

Demand was favorable. Orders received exceeded sales, resulting in an increase of SEK 3.5 billion in the order backlog. Profit, which is generally low in this seasonally weak quarter, was lower than in the year-earlier period. The decline in profit was mainly due to lower earnings in NCC Housing as a result of weak sales.

Q2

Orders received rose 24 percent. The strong orders received resulted in the order backlog rising to a historically high level. The housing market was stable and NCC increased its number of housing starts. Earnings in NCC's Construction units were adversely impacted by projects accepted in 2009 and impairment losses on projects in Finland. NCC discontinued its operations in Lithuania.

Q3

NCC's orders received remained favorable and in line with the year-earlier period. Profit declined year-on-year, primarily due to impairment losses on land in Denmark and Latvia, as well as on projects in Finland and Norway. Orders received in 2011 were secured at margins that exceeded the average for the order backlog.

Q4

The year 2011 ended on a high note. Profit for the quarter was at one of the strongest levels to date, mainly due to favorable earnings in NCC Housing, which increased both its sales and profitability. Demand for NCC's products and services was healthy throughout 2011. The order backlog rose SEK 6 billion in 2011 to SEK 46 billion at year-end.

INCREASING NUMBER OF HOUSING UNITS

NCC is one of the largest home builders in the Nordic region. We build proprietary housing units that we sell directly to private customers. We also construct units for housing companies and investors. Production spans a variety of contract types and NCC is not only able to offer ownership rights and tenant-owner apartments, but increasingly often rental apartments. Interest in rental apartments has risen in many of NCC's markets and we are thus intensifying our focus on fully developed package solutions for investors.

We gradually increased the number of housing project starts during 2011 and experienced favorable demand in the spring. In the autumn, we intentionally adopted a somewhat more cautious approach due to the wait-and-see attitude among households in the wake of the European debt crisis.

While sales of new housing units were stable and steady, the sales process itself was somewhat protracted in certain markets.

With housing development operations in eight countries, NCC's presence generates more stable and consistent sales than would otherwise be generated if our operations were concentrated to only a few regions or markets.

A new market in which NCC strengthened its presence was St. Petersburg, a region with an underlying annual need for about 60,000 new housing units. In 2011, NCC started construction on slightly more than 600 apartments in St. Petersburg.

BETTER EARNINGS AND ENVIRONMENTAL INITIATIVES

Our industrial operations, represented by the NCC Roads business area, produce aggregates and asphalt. Following a challenging start to the year due to the cold weather conditions, the operations performed well and the mild autumn contributed to an increase in earnings. During the year, we continued making investments to enable us to offer greener products in the form of NCC Green Asphalt, which can be laid at lower temperatures, and the recycling of asphalt. NCC Green Asphalt has received considerable attention from our customers and is a key initiative to reduce carbon emissions from asphalt manufacturing.



LEADING SOCIETY BUILDER

NCC leaves its mark on society – both during production and in the long term. Since many of the units we develop and construct will be around for more than 100 years, we bear a very special responsibility – not only for our actions today but for how our products and solutions perform in the future.

In 2011, we established a new sustainability strategy in which we stated our goal of being the leader in sustainability and a forerunner in the development of new technical solutions and work methods.

To enable us to measure our success in this area and adopt a long-term approach, we have established the year 2020 as the focal point for our work. Our prioritized environmental issues are:

- Climate and energy
- Chemicals and sustainable materials
- Environmental classification systems for buildings and plants
- Waste and recycling

Sustainability is a broad area that, in addition to environmental and climate concerns, also includes issues involving social responsibility, our values and work environment. NCC is a member of the UN's Global Compact and continues to show support for the ten principles.

WE HAVE MORE TO LEARN

NCC pursues a "zero vision" with regard to workplace accidents and we have implemented initiatives in the work-environment area. Having experienced a few extremely tragic fatal accidents, we are reminded of how important it is to never lose sight of work environment issues.

Our aim is to become better at learning from one another and we have thus implemented an annual Awareness Day, during which all Group employees gather to discuss their work environment and submit suggestions for improvement. In addition, a multi-year training program has also been launched designed to improve our knowledge and further boost our safety awareness.

Our fundamental values of honesty, respect and trust guide all aspects of our daily work. These values apply in almost all situations and we know that our customers, as well as our employees, feel that they characterize NCC. However, violations do occur and individual employees sometimes act in contravention of our values. For example, an incident of illicit collusion occurred in the Trondheim area of Norway between 2005 and 2008, despite us having provided training in competition law and business ethics for more than 3,000 managers since 2002 and engaging in regular discussions with all employees regarding our values. To avoid mistakes in the future, we are intensifying our focus on values and training initiatives. We have also decided to improve our Compliance Program, which governs adherence to our values and regulations.

STRATEGY FOR PROFITABLE GROWTH

Since I assumed the role of CEO in April, I have worked with my management team and the Board of Directors to refine NCC's strategy. This strategy is based on a sce-

nario in which we aim to achieve profitable growth during the period from 2012 to 2015.

The overriding objective is to create value for our customers and shareholders. Our aim is to be a leading player in our existing markets, offer sustainable solutions and be the customer's first choice. Being a leading player entails being among the top three companies in terms of profitability and volumes. While our primary aim is to generate organic growth, this could be supplemented with acquisitions.

We have identified three areas and markets that will be prioritized:

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

The Norwegian construction and civil engineering market is large and fragmented in terms of players. We believe that several of NCC's business areas have excellent potential to expand in Norway.

In Finland, NCC holds a strong position in housing and office construction, as well as in the asphalt sector. However, we lack civil engineering works and infrastructure projects. Expanding in these areas would give NCC the same strength in the Finnish market as it has in the rest of the Nordic region.

The driving force behind our growth strategy is the underlying need for new housing we have observed in several of our eight markets. NCC plans to develop and build more housing units for private individuals by capitalizing on more efficient construction processes and comprehensive internal cooperation and by broadening our product mix. Rental apartments for investors also offer significant growth potential and we have noted increasing interest in this form of housing in a number of markets.

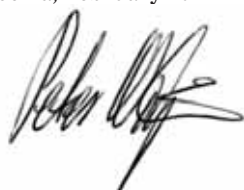
WELCOME ABOARD!

Although the year ended with many conflicting signals regarding the global economic climate, which could definitely impact the behavior of our customers, I nevertheless feel a strong sense of confidence about the future.

This confidence comes from the knowledge that we have emerged from this challenging market situation with a strong financial position and sound, stable operations. We have a clear vision of how we will advance NCC in coming years, always with the customer in focus.

With these words, I would like to invite our customers, shareholders and employees to join us on our journey toward profitable growth.

Solna, February 2012



Peter Wågström
President and CEO



“We have a clear vision of how we will advance NCC in coming years, always with the *customer in focus.*”



Business concept, objectives and strategy

Profitable growth – *strategy for a stronger market position*

VISION

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

BUSINESS CONCEPT – RESPONSIBLE ENTERPRISE

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

OBJECTIVE

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

FINANCIAL OBJECTIVES AND DIVIDEND POLICY

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

The level for the return target is based on the margins that the various parts of the Group are expected to



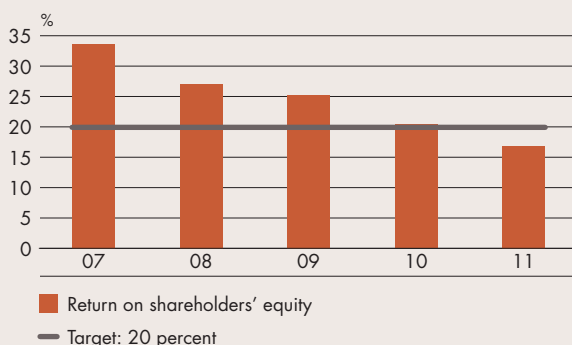
RETURN ON SHAREHOLDERS' EQUITY

Objective

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

Fulfillment of objective

The return was historically high in 2007. The Group has achieved its objective of 20 percent in four of the past five years. The objective was not achieved in 2011, mainly due to lower earnings in the construction operations.



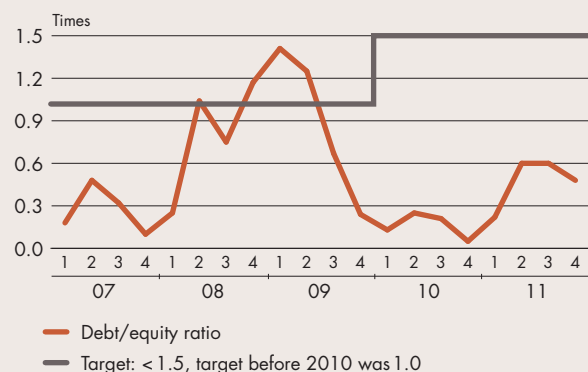
DEBT/EQUITY RATIO

Objective

Net indebtedness, defined as interest-bearing liabilities less cash and cash equivalents and interest-bearing receivables, shall not exceed 1.5 times shareholders' equity. The 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 2011 and totaled 0.5 (0.1) at year-end. During the year, investments in housing and property projects increased the company's financing requirements. The debt/equity ratio is affected by seasonal variations. More capital was tied up in the second and third quarters due to a high pace of activity in the asphalt and civil engineering operations.



generate on a sustainable basis, and on capital requirements in relation to the prevailing business focus.

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

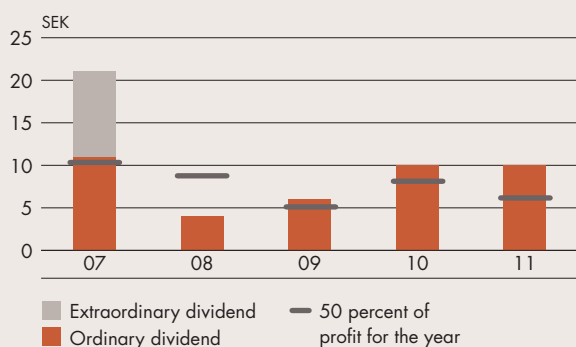
NCC's dividend policy is to distribute at least half of after-tax profit for the year to the shareholders. The aim of the policy is to generate a healthy return for NCC's shareholders and to provide NCC with the potential to invest in its operations and thus ensure that future growth can be created while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



DIVIDEND

Dividend policy

NCC's dividend policy is to distribute at least half of after-tax profit for the year to the shareholders. This level has been established to generate a healthy return for NCC's shareholders and to provide NCC with the potential to invest in its operations and thus ensure that future growth can be created while maintaining financial stability. The proposed dividend for 2011 is SEK 10.00 (10.00) per share, corresponding to 83 percent of profit after tax.



FINANCIAL OBJECTIVES AND DIVIDEND

SEK M	Target	Result					Average 5 years ³⁾	
		2007	2008	2009	IFRIC15 2009 2010 2011			
Return on shareholders' equity, %	20%	34	27	18	25	20	17	25
Debt/equity ratio, times ¹⁾	<1,5	0.1	0.5	0.1	0.2	0.1	0.5	0.3
Ordinary dividend, %	>50%	53	24	52	39	71	83	57
Ordinary dividend, SEK		11.00	4.00	6.00	6.00	10.00	10,00 ²⁾	8.20
Extraordinary dividend, SEK		10.00	-	-	-	-	-	2.00

¹⁾ New objective as of 2010: <1.5. Previous objective: <1.0.

²⁾ Proposed dividend.

³⁾ The average five-year figure has been adjusted in accordance with IFRIC 15 as of 2009.

Information on the effects of IFRIC 15 is presented on p. 96.

STRATEGY 2012–2015

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

Three businesses

NCC operates three businesses with different business concepts.

An *industrial business* with a process-oriented focus operated under NCC Roads' aggregate and asphalt production. This business ties up capital in pits and quarries, as well as in aggregates and asphalt works, which have high fixed costs.

A *construction and civil engineering business* operated under NCC's Construction units. This business requires little tied-up capital, has a strong cash flow and is project oriented.

A *development business* operated under NCC Housing and NCC Property Development. This business ties up capital in properties held for future development and

ongoing projects. The development business is transaction oriented and faces a greater market risk than NCC's other businesses since it takes many years to deliver a project from the time the land is initially acquired.

Key strategic issues

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

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

NCC is *one* company that conducts industrial, construction, civil engineering and development operations, and it must capitalize on Group synergies – both operational and financial – across various support functions and operations.

The housing development business is a *Group-wide activity*. Growth of the housing development business will require more efficient processes and a broadening

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

KEY STRATEGIC ISSUES

Customer focus

NCC aims to be the customer's first choice

Leader in NCC's markets

Leading player in the Nordic region

Reduced costs

Organic growth based on reduced costs

THREE BUSINESSES



Industrial

CAPITALIZE ON GROUP SYNERGIES

Construction and civil engineering

ACTIVITIES

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

- > Establish civil engineering operations in Finland
- > Expand in Norway

GROWTH TARGET FOR THE STRATEGY PERIOD

SALES GROWTH ≥ DOUBLE GDP GROWTH RATE

of the product mix. One step toward more efficient processes will be further cooperation between development and production operations. Other steps include developing construction systems that reduce costs, improving quality and increasing the level of specialization in development and production operations. NCC's product mix will be expanded to include lower price segments and additional rental units.

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

Growth priorities

Three markets and areas will be prioritized:

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

GROWTH TARGETS AND ACTIVITIES

The target for the industrial business is for sales growth over the entire strategy period to correspond to at least double the GDP growth rate. Although NCC currently has a strong position in all markets, the company aims to further advance its position in the aggregates market in

Norway, Denmark and Finland and the asphalt market in Norway. The focus on road services will continue and the recycling of construction waste will be expanded.

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

The housing development business aims to grow during the strategy period and attain a target of at least 7,000 housing units under construction. This means that the number of housing starts must increase somewhat compared with the current level, provided that a market exists. Achieving this expansion will require more efficient processes and certain changes to the product mix.

In 2010–2011, NCC started several major commercial property development projects. The project portfolio is currently at a favorable level and the aim for the strategy period is to maintain this level.

One NCC

Capitalize on synergies between operations

Housing development business

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

Sustainability perspective

Proactive development of new businesses



CAPITALIZE ON GROUP SYNERGIES

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



Development

- > Expand housing development business
 - more efficient processes
 - broader product mix

SALES GROWTH ≥ DOUBLE GDP GROWTH RATE

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

Market and competitors

NCC holds a strong position

The Nordic construction market generated sales of SEK 820 billion (810) in 2011. NCC is one of the largest players, with a market share of 6 percent.

THREE BUSINESSES

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

Construction and civil engineering

As a rule, the construction market tracks the general economic trend but with a time lag of at least one year. The housing market generally reacts the fastest to economic cycles. Other building construction (offices, industrial and public premises) and the civil engineering market are subject to a greater time lag, since such projects depend on the investment plans of other industries. In general, larger projects also extend over a longer period of time. The risk is local in character, although the market for construction contracts is generally sensitive to economic conditions.

Industrial

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

Development

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

EXTERNAL TRENDS THAT IMPACT NCC

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

Environment and sustainability

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

IT and digital media

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

Generational shift

The ongoing generational shift is a key issue facing the industry. The level of job mobility among production personnel is high and, with the retirements expected in the future, NCC will need to hire at least 2,000 engineers in the next five years.

Internationalization

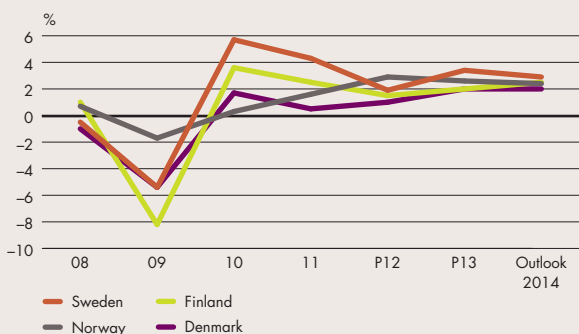
The level of international competition in the Nordic construction market is on the rise.

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

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

ECONOMIC AND GDP DEVELOPMENT

Following healthy GDP growth in 2010, growth was lower in Sweden, Finland and Denmark in 2011. Norway, which did not note equally strong GDP growth in 2010, showed increased GDP growth in 2011.



(Source: Euroconstruct.)

COMPETITORS

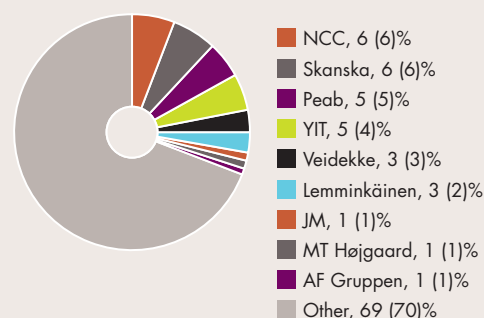
The Nordic construction market is national, highly fragmented and characterized by intense local competition. In local markets, NCC competes with thousands of small building contractors. Large-scale civil engineering projects in the Nordic region are often procured in the face of international competition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

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

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

MARKET SHARES IN 2011

The Nordic construction market is highly fragmented. NCC is one of the two largest construction companies in the Nordic region with a market share of 6 percent. The Nordic construction market (excluding refurbishment) generated sales of approximately SEK 820 billion in 2011. (Source: Euroconstruct.)



MAJOR COMPETITORS IN THE NORDIC REGION 2011

Key figures and products	NCC	Skanska ¹⁾	Peab	MT Højgaard ²⁾	Veidekke	YIT	Lemminkäinen	AF Gruppen	JM	Colas ²⁾	CRH ³⁾
Sales (SEK billion)	53	119	44	11	21	40	21	9	12	117	160
Number of employees (thousands)	17	53	15	5	6	26	8	2	2	69	76
Housing	●	●	●	●	●	●	●	●	●		
Buildings	●	●	●	●	●	●	●	●	●		
Civil engineering	●	●	●	●	●	●	●	●	●		
Asphalt, aggregates, concrete	●	●	●	●	●	●	●			●	●
Property development	●	●	●	●	●	●	●	●	●		
Machinery operations		●	●	●							
Market share, Nordic region, total (%)	6	6	5	1	3	5	3	1	1	-⁴⁾	-⁴⁾

¹⁾ It is estimated that approximately SEK 52 billion of Skanska's sales derives from Nordic construction operations.

²⁾ Pertains to the period October 2010–September 2011.

³⁾ Pertains to the period July 2010–June 2011.

⁴⁾ No information available.

Overview of operations

NCC's three businesses

Share of NCC total

Industrial

AGGREGATES, ASPHALT, PAVING AND ROAD SERVICES

These operations are conducted in the NCC Roads business area. 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



21% Operating profit



19% Capital employed



23% Average number of employees

Construction and civil engineering

This business 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.



65% Net sales



48% Operating profit



11% Capital employed



71% Average number of employees

Development

HOUSING DEVELOPMENT AND DEVELOPMENT OF COMMERCIAL PROPERTIES

Housing development is conducted in the NCC Housing business area, which develops and sells permanent housing in selected markets in the Nordic region, Germany, Estonia, Latvia and St. Petersburg.

The NCC Property Development business area is responsible for developing and selling commercial properties in defined growth markets in the Nordic region and the Baltic countries. NCC is a leading player in the development of housing and commercial properties in the Nordic region.



15% Net sales



31% Operating profit



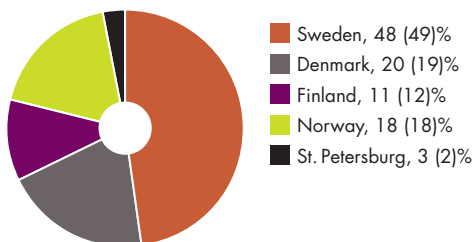
70% Capital employed



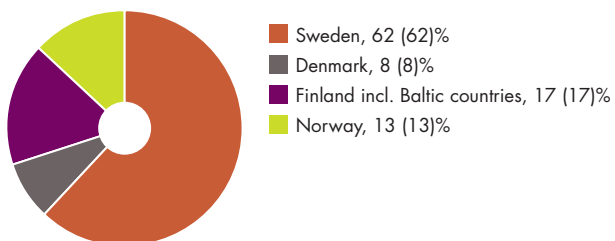
6% Average number of employees

Geographical markets

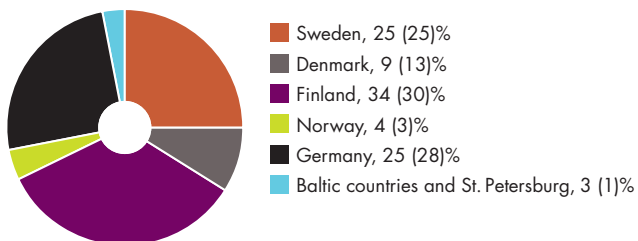
NET SALES, DISTRIBUTION



NET SALES, DISTRIBUTION



NET SALES, DISTRIBUTION



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 within different segments.

NCC IN SWEDEN



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

Orders received: 31,362 (30,585)
 Order backlog: 25,689 (23,333)
 Net sales: 28,961 (26,352)
 Operating profit: 1,346 (1,533)
 Capital employed: 6,904 (5,066)
 Number of employees: 9,939 (9,415)

NCC IN NORWAY



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

Orders received: 7,276 (6,554)
 Order backlog: 5,677 (5,484)
 Net sales: 7,046 (6,374)
 Operating profit: 84 (160)
 Capital employed: 2,663 (2,077)
 Number of employees: 1,777 (1,661)

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.

Orders received: 9,617 (8,712)
 Order backlog: 8,068 (5,677)
 Net sales: 8,178 (7,680)
 Operating profit: 276 (260)
 Capital employed: 2,199 (2,436)
 Number of employees: 2,683 (2,622)

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.

Orders received: 6,246 (6,347)
 Order backlog: 3,989 (3,655)
 Net sales: 5,853 (5,955)
 Operating profit: 86 (122)
 Capital employed: 3,309 (3,276)
 Number of employees: 2,204 (2,198)

NCC IN ST. PETERSBURG



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

Orders received: 875 (723)
 Order backlog: 839 (443)
 Net sales: 455 (248)
 Operating profit: 54 (6)
 Capital employed: 607 (604)
 Number of employees: 212 (191)

NCC IN GERMANY



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

Orders received: 2,391 (1,878)
 Order backlog: 1,950 (1,764)
 Net sales: 2,189 (2,522)
 Operating profit: 118 (108)
 Capital employed: 717 (790)
 Number of employees: 633 (636)

NCC IN THE BALTIC COUNTRIES¹⁾



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

Orders received: 100 (142)
 Order backlog: 102 (71)
 Net sales: 69 (67)
 Operating profit: -38 (-45)
 Capital employed: 588 (613)
 Number of employees: 11 (8)

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

OPERATIONS/LEGEND



¹⁾ The Baltic Construction units are included under NCC Construction Finland.

Industrial



Industrial operations are conducted in the NCC Roads business area.

SHARE OF NCC TOTAL



FAST FACTS

SEK M	2011	2010	Change, %
Net sales	11,766	10,679	10%
Operating profit	414	356	16%
Capital employed	3,223	2,820	14%
Average number of employees	4,024	3,954	2%
Aggregates (1,000 tons)	30,583	27,041	13%
Asphalt, (1,000 tons)	6,854	6,074	13%

STRATEGIC ACTIVITIES

Strengthen position in Denmark and Finland – aggregates

Develop position in the value chain – recycling – road services

Expand in Norway.

GROWTH TARGET

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

Aggregates and asphalt, *as well as paving and road services*

NCC's industrial operations are based on a distinct value chain involving the production of aggregates, asphalt, paving and road services. The various parts are well integrated with NCC's construction and civil engineering operations.

VALUE CHAIN



The initial link in the value chain consists of an industrial process in which aggregates are produced both for the building materials industry and the contractors involved in earthworks and civil engineering.

The basic stone material is extracted primarily from proprietary quarries and is used in the production of asphalt, which is the second link in the chain. The production of asphalt is also an industrial process that takes place in proprietary asphalt plants. The asphalt is subsequently used in various types of road surfacing in the third link, referred to as paving. The road network must be maintained, which is the last link in the value chain, and multi-year road-service contracts are frequently concluded.

NCC delivers aggregates and asphalt for numerous applications, ranging from major infrastructure projects to small roads. Deliveries are also made to other construction and civil engineering operations, such as foundations for residential buildings, offices and industrial sites, and to the concrete industry.

Market presence is concentrated to the Nordic countries, where NCC is the leading player in the industry. Distribution among the various markets is relatively constant and tracks trends in the construction market. Sweden is the single largest market, accounting for nearly 50 per cent of sales. Asphalt and paving operations are also conducted in the St. Petersburg area.

The customer base is evenly distributed between the private sector and municipal and public-sector administrations. In an effort to meet the public sector's need for long-term solutions, NCC offers total-package undertakings – referred to as function contracts – which include long-term resources planning for paving and multi-year servicing and maintenance of road networks.

In 2011, NCC continued its long-term strategic work aimed at being the local market leader, securing access to stone materials from proprietary quarries adjacent to metropolitan areas, increased coordination between the operations and greater customer focus.

As part of efforts to strengthen its position in the Finnish market, NCC acquired the asphalt and paving operations of the Finnish company, Destia, in 2011.

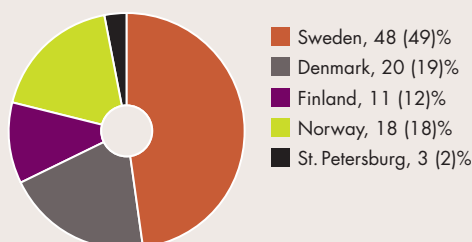
ENVIRONMENT

Environmental awareness among customers is increasing, leading NCC to focus proactively on reducing its environmental impact – notably carbon-dioxide emissions – by means of energy-efficiency improvement and recycling. Energy-efficient production methods, recycling of asphalt and alternative fuels are some examples of these initiatives.

A number of holistic undertakings offer more long-term and effective resource planning. Lengthy contract periods enable optimization of asphalt paving from a lifecycle per-

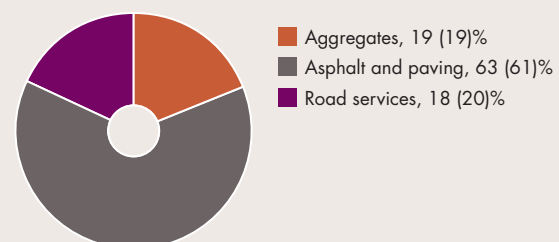
GEOGRAPHIC MARKETS, SHARE OF NET SALES

Distribution among markets is relatively constant and tracks the trend in the construction market. No major changes occurred in the distribution of net sales in relation to 2010.



PRODUCT MIX, SHARE OF NET SALES

Asphalt and paving, which represent the dominant products in the business area, increased further during 2011.





NCC Green Asphalt Enånger – Hudiksvall

2011 marked the opening of the new E4 highway between Enånger and Hudiksvall, which NCC constructed on behalf of the Swedish Traffic Agency. This was the first time that the proprietary developed low-temperature hot asphalt – NCC Green Asphalt – was used on a large scale in highway construction. The new technique provides equally durable road paving as conventional asphalt, but also offers substantial environmental benefits through a reduction in carbon emissions of up to 30 percent. About 150,000 tons of asphalt was used to pave 500,000 square meters of road surface. By using NCC Green Asphalt on the new highway, carbon emissions were reduced by 1,000 tons (equivalent to annual emissions from 400 gasoline-driven cars).

spective, thus benefiting customers while NCC's product development moves towards more sustainable solutions.

To accelerate the "green" adjustment process in the construction industry, all major NCC tenders in Sweden are supplemented with a green complementary tender, making NCC the first player in the construction and property sector to take this initiative. This means that NCC offers customers the potential to make superior environmental choices.

NCC Green Concept is the Group's identity for products and methods that reduce the adverse impact on the environment, among which NCC Green Asphalt is the best known. The production method reduces carbon-dioxide emissions considerably compared with the production of conventional hot asphalt. During 2011, the opening of the 24-kilometer highway between Enånger and Hudiksvall, in Sweden, was the first project in which NCC Green Asphalt was used on a large scale.

Since the recycling of asphalt and other materials is more energy and cost effective than new production, NCC is improving its recycling capacity in an increasing number of asphalt plants, thus permitting more ecoc-

cle-adjusted operations. In 2011, recycled asphalt granulate accounted for 15 percent (12) of production of hot asphalt. During 2011, two new, high-capacity energy-efficient asphalt plants with considerable capacity for the recycling of asphalt granulate were commissioned in Umeå and Malmö.

During 2011, NCC Roads reduced its carbon emissions from asphalt production in the Nordic region by 13,300 tons, thanks to recycled asphalt and a higher output of NCC Green Asphalt. This corresponds to emissions from 5,000 gasoline-driven cars over a year. NCC currently has about 70 plants in the Nordic region capable of handling recycled asphalt. Of these, 18 have been rebuilt to enable them to produce NCC Green Asphalt.

NCC has a number of accredited road-related laboratories, in which extensive R&D activities are pursued. Among other products, these facilities develop various types of paving that NCC produces to reduce its environmental impact.

Other initiatives aimed at reducing environmental impact include NCC's strategic focus on NCC Recycling, a Nordic concept for recycling. Recycling centers – in which materials such as asphalt, aggregates, gravel, sand and soil are processed and later sold as new products – are being established to an increasing degree in the various markets.

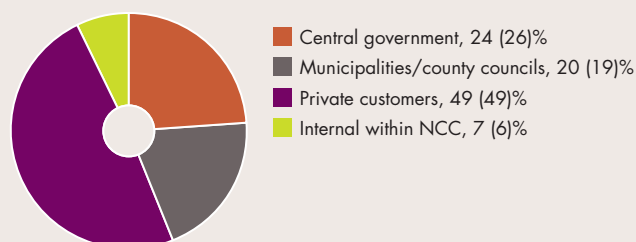
NCC's sustainability programs also include the restoration of quarries and other environments to serve as public recreation areas. In Denmark, for example, NCC has transformed a former industrial port on the island of Bornholm into a recreation area for bathing and fishing.

During the year, cooperation proceeded with the equipment supplier, Dynapac, to develop and test the world's first electric-powered asphalt roller. The roller reduces carbon-dioxide emissions by more than 90 percent, while also considerably lowering noise in the work environment.

During 2011, NCC invested in a measurement-monitoring vehicle to check road surfaces. Measurement data is a key factor in raising know-how regarding paving and being able to ensure quality, as well as in R&D into new paving grades with the focus on long service life.

CUSTOMER MIX, SHARE OF NET SALES

The customer base is evenly distributed between the private sector and municipal and public-sector administrations.



Industrial



Market and *business environment*

The market for aggregates was stable during 2010 and started from relatively high levels in early 2011, with continuing stable progress during the year. Towards year-end, however, a certain decline was noted in some geographical areas.

The assessment of the asphalt market early in the year pointed towards a certain risk of a slowdown, but the market actually displayed a stable trend.

The market for road services, which is not equally sensitive to economic conditions, displayed stable

progress during 2011. The ongoing exposure of public sector operations to competition is increasing the available market, offering opportunities for higher sales.

AGGREGATES

The aggregates market is highly fragmented, with a number of local players.

Long-term assurance of quarry reserves is decisive for sustainable production of stone materials. Official requirements and appeal processes affect the time required before the issuance of a quarry permit. The general trend is that it is becoming more difficult to receive permits and the processing period continues to increase. Thus, ensuring quarry reserves is a long-term process, normally requiring 5–10 years to open a new operation. On average, NCC Roads' quarry reserves correspond to 12 years of annual output of aggregates.

The Danish market offers an alternative to land-based quarrying activities, namely, the extraction of aggregates from the seabed.

ASPHALT

Competition in the asphalt production market consists primarily of large, nationwide companies. On the other hand, numerous local players are active in paving operations.

The market for the maintenance of road networks is expanding, offering potential for future asphalt activities. Since the energy requirement in production is considerable, and fluctuations in energy prices are substantial, several action programs are in progress to reduce energy dependence and gain control over energy costs. Extensive measures are under way to develop and use alternative fuels in order to broaden the energy portfolio. The recycling of asphalt also enhances energy efficiency, thereby improving capacity in recycling plants. Fluctuations in oil-product prices requires the use of indexing and hedging.

ROAD SERVICES

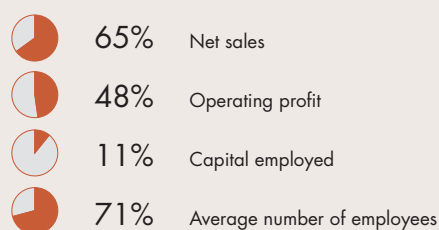
The market trend in road services is positive. Although government-owned companies dominate the market, they are losing market share to private players due to the increasing exposure of public sector operations to competition. The extreme weather conditions of recent years, which have become increasingly common, impose major demands on a well-functioning infrastructure in the form of favorable road maintenance.

Construction and *civil engineering*



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

PERCENTAGE OF NCC TOTAL



FAST FACTS

SEK M	2011	2010	Change, %
Orders received	41,731	38,696	8%
Net sales	38,150	34,000	12%
Operating profit	965	1,327	-27%
Average number of employees	12,225	11,630	5%
Cash flow before financing	789	577	37%

STRATEGIC ACTIVITIES

Focus on common strategies for VDC, operational systems and risk management, and further development of purchasing operations.

Establish civil engineering operations in Finland.

Expand in Norway.

GROWTH TARGETS

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

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

NCC is one of the leading construction companies in northern Europe, with large-scale production of housing, buildings, roads and civil engineering projects. With several thousand construction projects in progress, NCC leaves its impression on social development.

The construction operations, NCC Construction, meet customers from the private and public sectors on a daily basis. The results of 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. NCC's construction and civil engineering operations conduct approximately 4,000 projects annually in the Nordic region. Each project's size varies from sales of a few hundred thousand Swedish kronor and implementation in a matter of days to projects that extend over several years and generate sales totaling billions of SEK.

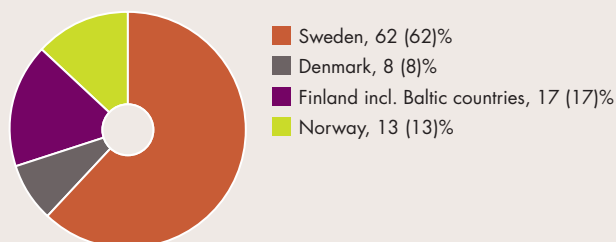
Internal partnership projects are also conducted continuously with NCC Property Development, which develops commercial properties, and NCC Housing, which builds housing units. The business area NCC Roads, which produces aggregates, asphalt and asphalt paving, is another key internal partner, for example, in earth works and infrastructure projects.

Construction and civil engineering operations are employee-intensive, especially if the subcontractors involved in a project are included. Construction, regardless of whether it involves the building of small private homes or the construction of roads or sports arenas, is a process with a large number of constituent parts, and the success of these operations depends largely on how well project management is able to plan and anticipate changes. NCC can manage the entire process, from preparation to implementation.

The operations employ relatively small amounts of capital and normally generate an important and continuous cash flow to the Group. As a result, they support NCC's capacity to also engage in the development of office buildings and housing units, and the production of aggregates and asphalt, which is more capital-intensive.

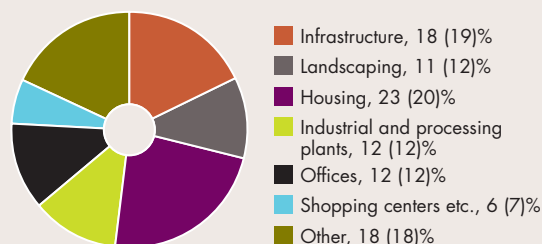
GEOGRAPHICAL MARKETS, SHARE OF NET SALES

Sweden is the largest market for NCC's construction and civil engineering operations, accounting for 62 percent (62) of sales. No changes in the distribution of sales were noted compared with 2010.



PRODUCT MIX, SHARE OF NET SALES

Stable demand for housing increased the share of housing production in the product mix.



OPERATIONS IN NORTHERN EUROPE

NCC conducts construction and civil engineering operations in Denmark, Finland, Norway, Sweden, Germany, Russia (St. Petersburg), Estonia and Latvia. 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. Housing, buildings and civil engineering account for about one-third of orders received.

In Denmark, NCC is one of the larger construction and civil engineering companies in a fragmented market. The company has operations in building construction and civil engineering projects, housing construction and service. NCC works in close cooperation with customers throughout the entire production process.

Housing production is the dominant area of operations in Finland, followed by the construction of office buildings. In the past, NCC had only limited civil engineering operations, but an organization is now being developed for this segment of the Finnish market.

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

NCC also has operations in Estonia and Latvia focused on the construction of housing and commercial premises, while operations in St. Petersburg are dominated by housing construction. NCC also builds housing in Germany.

STRATEGY FOR SUSTAINABLE PROFITABILITY

For NCC's construction units, a few areas are strategically important for strengthening competitiveness. NCC Partnering, virtual construction, industrial construction and purchasing contribute to enhancing operational efficiency and creating customer value. For the past few

years, NCC has focused on improving its skills in such areas as project development, platforms and virtual construction. NCC has also built up knowledge in the cooperation format known as partnering and is now a leader in this field.

INDUSTRIAL CONSTRUCTION

As part of efforts to reduce costs and increase quality, NCC has developed a number of shared platforms for housing, buildings and civil engineering. By applying tried-and-tested technical solutions, NCC is now able to industrialize the construction process. Using the same solutions to a greater extent generates larger purchasing volumes for individual goods and materials, thus contributing to cost reductions.

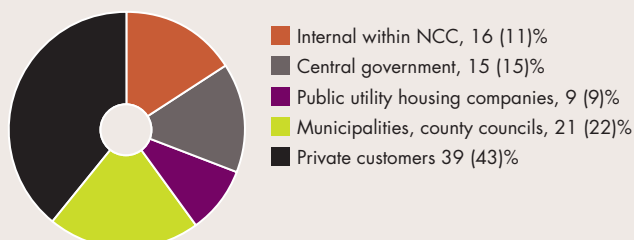
NCC develops platforms in all of the Group's operating sectors and offers a wide variety of products ranging from indoor sports arenas, nursing homes, housing, office premises and logistics facilities to roads and bridges.

P303 is the name of multi-family dwellings that, based on the industrial approach, can be built in four months for a very low fixed price and with annual energy consumption of 59 kWh per square meter. P303 is a result of full utilization of the shared platform concept. Every stage of the production process has been carefully developed and is duplicated exactly time after time. Continuous improvements are also implemented to fine tune the method. Interest in P303 has grown strongly. During 2011, construction started on one hundred P303 apartments.

NCC Folkboende is another example of industrial construction with units in four-to-eight story point blocks. By using a standard platform and smart solutions – for example, all shafts for installations are situated in the middle of the building – NCC Folkboende housing units can be built in 12 months. The buildings feature high standards and are energy efficient. Energy consumption in the buildings is much lower than con-

CUSTOMER MIX, SHARE OF NET SALES

The share of internal sales attributable to housing and commercial premises increased in 2011, compared with 2010. The share of other private customers in the customer mix declined.



Plaza Business Park in Vanda, Finland.



struction industry norms, which also contributes to low operating and maintenance costs.

PLANNING AND PROJECT ENGINEERING

Most construction and civil engineering projects are unique, with few opportunities for 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 factor 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 that may range from replacements of pipe systems in apartment blocks to large-scale infrastructure projects.

One of the advantages of being a large construction company is that it forms a solid foundation for developing project engineering and planning tools and platforms. Economies of scale can also be derived from negotiating volume discounts on procurements of goods and ser-

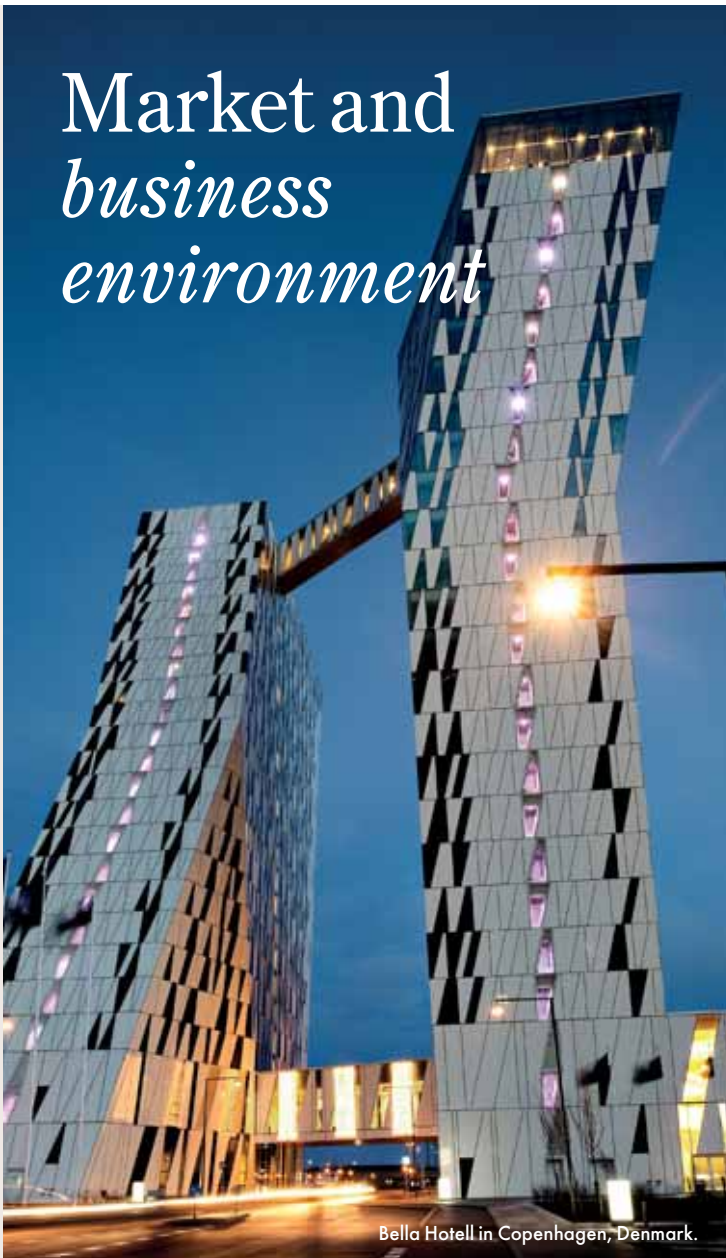
vices. This capability provides benefits in the unique solutions and is a prerequisite for industrial construction.

NCC PARTNERING

The focus on NCC Partnering, a cooperation format whereby the customer, NCC and other project participants jointly formulate project targets and perform the work under shared responsibility, has been successful. NCC's experience and evaluations show that the entire delivery is improved, both for NCC and the customers. This form of cooperation is now in demand among many customers, both private and public, and the proportion of partnering projects continues to increase. At year-end 2011, partnering projects accounted for 32 percent of external sales.

The ongoing trend toward strategic partnering creates long-term customer relations while longer framework agreements are negotiated through partnering. Once the partners get to know each other and develop

Market and business environment



Bella Hotell in Copenhagen, Denmark.

The Nordic construction market was robust in early 2011, but the autumn was characterized by uncertainty caused by the European debt crisis. Despite this, orders received were strong, and maintained a high quality. Demand for housing remained firm in attractive locations but sales required more time, particularly in less attractive areas.

SWEDEN

Growth in the Swedish economy was strong during the first half of 2011, but the international financial uncertainty had a negative impact on economic growth during the autumn.

The recovery that started in the Swedish construction market in 2010 continued during 2011, but the risk of decline caused by the international turbulence has increased. It is estimated that the Swedish construction market grew by 3.5 percent during 2011, according to Euroconstruct.

New construction of housing increased and is now approaching levels that prevailed before the financial crisis. The market for multi-family dwellings showed favorable growth, while production of single-family homes remained weak. Other building construction increased during 2011, driven mainly by orders received from the public sector. The civil engineering market was stable, compared with the preceding year.

DENMARK

The Danish economy showed weak growth during 2011. Concerns in financial markets and the parliamentary election that resulted in a new minority coalition government created heightened uncertainty.

confidence in each other, opportunities arise to progress from project partnering to strategic partnering. In a long-term partnering cooperation that extends over several projects, the partners are able to work in a more structured format that provides exchanges of experience and, in parallel, the resulting repetition increases quality and reduces costs.

TENDERING PROCEDURES

Managing risks is a key fundamental competency for NCC's construction operations. Risk management is based on well-functioning shared business systems and well-developed procedures for tendering new projects.

VIRTUAL CONSTRUCTION MORE COMMONPLACE

NCC has experience from using virtual construction in more than 350 projects, and the company applies virtual techniques and methods in Sweden, Norway, Finland and Denmark. As a result, NCC has become a leading

player in virtual construction in the Nordic region and globally.

In simplified terms, a virtual project is built on a scale of 1:1 in a three-dimensional computer model (BIM) before it is physically constructed. Virtual construction is fundamentally a matter of providing all of the parties involved with a common language in which all communications and blueprints are based on the project's 3D models, which are reconciled with each other in a common virtual model. The models provide further insight into the project's processes through a time plan, and the complete mass of information can be integrated. The result is effective, quality-assured and carefully controlled implementation. Virtual construction also makes financial considerations more secure—from tendering to management. The digital information flow creates completely new opportunities for improved efficiency in the construction process. Virtual construction is used in all types of projects (buildings, housing, land improvements,

According to Euroconstruct, the Danish construction market is estimated to have grown 3.3 percent in 2011 after several years of decline.

New housing construction declined 66 percent from 2006 through 2010. Some growth was noted in 2011 mainly as a result of government subsidies in certain segments. Only the central parts of Copenhagen are showing favorable demand for housing. Activity remains sluggish outside the most attractive locations. Other building construction continued to show weak growth, but the trend is fragmented. Construction in the private sector continues to decline, while the public sector showed some growth, with particular emphasis on schools and healthcare facilities. The civil engineering market remained relatively stable.

NORWAY

The Norwegian economy has remained virtually unaffected by the international uncertainty. The government is financially strong and employment is increasing.

According to Euroconstruct, the Norwegian construction market showed favorable development, with growth estimated at 6.3 percent in 2011. Particularly strong growth was reported in new housing construction. Construction of other buildings and civil engineering projects also developed favorably. The civil engineering market has grown strongly in recent years, fueled by public sector investments. Strong growth is also anticipated in future infrastructure expansion projects.

FINLAND

The Finnish economy became progressively weaker during the year. The Finnish construction market showed modest growth estimated at 2.6 percent during 2011, according to Euroconstruct. Housing

construction increased, however, despite the country's weak economy. Construction of multi-family dwellings declined sharply during the financial crisis. Government subsidies in certain segments led to a sharp increase in new housing construction during 2010. These subsidies were discontinued in 2011. The market for the construction of other buildings was strong following the sharp decline of the two preceding years. The civil engineering market declined somewhat following the completion of several major projects.

OUTLOOK FOR THE NORDIC CONSTRUCTION MARKET 2012

Segment	Sweden	Denmark	Finland	Norway
Housing	↗	→	↗	↗
Buildings	↗	→	↗	↗
Civil engineering	→	→	↘	↗
Total	↗	↗	↗	↗

(Source: NCC AB.)



Falcon Business Park in Espoo, Finland.

infrastructure) in which NCC is able to control the engineering process. Implementation is mainly a matter of creating new work methods and adopting a new and different approach to the information. It is actually more a matter of changing people's behavioral patterns and information processing than a matter of technology.

SYSTEMATIC PURCHASING

A systematic purchasing approach offers considerable opportunities to reduce costs. Since procurements of materials and services account for approximately 65 percent of the NCC Group's costs, the area is of major significance. Historically, competition in the field of building materials and services contracts has been weak since the construction industry has often purchased materials and services in the local market. This is also one of the reasons why the increase in construction costs exceeded the consumer price index for many years.

NCC's purchasing work is guided by two main principles. The first is to coordinate purchasing in the Nordic region as part of efforts to achieve benefits of scale. Another positive effect of coordinated purchasing is that it reduces the number of suppliers and various items, which also creates cost-savings effects. The utilization of a purchasing system developed in-house has enabled NCC to increase its coordination of Nordic purchasing. The foundation comprises an IT-based support system that enhances the efficiency of the purchasing process and creates opportunities for greater coordination and follow-up.

The second main principle is to purchase goods and services internationally. NCC has established purchasing offices in the Baltic countries, Poland, the Czech Republic, Germany, Turkey and China. The average cost of goods purchased internationally is more than 20 percent lower than the corresponding cost of goods purchased in the Nordic region. Local pricing is impacted positively when NCC subjects local suppliers of building materials 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 in which NCC purchases total-package solutions that include materials, transportation, assembly services and, in certain cases, project engineering, are becoming more commonplace.

GREEN CONSTRUCTION

NCC represents an industry with a high environmental impact. NCC is evolving from developing energy efficiency to focusing on and protecting the environment

throughout the entire construction process. The aim is to make it simple for customers to be environmentally conscious, both in the actual construction process and in terms of utilization.

NCC is the leader in environmental classification and its activities include the development of the BREEAM environmental classification system. During 2011, a pilot project was initiated in which CEEQUAL environmental labeling is being tested in major civil engineering projects. NCC was also one of the driving forces behind Basta, a Swedish construction initiative focused on eliminating harmful substances from the construction process.

NCC is one of the Nordic construction companies with the most extensive experience of passive buildings, and all housing units built under proprietary management are low-energy structures. NCC has also built several buildings classified in accordance with the EU's GreenBuilding initiative; in addition, the Group has built hospitals, office buildings, retail and warehousing facilities that meet the GreenBuilding criteria for energy consumption. This means the buildings use 25-percent less energy than the applicable norm in each respective country.

NCC wants to make it easier for customers to make environment-friendly choices and offers Green Tenders in Sweden. This means that NCC in Sweden, for all tenders in excess of SEK 50 million, submits an alternative bid with a special focus on the environment. The customer can then decide to utilize NCC's expertise in Green Construction and receive a concrete environmentally adapted offering.

"ZERO VISION" FOR SAFER CONSTRUCTION

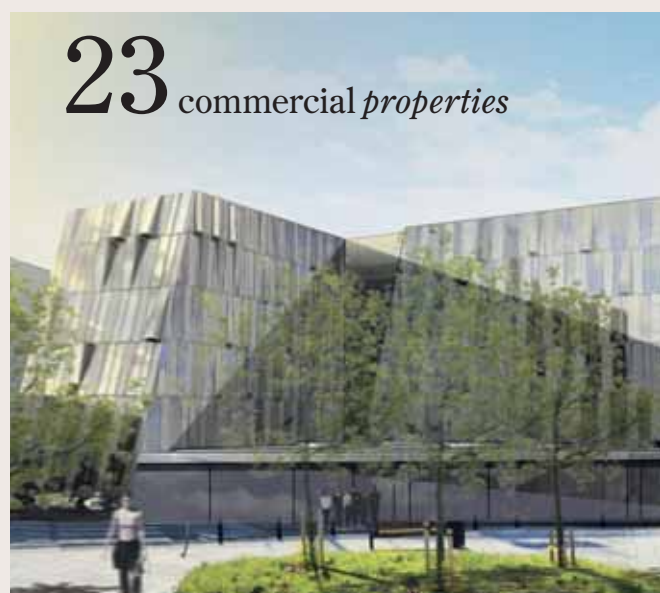
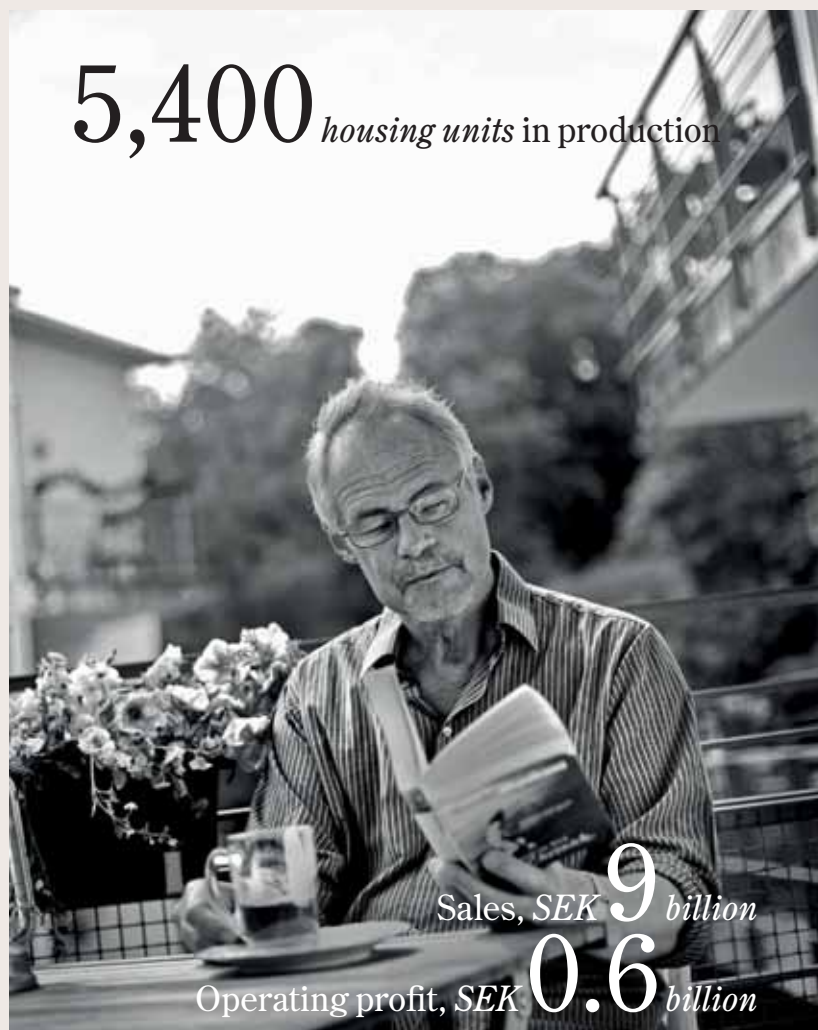
Efficient and successful construction projects are almost always characterized by low sickness absence and few occupational injuries. The planning and management of activities include a high level of control and monitoring of environmental, health and safety issues.

NCC devotes considerable resources to the training, support and follow-up of work-environment activities in all countries in which the company operates.

NCC's systematic work-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" policy with regard to workplace accidents and works continuously to improve its safety culture.

Attitudes toward the work-environment effort are based on NCC's values and influence the entire organization's stance and approach to these matters.

Development operations



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

SHARE OF NCC TOTAL



FAST FACTS

SEK M	2011	2010	Change, %
Net sales	8,907	8,899	0%
Orders received ¹⁾	9,485	10,534	-10%
Operating profit	633	443	43%
Capital employed	12,035	9,656	25%
Average number of employees	1,046	983	6%

¹⁾ Refers solely to NCC Housing.

STRATEGIC ACTIVITIES

Expand

- Housing development operations
- more efficient processes
- broader product mix

GROWTH TARGETS

The aim is for housing development operations to grow during the strategic period of 2012–2015. The target is that the number of housing units under production will amount to at least 7,000. NCC currently has a favorable portfolio of commercial development projects, and the target for the strategic period is to retain the project portfolio at this level.

Housing development *based on customers and markets*

As a result of its geographic presence in eight markets, NCC is the leading housing developer in Northern Europe.

NCC's markets comprise a population of 48 million people, a figure set to increase by one million over the next five years. The strong urbanization trend in progress worldwide means that growth will occur in the metropolitan regions to which an increasing number of people are moving. NCC's strategy of operating solely in metropolitan regions showing definite growth and a stable local labor market creating demand for new housing stands firm.

GOVERNED BY CUSTOMER REQUIREMENTS

All professional housing development is based on the ability to understand customer requirements and create favorable residential environments based on these. NCC is active in all links of the value chain, from project concepts and analysis to land acquisition, conceptual development, production, marketing and sales all the way to the completion phase and the aftermarket. This is a capital-intensive business in which NCC assesses which areas in the various markets offer the greatest return over time. The entire development process is undertaken in close cooperation with municipalities, landowners, architects and other stakeholders

The housing market is not homogeneous but instead consists of several segments that range from recre-

ational housing and individual private dwellings to complex architectural landmarks. NCC develops housing solely for permanent residence and is primarily active in two types of housing: group-built single-family dwellings and multi-family buildings. The latter segment comprises both standard housing and, in areas that have the propensity to pay, uniquely designed buildings.

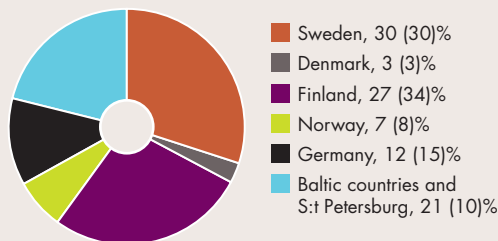
The distribution between the above segments varies depending on the market. In Germany, group-built single-family dwellings account for more than 60 percent of the market. In the Nordic region, the situation is reversed, with apartments representing almost 60 percent of the markets in Sweden, Norway, Finland and Denmark. In St. Petersburg and the Baltic countries, the market comprises almost exclusively apartments.

Fundamental analyses of customer requirements and market needs are conducted continuously. During the year, for example, a customer survey of potential house buyers in each market in which NCC is active was undertaken in a bid to better understand customer preferences and their primary values. An important insight from the particular survey is that customers, to a greater extent than previously, are appreciating a short interval between the purchase and the date of occupancy.

Consequently, it is important for NCC to continue its efforts to speed up and efficiency-enhance processes for housing development, thus reducing the time from the housing start. The efficiency of production itself must also be improved.

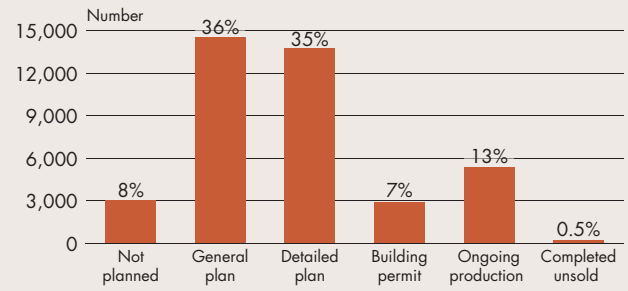
**GEOGRAPHIC MARKETS,
HOUSING UNDER PRODUCTION**

In 2011, NCC had housing starts in all markets, primarily in Sweden, Finland and St. Petersburg. Sweden and Finland accounted for a large share of ongoing housing production at year-end.



**PORTFOLIO OF DEVELOPMENT RIGHTS,
ONGOING AND COMPLETED HOUSING**

Of the total portfolio of 34,200 development rights, approximately 16,000 have made considerable progress in the development process, with building permits or detailed development plans in place, thus continuing to provide favorable potential for project starts in the years ahead. For 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 municipalities accounts for a major share of value generation in housing development. The percentage figure denotes NCC's total development rights.



PLATFORMS – SUPERIOR QUALITY AT LOWER COST

NCC seeks to create shared platforms for residential production, thus generating major economies of scale, with lower costs, larger procurement volumes and superior quality. Using shared platforms, NCC will be able to develop high-quality, attractive housing and also keep production costs low, while retaining flexibility.

Process flexibility is extremely important. In the development of group-built single-family dwellings and large areas of multi-family dwellings, it is crucial to divide up the project into a number of small stages. By developing a relatively small but efficient organization that tracks the project all the way through the various stages, a repeat effect is gained that leads to cost and time savings.

Although NCC's customers consist largely of private individuals investing in their own housing, interest among investors is also growing in what are referred to as package deals. NCC acquires the land, conducts project engineering, builds and rents out the object before selling on to financial investors who see the value of investing in attractive housing projects. This may involve municipal housing companies or private property managers wishing to acquire new acquisitions for their portfolio.

During the year, a number of package deals were completed in Finland and Germany, including the sale of the Sonnengarten housing complex, comprising 145 apartments, outside Berlin.

INTERNET INCREASING IN IMPORTANCE

The Internet is the most effective and clearly dominant sales channel. Ever-greater numbers of customers are finding their new dwellings via NCC's websites or linked portals. Innovative visualization tools enable potential customers to take a virtual tour around the dwellings

that catch their interest while also choosing from various options in the selected apartment. The use of web-based sales tools enhances the willingness of customers to buy their new dwelling at an early stage – long before an exhibit apartment is available for visiting.

NCC offers various types of security packages for those buying a new dwelling. The package contains insurance, guarantees and services that protect and assist customers both before and after the purchase of an NCC home. Among other features, cover against a doubling of living costs, unemployment and illness is offered.

REDUCED ENERGY CONSUMPTION

NCC has established an explicit goal of reducing energy consumption in buildings throughout their lifecycle. In all markets in which it is active, NCC's goal is to reduce energy consumption to below the norm for each country. Apart from generally low energy consumption, NCC is also developing low-energy passive buildings. These are well-insulated buildings that are heated by heat generated by the residents themselves. Heat from residents, electric equipment and from the sun shining through windows is sufficient to maintain a pleasant indoor temperature. The development of low-energy housing is a step in the right direction in meeting the climate targets set by the EU of reduced carbon-dioxide emissions and energy consumption.

NCC also offers various tools that help customers to personally calculate their energy consumption and thus save money and reduce environmental impact. By means of climate declaration of housing units, NCC facilitates customers in making an environmentally correct choice of housing.

HOUSING DEVELOPMENT

	Group		Housing development, private customers		Housing development, investor market	
	2011	2010	2011	2010	2011	2010
Development rights, of which options	34,200	30,300				
	10,700	7,900				
Housing starts			3,564	3,489	852	1,009
Housing units sold			2,504	2,727	724	1,009
Housing under construction			4,233	3,533	1,130	1,326
Sales-rate units under construction, %			42	58	89	100
Completion rate units under construction, %			43	43	49	48
Profit-recognized housing units			2,764	1,579	735	1,116
Unsold completed housing units			198	97		
Housing units for sale (ongoing and completed)			2,653	1,593		

During 2011, NCC sold 3,228 housing units, including 724 in projects sold to investors. A total of 2,764 (1,579) housing units for private customers were completed and recognized in revenues in 2011. As a result of stable demand, combined with expectations that interest rates will remain low and that economic growth will stagnate during 2012, the number housing starts leveled off and totaled 4,416 housing units in 2011, including 852 in projects sold to investors.

Market and business environment

During 2011, demand was stable in the housing market both in the Nordic region and in St. Petersburg. In NCC Housing's markets, prices generally remained stable for newly produced housing units. In Denmark, however, the market outside central Copenhagen continued its downward trend. The German market continued to display stable demand, with a trend towards rising prices. Housing markets in the Baltic countries stabilized, but remain weak. Over the course of the year, the business environment was marked by the escalating financial unrest, which affected economic recovery. However, considerable demographic pressure in metropolitan areas continues to drive the need for new housing construction.

In Sweden, the low production of rental units is leading to a channeling of demand for housing to the market for tenant-owner apartments and owner-occupied single-family dwellings. These saw a sharp price rise during 2010, notably in the Stockholm and Gothenburg metropolitan regions. During 2011, prices for new production in central locations were stable and were not impacted by a slight price decline in prices in the second-hand market and outside growth centers.

The Danish housing market – which has been under pressure for a number of years due to substantial supply and low demand, resulting in very low new production – was adversely affected by the financial unrest that emerged after summer 2011. This disrupted the recovery that had begun in 2010 and extended to summer 2011, and the market is currently again under pressure outside central Copenhagen.

In Finland, the economic recovery and a strong demographic trend in a number of growth areas such as Helsinki, Tampere, Turku and Oulu, provide stability in the housing market, despite the economic unrest throughout the Euro-

zone. In Finland, there is a broad mix of letting forms for new production, with both price-regulated and market pricing for rental and owner-occupied housing units. During 2011, as a result of the market trend, NCC continued its focus on the sale of housing sold directly to private customers. The potential to develop rental projects for the investor market is affected primarily by production costs.

The Norwegian market is dominated by owner-occupied dwellings and apartments, while rental units are considerably less common than in Sweden. Consequently, the positive economic trend, combined with a low level of new production, is leading to continuing price increases for owner-occupied housing units in the metropolitan regions such as Oslo, Bergen and Stavanger.

The German housing market is characterized by a smoothly functioning rental market and conservative mortgage levels among households in owner-occupied, single-family dwellings and apartments, thereby restraining rapid price increases. The combination of positive economic growth and confidence in the future has led to continuing stable demand, rising prices and rents in the major growth regions such as Berlin, Hamburg, Düsseldorf, Frankfurt, Cologne and Bonn. NCC is active in the lower price segment of the market, where stable demand is expected.

In the Baltic countries, the trend remained slightly positive in 2011. The economic situation has stabilized but remains under pressure, while the demographic trend is also weak in the major cities. However, there is a pent-up need for new, modern and more energy-efficient housing.

St. Petersburg – as in the Baltic countries – has a considerable need for new, modern and more energy-efficient housing.

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

Residential markets in the Nordic region experienced stable demand in 2011. The number of housing starts increased in 2011, primarily in Norway but also in the Danish market. In Sweden and Finland, which noted a sharp increase in the number of housing starts in 2010, a slight decline occurred.



Swedish Krona housing in St. Petersburg, Russia.

Commercial properties *that meet future requirements*

Customer wishes are the point of departure when NCC develops commercial property. It all begins with an idea based on many years of experience of identifying optimal sites for future commercial buildings, and of a profound understanding of the requirements of current and future customers.



NCC Property Development develops and sells commercial property in defined growth markets in the Nordic region and the Baltic countries, with a focus on office, retail and logistics properties.

NCC controls the entire value chain from concept and analysis to the sale of the property, when capital is released for new projects.

FOCUS ON CUSTOMER REQUIREMENTS

All customers are unique. Depending on the type of premises the customer is looking for, NCC has a complete, advanced customer offering.

To be able to offer the right products in the right locations, an understanding of prospective customers' requirements is essential. Since processes are protracted, it is crucial to gain insight into future rents to be able to foresee the wishes and demands of tomorrow's customers. Analyses must offer the right direction in terms of the type of property and the geographical location that tenants will wish to use as their workplaces in

five to ten years' time. This working approach is referred to as NCC Future Solutions and is a systematic method for accumulating knowledge through future-based studies, customer interviews and other forms of trend monitoring and surveys.

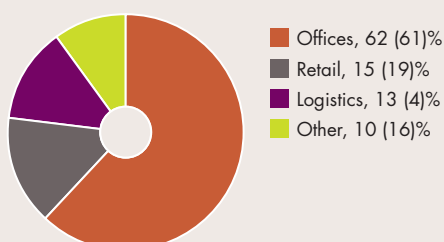
In the case of office buildings, part of the project is based on the customer's selection criteria in terms of hard factors such as the facility's space efficiency or a location that is suitable for customers and employees in terms of communications; alternatively, the customer may wish to have offices in a sustainable building with the focus on energy optimization and a choice of environmentally compatible materials. But the customers also make their choice on the basis of other values, such as a business partner in whom they have confidence, who guarantees a secure relocation process and who offers efficient and pleasant premises. Other customer criteria may be that offices, office building and the location should reflect their proprietary brand.

When NCC develops a commercial property, the point of departure is an excellent commercial location that offers considerable flows of people and traffic, as well as premises that are optimized for selling the tenant's products or services. A detailed analysis is performed of traffic flows, parking opportunities and how the customer's incoming goods flows can be managed, of the other commercial players that could feasibly attract similar customer segments, and many other factors of significance to the customer's business.

For a customer seeking warehouse facilities and logistics solutions, the location and highly efficient goods flows are the two single most important criteria. NCC has specialist expertise in optimizing warehouse solutions in terms both of functionality and costs, which, combined with standard solutions for warehouse buildings, constitute excellent conditions for offering the optimal solution for every customer.

PRODUCT MIX, SHARE OF NET SALES

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



MAJOR PROJECTS IN 2011

The number of development projects initiated during the year totaled 12. Major projects include the Hämeenlinna Shopping Center in Finland and Torsplan in the new Hagastaden district in Stockholm. The Hämeenlinna Shopping Center, which comprises some 26,000 square meters of retail space, will move the entire center of Hämeenlinna towards the west. The Torsplan property consists primarily of 22,000 square meters of office space, with Axfood as the single largest tenant, as well as 8,000 square meters of retail and service space on the ground floor. At year-end 2011, NCC had 23 ongoing projects with a total investment value of SEK 5.6 billion. As of the same date, the development rights portfolio contained about 1.1 million square meters of development rights as well as 0.6 million square meters in land options and land allocations. Work involving

some fifty development projects throughout the Nordic region and Baltic countries is progressing as planned.

PROPERTY DEVELOPMENT PROJECTS¹⁾

Country (number)	Completion rate, %	Leasable space, square meters	Leasing rate, %
Sweden (9)	31	135,800	56
Denmark (9)	81	77,500	75
Finland (5)	17	48,500	46
Total (23)²⁾	41	261,800	58

¹⁾ The table refers to ongoing or completed property projects that have not yet been recognized as revenue. In addition to these, NCC is working on leasing (rental guarantees/supplementary sales prices) for five previously sold property projects that have been recognized as revenue, of which the largest projects are an office building in Frederiksberg, Denmark, and two office buildings in Finland, one in Espoo and the other in Vantaa. A complete and more detailed table is presented in the year-end report on www.ncc.se.

²⁾ Completed and commenced projects at year-end included four projects for which sales contracts were signed but have not yet been recognized as revenue.

Market and business environment

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

In view of the unstable situation in the European financial market, certain investors are seeking to broaden their portfolios

by investing in real estate, a trend that works in NCC's favor. Considering the prevailing macroeconomic conditions, it is also noted that investors are showing growing interest in the Nordic property market, since the economies there appear much more stable than in some other parts of Europe.

During the first half of 2011, the Nordic transaction market was marked by recovery and a stable level of activity, before slowing during the latter half of the year in the wake of the volatile economic situation. Overall, transaction volume declined slightly compared with the preceding year.



GREEN PROEPRTY DEVELOPMENT

The sustainability issue is high on NCC's agenda. By being positioned at the leading edge of this area, NCC can make an attractive offering to environmentally aware customers. All properties that NCC develops meet rigorous environmental requirements and have been environmentally classified since 2009 in line with the BREEAM system, which is the most wide-ranging environmental classification system in Europe. Read more about this subject at: www.ncc.se/breeam.

At year-end, 25 buildings had been classified or were set to be classified in line with BREEAM, of which ten buildings were in Sweden, nine in Finland, four in Denmark and two in Norway.

Future energy consumption in buildings has a substantial environmental impact on property development. Consequently, to reduce energy consumption in buildings, NCC has focused on this issue for many years and it was also the first real estate developer in Europe to be

admitted as a corporate partner in the EU's Green-Building program as part of efforts to reduce energy consumption in buildings. NCC has a total of 22 proprietary properties that are GreenBuilding classified. The Kaggen building in Malmö was Sweden's first office property to be classified, while Coop Forum in Kungälv, near Gothenburg, was the first commercial property in the Nordic region to gain such status.

A GreenBuilding-classified facility offers the customer favorable potential to achieve future energy performance that is 75 percent of the current norm. NCC is working intensely to train tenants in how their new premises are to be used to attain optimal environmental performance. Among other means, this is done using the Green Working tool, whereby NCC offers know-how and ideas regarding how the tenant can personally act in a more environmentally smart manner, primarily through reduced energy consumption. The key factor is what the tenant does on a daily basis.

Transaction volume in the Nordic real estate market totaled more than SEK 151 billion (177), for which Sweden accounted for SEK 85 billion (98), corresponding to almost 65 percent of the total transaction volume.

Modern development projects featuring smart solutions and stable tenants, combined with a focus on sustainability issues, are generally viewed as the key factors for investors, which means that NCC's projects are in demand and highly competitive.

COMPLETED LEASING CONTRACTS PER SEGMENT

m ²	Sweden	Denmark	Finland	Norway	Total
Offices	14,800	20,197	18,613	5,951	59,561
Retail	24,481	2,711	20,319	–	47,511
Logistics	25,829	–	–	–	25,829
Other	14,548	–	–	–	14,548
Total	79,658	22,908	38,932	5,951	147,449

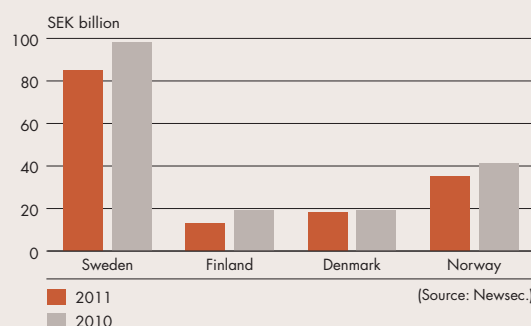
(Source: NCC.)

OFFICE MARKETS IN THE NORDIC REGION, 2011¹⁾

	Vacancy rate, %	Rent, m ² / year	Yield, %
Stockholm	7.5	2,650 (SEK)	5.25
Helsinki	7.4	205 (EUR)	6.40
Copenhagen	8.4	1,250 (DKK)	5.75
Oslo	4.3	2,500 (NOK)	6.00

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

TRANSACTION VOLUME



Transaction volume decreased in all Nordic real estate markets and totaled SEK 151 billion (177), for which Sweden accounted for SEK 85 billion (98), corresponding to almost 65 percent of the total transaction volume.



Sustainability *a key issue in the Group strategy*

NCC is helping build tomorrow's societies and sustainable cities by creating future environments for working, living and communication.

Population growth and continued urbanization are creating challenges in the form of increased demand for natural resources, which in turn requires more efficient resource consumption. In 2011, the world's population passed the seven billion mark and an increasing number of people are expected to live in urban areas in the future. Some researchers predict that this will be environmentally beneficial since many developments in the energy sector, for example, are best utilized in heavily populated city structures. For NCC, being a competent partner during this development is crucial – a partner that helps create sustainable societies, cities and infrastructure by developing new techniques and creating synergies between various players in society. All of NCC's operating areas have offerings that are relevant to meeting the future need for sustainable city development.

In 2011, a new national cooperation was launched by the Swedish Delegation for Sustainable Cities, initiated in part by NCC. The aim of this initiative is to create better conditions for coordination between the government, municipalities and private players, an objective that must be achieved if Swedish city districts are to become socially, economically and environmentally sustainable. The long-term aim of the project is to establish a certification system with specific criteria that must be

met for a city district to be certified as sustainable. The project's progress can be monitored at www.hallplatsen.nu.

SUSTAINABILITY DEVELOPMENT

To be an attractive company today and in the future, NCC must utilize the opportunities and manage the risks inherent to its operations. This report describes how NCC helps create more sustainable cities by developing new techniques, how NCC provides customers with an opportunity to live in energy-efficient properties with healthy indoor climates and how motorists can drive on Green Asphalt. It also describes NCC's efforts to build safe and secure workplaces.

The products and materials used by NCC in its various operating areas are purchased from a large network of suppliers. To manage the risks associated with such purchases, NCC has created an international purchasing unit responsible for systematically imposing demands, monitoring activities and carrying out third-party inspections. This organization utilizes advanced tools with parameters that must be fulfilled with respect to such areas as risk management, working conditions, salary, quality and how suppliers manage their climate impact.

“NCC will capitalize on this sustainability perspective to proactively develop new businesses.”



ABOUT THIS REPORT

This is NCC's second sustainability report and pertains to the 2011 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 2011 Annual Report and sustainability report, combined with

information on NCC's website, fulfill GRI's information requirements for compliance at level C.

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

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



Highlights 2011

- New Group work environment and safety strategy
- New Group strategy for the environment
- Revision of the Code of Conduct
- Introduction of the new CEEQUAL environmental classification system in the Swedish market
- Awareness Day was established
- Conversion of an additional nine asphalt works to produce NCC Green Asphalt

FOUR MAIN AREAS OF NCC'S CODE OF CONDUCT

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

NCC'S VALUES AND CODE OF CONDUCT

NCC's approach is based on its values of honesty, respect and trust. Focus, simplicity and responsibility are guiding concepts in all business situations.

NCC has a Code of Conduct that describes its values, business principles, approach to competition and conflicts of interest, human rights and work principles, as well as environmental responsibility. The Code of Conduct is based on NCC's values and complies with internationally recognized guidelines. In 2011, the Code of Conduct was revised to enable issues to be handled in a better way and to

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.

... and in our *guiding words*

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.

emphasize NCC's values and value-driven management.

The full Code of Conduct can be read at NCC's website www.ncc.se.

NCC joined the World Economic Forum Partnering Against Corruption Initiative (PACI) in 2005 and signed the UN Global Compact in 2010. This is NCC's Communication on Progress Report. As of 2010, NCC reports its sustainability efforts in accordance with the guidelines of the Global Reporting Initiatives (GRI) at level C.



WE SUPPORT

NCC helps customers *reduce their environmental impact*

NCC is one of the largest society builders in the industry, providing such products and services as roads, buildings and soil scarification. In its role as an industry leader, NCC aims to drive the shift toward a more sustainable society.

NCC'S PRIORITY AREAS

- **Climate and energy**
- **Chemicals and sustainable materials**
- **Environmentally labeled buildings and civil engineering structures**
- **Waste and recycling**

In its role as a society builder, NCC has an excellent opportunity to contribute to a healthier environment and help reduce climate impact. This happens in many ways. On the one hand, NCC offers its customers energy-efficient, climate-compatible products and services and works to create healthy developed environments, where NCC reduces the use of harmful substances and contributes to the recycling of materials and products. On the other hand, NCC aims to contribute through its efforts to continuously reduce its own environmental impact. For the period until 2020, NCC has established four priority areas for its environmental initiatives: climate and energy, chemicals and sustainable materials, environmentally labeled buildings and civil engineering structures, and waste and recycling. These areas should be reflected in both customer offerings and internal environmental work.

For NCC, being able to offer customers sustainable solutions that help reduce their climate impact is vital. This is achieved through a wide range of products and services, including everything from low-energy buildings and flood monitoring to NCC Green Asphalt. To accelerate development in the construction and civil engineering sector, NCC was the first company to introduce Green Tenders.

GREEN TENDERS

Green Tenders entail that in addition to its normal tenders, NCC also presents the customer with a Green Tender. As of 2010, NCC in Sweden always submits a Green Tender when it is involved in procurement processes valued at SEK 50 M or more. In a Green Tender, NCC offers a more climate-compatible solution than requested. In 2011, NCC submitted 120 Green Tenders.

In addition to offering more climate-compatible solutions and climate-declared projects, Green Tenders give NCC's customers the opportunity to provide climate compensation for their activities by contributing to UN and EU-approved climate projects. NCC in Sweden has

also decided to adapt a Green Construction approach when Green Tenders are being implemented. This means, for example, that NCC's construction sites must be equipped with energy-efficient machinery and portable cabins (see p.35).

ENVIRONMENTAL CLASSIFICATION

A KEY DRIVING FORCE

Demand for energy-efficient yet broadly sustainable solutions increases every year. NCC strives to take a proactive approach and has developed various offerings over a long period of time to meet customer needs. NCC aims to be a leader in the construction and property industry in terms of environmental responsibility. Accordingly, NCC currently offers a range of environmentally certified buildings and civil engineering structures featuring unique qualities suited to various customer requirements.

GreenBuilding is an energy classification system initiated by the EU Commission to promote increased energy efficiency. For a building to be classified as a GreenBuilding, it must consume at least 25 percent less energy than the norm. NCC has decided that all of its proprietary property projects are to be classified as GreenBuildings. To date, NCC has 22 GreenBuilding-classified buildings.

BREEAM is the leading environmental classification system in Europe. BREEAM tackles the issue of climate impact from a lifecycle perspective and, in addition to energy consumption, takes into account each property's numerous environmental impact factors from design to completed structure, such as transportation and the choice of location for the building. Recent studies show that the BREEAM system has helped save 4.5 million tons of carbon dioxide since it was established in 1988. At NCC Property Development, all projects are to be carried out in accordance with BREEAM, unless the customer demands another environmental classification – a demand that NCC is willing to meet. NCC currently has some 15 projects classified in accordance with BREEAM. NCC also offers other systems, such as LEED, Sweden Green Building Council (SGBC) and CEEQUAL. NCC currently has five LEED projects and 20 SGBC projects.

NCC is a leading supplier of passive buildings in the Nordic market. Passive buildings are not supplied with energy for heating, but rather are primarily heated by body heat, electrical devices, lighting and sunlight. The design of a passive building usually creates other positive effects as well, resulting in a higher living standard. This type of building still entails a somewhat higher

GREEN TENDERS INCLUDE:

- Suggestions for sustainable solutions in addition to those requested
- Climate declaration offering
- Carbon compensation offering
- Green Construction

GREEN BUILDING INCLUDES:

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

initial investment, although the long-term costs are generally offset by the reduced operating costs. NCC has constructed about 40 passive buildings, primarily multi-family dwellings but also residences for the elderly and preschools.

Environmental classification is also relevant to the Group's civil engineering operations and, in 2011, NCC introduced a project in cooperation with the Swedish Transport Administration that will serve as a pilot project for the CEEQUAL environmental classification system. This system was developed to promote sustainable land and civil engineering projects, from the concept stage to completion.

LOWER ENERGY CONSUMPTION AND INCREASED MATERIALS RECYCLING

NCC Green Asphalt is included in NCC's offering of environmentally compatible products. This is a manufacturing method that generates 30-percent lower carbon emissions compared with normal production. It also significantly reduces emissions of nitrogen dioxide, sulfur dioxide and carbon monoxide. NCC Green Asphalt is also positive from a work environment perspective, since the lower temperature reduces the amount of dust particles, smoke, volatile organic impurities and aromatic hydrocarbons.

Materials recycling is another key issue and NCC uses recycled asphalt when manufacturing asphalt. A stone-rich asphalt paving offering significantly extended durability and lower maintenance costs than traditional asphalt manufacturing has also been developed. This concept is known as "VIACO" and is available in a variety of asphalt mixes. In 2011, NCC Roads also opened recycling centers to enable NCC to gather and recycle more materials generated through its operations.

NCC'S INTERNAL ENVIRONMENTAL INITIATIVES

NCC's internal environmental initiatives are a key issue for the Group. To be seen as a credible supplier in the market, NCC must work to reduce its environmental impact. At the Group level, environmental issues are

addressed by an environmental council under the leadership of the Senior Vice President Corporate Environmental Affairs.

In 2011, NCC developed a new environmental strategy including targets to be attained by the year 2020, with four priority areas defined. The environmental strategy focuses on two main components: creating customer value and establishing systematic environmental initiatives designed to gradually reduce NCC's environmental impact. The strategy is part of NCC's Group-wide strategy.

THE GROUP'S CARBON FOOTPRINT

In 2011, NCC continued its efforts to calculate the carbon footprint of the various operations in the Group according to the Greenhouse Gas Protocol measurement method. In 2012, NCC will be able to measure the Group's carbon footprint according to Scope 1 and 2 under the Greenhouse Gas Protocol, meaning NCC's direct emissions from its own emission sources and all emissions from the consumption of electricity and heat. NCC began assessing the scope of the direct impact of its operations on carbon emissions in 2009 and much of the focus in 2011 was placed on creating processes and systems for gathering more reliable data. In 2011, NCC also procured an IT solution known as EcoGovernance, which will provide excellent support as NCC expands its climate data collection in the future. During the second half of 2012, NCC plans to analyze how the company can best measure its indirect emissions (Scope 3) and determine the type of emissions on which the company should focus.

To date, NCC's assessment shows that the Group's asphalt and aggregates operations have the greatest direct impact on NCC's carbon footprint. Asphalt production currently uses an oil product known as bitumen, which is heated using crushed rock in an energy-intensive process. NCC prioritizes its continued work to develop alternative methods that require less energy and fossil fuels. The second largest factor contributing to NCC's carbon footprint is the use of various types of vehicles in the Group.

CEEQUAL – E4 Expressway in Rotebro, one of Sweden's first environmentally classified land and civil engineering projects

NCC has launched Sweden's first environmentally classified land and civil engineering project, comprising the construction of two new road bridges along the East Coast Line at the E4 Expressway in Rotebro, Sweden's most heavily trafficked intersection.

The CEEQUAL environmental classification system aims to promote sustainable land and civil engineering projects by assessing the management of various environmental and social aspects, from the concept stage to completion. The pilot project is one of NCC's most important projects.

"This is a unique pilot project and provides a clear indication of how important we consider environmental issues to be in major infrastructure investments," says Göran Gerth, Environmental Manager at NCC Construction Sweden.

The CEEQUAL system assesses various factors, such as the consumption of land, water and energy, as well as the impact on the local ecology, landscape and residents.

The pilot project is being carried out in cooperation with the Swedish Transport Administration. Construction on the E4 Expressway in Rotebro is scheduled for completion in 2014, at which point NCC and the Swedish Transport Administration will conduct a final assessment of the CEEQUAL environmental classification system.





NCC's social sustainability work *guided by its values*

NCC is a value-guided, knowledge-based company. NCC aims to be the most attractive employer in the industry and takes a proactive approach to all aspects of sustainability.

An important factor in being an attractive employer is having a sound financial position and being able to offer motivating and stimulating assignments. Other important factors include solid management, skills-development opportunities, a safe and secure work environment, a focus on diversity and equal opportunities, systematic environmental initiatives and clear values that permeate the Group's daily operations. NCC's values are honesty, respect and trust. Focus, simplicity and responsibility are key concepts that govern NCC's approach to business. These values guide the Group's work and contribute to sound business ethics and a culture that takes a clear stance against corruption and supports human rights efforts in the Group and by suppliers in other parts of the world.

MOST ATTRACTIVE EMPLOYER IN THE INDUSTRY
NCC aims to be the most attractive employer in the industry by offering a sound work environment, competency development and career opportunities.

NCC's employees are the company's ambassadors and their willingness to recommend NCC as an employer is a testament to the attractiveness of the company. The Human Capital Index (HCI) for 2011 revealed an index value of 79 on a 100-point scale for the proportion of employees who recommend NCC as an employer. This should be compared with an index value of 62 for the European Employee Index (EEI), which is the benchmark.

Competency development

NCC is a knowledge-intensive organization with a constant need to provide training to its employees. To attract and retain competent employees and boost the Group's competitiveness, continuous training and development initiatives are carried out. In 2011, NCC continued its efforts in the areas of management training, busi-

ness ethics and work environment and safety. Each project requires unique expertise and NCC often focuses on competency development in cooperation with its various project partners.

It is important for NCC to keep abreast of the latest research, which it does by allowing doctoral students to play an active role in the organization and through partnerships with universities and colleges. NCC's initiatives in this area in 2011 included being the chief sponsor of a research project on green building conducted at the Royal Institute of Technology in Stockholm.

Listening to employees

Every year, NCC conducts an employee survey known as the HCI. NCC considers this an important tool for gathering information regarding employee satisfaction, employees' perception of management and the associated values, and the progress made in the Group's environmental initiatives. The 2011 HCI revealed positive trends in several areas. The proportion of satisfied employees rose to an index of 72 (71), the index measuring how proud the employees are to work for NCC rose to 78 (77) and the index measuring how strong the employees perceive NCC's management to be rose to 73 (72). The 2011 HCI also revealed an index of 78 when employees were asked how safe they felt at the workplace. Like the other results of the survey, this figure exceeds the industry average.

Workplace relations

NCC endeavors to establish favorable relationships with trade-union organizations, as reflected in the joint committees established at several organizational levels within the company and in all geographical locations. NCC's operations are cyclical. During the year, NCC had the opportunity to hire new employees and the total number of employees increased by 700.

Diversity a success factor

The development of equal opportunities and diversity initiatives is crucial to becoming the most attractive employer in the industry. The construction industry is male dominated and approximately 90 percent of NCC's employees are men. Among blue collar workers, the share of women is 2 percent. At the senior management level, the share of women is higher at 18 percent. NCC's ambition is for the proportion of female employees to match the percentage of female graduates and women enrolled in engineering programs at technical colleges, which is approximately 30 percent in Sweden. NCC works actively to recruit and retain female employees.

NCC has adopted an equality plan and in Sweden it has established a network known as "Stella," which is open to female academics and female managers at NCC. The aim of the network is to create better conditions for women to become managers at NCC.

BUSINESS ETHICS

NCC does not tolerate inappropriate business ethics or competition-impeding activities. NCC's values and the Code of Conduct clearly stipulate what behavior is deemed acceptable. Since 2002, more than 3,000 managers and specialists throughout the Group have received training in business ethics and competition law, and processes have been established to ensure appropriate behavior.

Despite these efforts, NCC learned during the year that certain employees had acted in contravention of the Group's values. In one case, a site manager in Sweden was dismissed after it was discovered that improper actions had been taken involving a relationship with a civil servant. The second case pertained to price collaboration in the asphalt industry in Trondheim, Norway. The actions that NCC allegedly committed in this part of the claim were performed by a former NCC employee during the years 2005–2008. The NCC employee in question retired some time ago. Hearing of the matter continues and a final ruling is expected no earlier than in 2012.

ACTIVE WORK INVOLVING NCC'S CODE OF CONDUCT

All NCC employees are expected to familiarize themselves with the Group's Code of Conduct called "Our way of being" (refer to p. 33), which is adopted by the Board of Directors. The Code of Conduct is a formal document that governs the actions of all employees, as well as NCC's relationships with its various business partners. The Code of Conduct was revised in 2011. A whistleblower function is in place for reporting transgressions of the Code. NCC has established work groups at both the Group and business area level that actively work to prevent improper behavior and investigate all reported transgressions.

NCC also engages in a dialog with its contractors and subcontractors. The focus of this dialog varies depending on the context in which business ethics are discussed.

HUMAN RIGHTS AND WORKING CONDITIONS

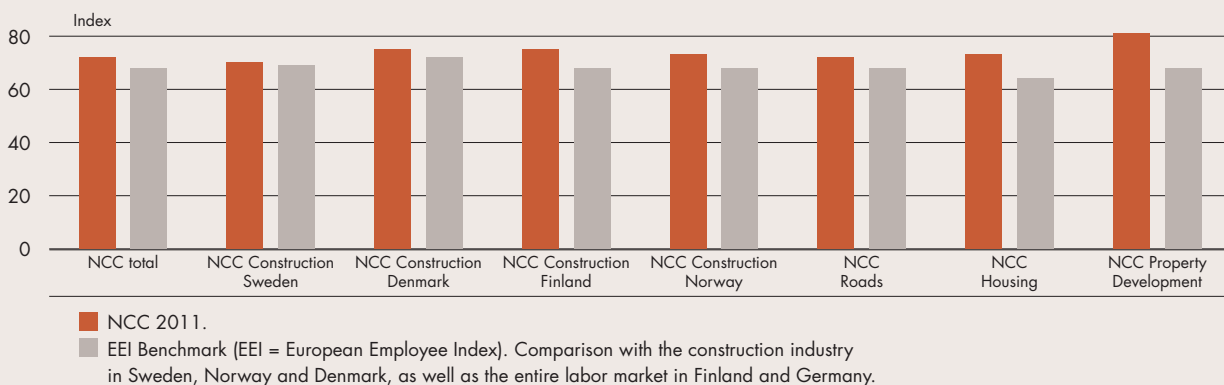
NCC supports and respects international guidelines concerning human rights, labor rights and working conditions. NCC has participated in the UN Global Compact since 2010 and has thus undertaken to adopt an active approach to issues involving human rights, working conditions, labor rights, the environment and sound business ethics in its operations and partner relationships.

NCC conducts most of its operational activities in the Nordic countries and has determined that the greatest risk of violations of these international guidelines lies in the supply chain in Eastern Europe and Asia. Accordingly, NCC's purchasing organization works proactively to ensure that the Group's suppliers meet NCC's requirements.

Just as it imposes requirements on its product suppliers, NCC also imposes requirements on its service suppliers. The purchasing templates used by each purchaser include questions for contractors and subcontractors concerning the work environment and working conditions. To be permitted to deliver services to an NCC construction site, these requirements must be fulfilled.

EMPLOYEE SATISFACTION AT NCC

Key questions in the Human Capital Index (HCI) survey are compared with the results of the European Employee Index, enabling NCC to measure its results against an industry index. The survey provides a description of the employees' job satisfaction and loyalty, and also encompasses questions regarding values, immediate superiors, motivation and commitment. NCC is better than the industry index in every market.



Work environment and *safety*

SECURE, SAFE AND HEALTHY WORKPLACE

NCC pursues a “zero vision” concerning workplace accidents. Workplace safety is one of the principal issues facing NCC. Creating the right conditions requires sound procedures, knowledge and strong, systematic leadership, and NCC works continuously to ensure that these parameters are in place.

At construction sites, there is always a risk that mistakes could result in serious consequences and NCC works proactively to reduce risks and minimize negative effects.

THINK SAFE, WORK SAFE AND BE SAFE

NCC’s accident trend has leveled off in recent years but extensive efforts will be required for the Group to achieve its established targets. In 2011, NCC lost two employees in fatal accidents. These accidents serve as a reminder that safety must always come first, that a constant need for safety information exists and that all employees involved in a project must be well informed of the specific safety issues associated with a construction site. NCC is responsible for establishing effective procedures and ensuring that these procedures are applied correctly.

THE RIGHT ATTITUDE AND BEHAVIOR ARE CRUCIAL

Efforts to improve the safety culture are crucial in creating safe workplaces. Surveys show that approximately 80 percent of all accidents occur due to inappropriate or risky behavior. The behavior of individuals has an impact on the safety of a construction site and it is thus imperative that all employees know what constitutes safe behavior.

In this year’s employee survey (HCI), the statement that the employee felt safe at his or her workplace

received an index of 78. Although this is a relatively high figure compared with the rest of the industry, it is still too low. When it comes to health and safety, NCC will only be satisfied with a figure of 100.

EVERYONE MUST HAVE SUFFICIENT KNOWLEDGE

All employees and subcontractors working at an NCC construction site must have a basic knowledge of health and safety issues. Each site manager is responsible for ensuring that all contractors and subcontractors at the workplace in question have been informed of and accepted NCC’s procedures and requirements.

AREAS OF IMPROVEMENT INVOLVING THE WORK ENVIRONMENT

NCC takes a systematic approach to analyzing where mistakes occur and how the various units react to incidents and accidents. Each year, NCC performs more than 1,000 workplace reviews. These reviews are carried out for various purposes, such as identifying shortcomings and improvement opportunities. Another is to determine what is working well, to identify good examples and share information about these examples within the Group.

WORK ENVIRONMENT AND SAFETY CONTROL

In 2011, NCC developed a new Group strategy for health and safety containing four prioritized areas – safety culture, attitudes and behavior – as well as three prioritized high-risk areas, established on the basis of analyses and feedback from NCC’s Awareness Day. These high-risk areas are: working at heights, heavy lifts by construction cranes and work in heavily trafficked environments.

The new Group strategy for health and safety also establishes parameters for creating a healthy work envi-

Awareness Day with focus on safety

In 2011, NCC dedicated a special day to emphasizing that safety must always come first. All normal Group operations stopped at 9:00 a.m. and part of the day was devoted to discussions and reflections regarding the work environment and workplace safety.

All employees were encouraged to submit feedback and constructive suggestions to improve safety. The responses received far exceeded the Group’s expectations and showed that safety is an issue that truly engages people. This employee feedback was a valuable contribution to NCC’s continued efforts to create a safer work environment.



SICKNESS ABSENCE

NCC Group	2007	2008	2009	2010	2011
Sickness absence, %	4.2	4.0	3.6	3.3	3.5

ACCIDENT FREQUENCY

NCC Group	2007	2008	2009	2010	2011
Accident frequency ¹⁾	15.2	12.8	11.8	13.3	14.6

¹⁾ Number of accidents resulting in one day of sickness absence or more per million worked hours. The figures for 2011 also include accidents that did not lead to sickness absence but to absence from ordinary work.

ronment, including ergonomic considerations, stress management and active efforts to tackle any problems arising with alcohol and drugs. In 2011, NCC had a sickness absence rate of 3.5 percent (3.3).

Different business areas have different strengths that are worth highlighting and applying throughout the Group. NCC has established a work-environment group at Group level comprising work environment representatives from each country and business area. The Group

is responsible for structuring and systemizing cooperation, communications and reporting in order to enhance the efficiency of efforts to create a safer workplace. The Group-wide work environment and safety group reports to Group management at least twice annually and work environment data is included in the Group reporting system. The Board of NCC AB monitors the Group's work-environment initiatives carefully and regularly.

Responsibility in connection with purchasing

Purchasing is a central component of NCC's operations and purchases account for approximately 65 percent of the Group's total costs. NCC works proactively to manage the risks that arise at the purchasing level. The purchasing level is complex, due to the high level of variation and quantity of the products and services NCC purchases. In 2011, stricter demands were imposed on environmental and social performance when assessing international suppliers and the supplier base has subsequently been reduced by about 20 percent. NCC also made progress in its work to ensure supplier compliance with NCC's requirements.

If a supplier is unable to comply with the general requirements imposed by NCC, the relationship is terminated. Only suppliers that are considered to have fulfilled NCC's general requirements are permitted to participate in the Group's tendering process.

NCC continuously endeavors to improve its supplier relationships and partnerships in order to reduce its purchasing costs and increase control. This work to cut costs and achieve the industry's lowest purchasing costs cannot be carried out at the expense of quality or the ability to fulfill NCC's criteria. Instead, focus must be placed on coordinating purchasing, creating joint processes and generating synergies between various projects and business areas.

To achieve a greater degree of control in the value chain, NCC has established its own material suppliers in order to expose existing intermediaries to competition. Two such examples are NCC Balk and NCC Supply. NCC Balk supplies beams to NCC's subcontractors and

blacksmiths as of 2011 and NCC Supply will supply building materials and logistics solutions to the NCC Group as of 2012.

FOLLOW-UP OF SUPPLIERS

NCC's international suppliers are audited annually. Should a previously approved supplier fail the annual audit and NCC determines that the violation is of a serious nature, cooperation will be terminated. Once the disqualified supplier has corrected the violation and the requirements have been fulfilled, cooperation may be resumed. NCC works strategically and systematically to help its suppliers understand and fulfill their requirements. NCC is assisted by third-party auditors when conducting these reviews.

INTERNATIONAL COOPERATION ENHANCES EFFICIENCY

NCC is a member of the Business Social Compliance Initiative (BSCI), an organization operated by international companies with the aim of improving labor conditions in the international supply chain. Through its membership of BSCI, NCC has an opportunity to boost its level of expertise and benefit from the experience of other companies. Membership of BSCI also entails that all of NCC's suppliers in high-risk countries must comply with BSCI's and NCC's Code of Conduct.

SUMMARY OF GENERAL REQUIREMENTS IMPOSED ON ALL SUPPLIERS

- Risk management
- Management of environmental impact
- Labor conditions and labor law
- Health and safety
- Human rights
- Existence of appropriate environmental management and quality systems

NCC's stakeholders 2011

Customers

KEY ISSUES

- Be the customers' first choice and build strong, long-standing customer relations.
- Contribute to sustainable social development.
- Offer attractive cooperation formats.
- Have the highest production efficiency in the industry.
- Energy-efficient products and services.

FOCUS IN 2011

- Development of various green alternatives.
- Energy-efficient products and services.
- Carbon footprint.
- Long-term focus on research and development.
- NCC Partnering and function contracts.

PRIORITY ISSUES FOR 2012

- Further develop NCC Partnering and function contracts.
- Further develop various green alternatives and energy-efficient products and services.
- Refine the carbon footprint model.
- Increase knowledge of customer preferences.
- Attractive offerings that create value for the customer and the customer's customer.

Users/The customer's customer

KEY ISSUES

- Create healthy built environments.
- Reduce climate impact.
- Efficient and appropriate housing, premises and civil engineering structures, with low life-cycle costs.
- Energy-efficient products and services.

FOCUS IN 2011

- Future-oriented studies.
- Climate declaration of all types of buildings and civil engineering structures.
- Environmentally classified buildings and civil engineering structures.

PRIORITY ISSUES FOR 2012

- Offer green alternatives.
- Offer environmentally classified buildings.
- Attractive offerings that create customer value.

Shareholders

KEY ISSUES

- Increased value growth.
- 20 return on shareholders' equity after tax.
- Financial stability.
- At least half of after-tax profit distributed to shareholders.
- Leading player.
- Be the customers' first choice.
- Business-driven sustainability work.

FOCUS IN 2011

- Profitable growth.
- Competitiveness.

PRIORITY ISSUES FOR 2012

- Profitable growth.
- Focus on customers.
- Strengthen NCC's capacity to create sustainable value.

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 and values, as well as the formulation of this sustainability report.

NCC has identified its stakeholders and its principal issues through an internal analysis process with the participation of the CFO, Senior Vice President Corporate Communications, Senior Vice President Environmental Affairs, Senior Vice President Human Resources and Work Environment (health and safety) and Head of 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 include customers, users, shareholders, suppliers, employees, authorities and indirect stakeholders. Users, or the customer's customer, could include tenants in apartment blocks or in commer-



cial 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. Indirect stakeholders represent a broad group encompassing everyone who impacts, or is impacted by, NCC's operations. This may include neighbors living near NCC's properties or construction sites or residents in cities where NCC is participating in the development of city districts or infrastructure. Given the nature of NCC's operations and its role in the development of future sustainable societies and cities, the Group's activities impact most residents in these societies and cities in some way.

Suppliers

KEY ISSUES

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

FOCUS IN 2011

- Efficient trading and logistics.
- Strategic development of purchasing.
- Implementation of product-approval process.
- Leadership to drive change.

PRIORITY ISSUES FOR 2012

- Greater control over the purchasing level.
- Development of internal suppliers – reduction in external intermediaries.
- Development of sustainable offerings from international suppliers.
- Refine work related to the carbon footprint.

Employees

KEY ISSUES

- Supply of competencies: Ensure that the right person is employed in the right position at the right time.
- Leadership: Management in accordance NCC's management profile.
- Remuneration issues: Salary/performance-based incentives/benefits.
- Work environment: Vision of zero workplace accidents.
- Values: Continuous work related to NCC's values.
- Efficient HR processes.
- Code of Conduct.

FOCUS IN 2011

- Competence.
- Increased diversity.
- Further development of the employee survey.
- Management training.
- Vision of zero workplace accidents.
- Group-wide recruitment practices/employer branding.
- Code of Conduct training for managers.

PRIORITY ISSUES FOR 2012

- Intensification of environmental work, with particular focus on attitudes and behavior, fall accidents, safety during work on roads and heavy crane lifting.
- HR program: Implementation of new processes, IT support, organization and work methods in the Group's HR functions.
- Management training.
- Review of the remuneration structure.
- Supply of competencies: Recruitment, competency development and succession planning.
- Code of Conduct.

Authorities and decision-makers

KEY ISSUES

- Be a knowledge partner and source of information.
- Participate in public debates on matters involving the construction sector and sustainable cities.
- Long-term collaboration partner.
- Continuous dialog.

FOCUS IN 2011

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

PRIORITY ISSUES FOR 2012

- Dialog about the society of the future and sustainable cities.
- Be a knowledge partner.
- Dialog about reduced construction costs.



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 the media.
- Clear communication.

FOCUS IN 2011

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

PRIORITY ISSUES FOR 2012

- Increase awareness of NCC's role in the creation of future societies and sustainable cities.
- Continue earning trust.

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 2011 fiscal year.

GROUP RELATIONSHIP

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

OPERATIONS

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

OPERATIONS DURING THE YEAR

The market trend was positive in 2011 and demand was favorable in the building, civil engineering and housing sectors. The European debt crisis and turbulence in the global economy have not yet had any major impact on demand. However, as a rule, the construction market tracks the general economic trend subject to a certain time lag.

Following a sharp decline in the aggregates market in 2009, volumes recovered in 2010 and increased additionally in 2011. Asphalt volumes declined in 2010, but rose again in 2011.

Demand in the housing markets in Sweden, Finland and Germany was stable. However, because the supply of both newly produced housing units and housing in the second-hand market is higher, the sales process has become a little more protracted. While

price trends were stable in most markets, price adjustments were made, particularly outside major growth areas. In Norway and St. Petersburg, demand was favorable and housing prices increased.

Concerns regarding the European debt crisis became apparent through a cautious approach in the property market, resulting in protracted decision-making processes. The rental market was stable in terms of rents and vacancies.

The return on shareholders' equity after tax was 17 percent (20). Net indebtedness at year-end was SEK 4.0 billion (0.4) and the debt/equity ratio was 0.5 (0.1). During the year, the shareholders of NCC were paid dividends totaling SEK 1.1 billion, as resolved by the 2011 Annual General Meeting (AGM).

Changes among senior executives

In conjunction with the AGM on April 13, 2011, Peter Wågström took office as President and CEO of NCC, succeeding Olle Ehrlén, who retired. On February 1, 2011, Svante Hagman took office as President of NCC Housing. Harry Savolainen was appointed new Business Area President for NCC Construction Finland starting February 1, 2012, succeeding Timo U. Korhonen, who is retiring during 2012. In May 2011, Group Management was expanded through the addition of Mats Pettersson, Vice President Human Resources. Senior Vice President Corporate Communications, Annica Gerentz, vacated this position during 2011. Ulf Thorné, currently Communication Manager for NCC Construction Sverige AB, is serving as Acting Senior Vice President Corporate Communications.

Orders received

Orders received amounted to SEK 57,867 M (54,942). The increase was attributable to an improvement in orders received by the Construction units in Sweden, Finland and Norway. Changes in exchange rates reduced orders received by SEK 1,336 M compared with the preceding year.

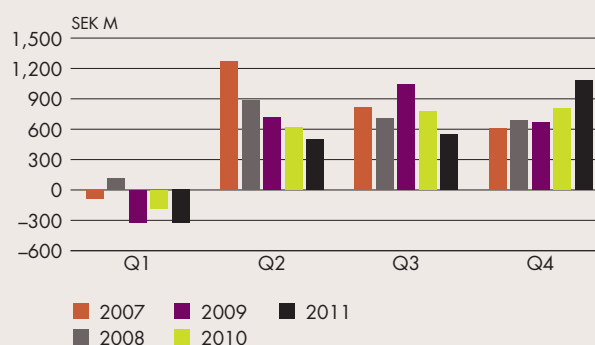
ORDERS RECEIVED AND ORDER BACKLOG

Following a decline in orders in 2008 and 2009, orders received again increased in 2010 and 2011. The increase in 2010 was due largely to robust demand for housing. In late 2011, demand for housing stagnated while demand for other building projects and civil engineering projects continued to rise throughout the year. Following two years of growth in orders received, the order backlog was at a historically high level at the end of 2011.



PROFIT/LOSS AFTER FINANCIAL ITEMS

The final quarter of the year is seasonally strong. In 2011, the fourth quarter was one of the best ever quarters, as a result of a large number of housing properties being transferred to customers and high activity in asphalt, paving and road-service operations. The beginning of the year was weak, however, due to the bitter-cold winter that impacted Roads' operations and efficiency at several construction sites. The second and third quarters of 2011 were relatively weak, due primarily to low sales in housing operations.



Orders received for proprietary housing projects totaled SEK 8,306 M (8,955). During the year, 3,564 (3,489) proprietary housing units were started and 2,504 (2,727) units were sold to private customers and 724 (1,009) units were sold to the investor market. Orders received for proprietary property projects amounted to SEK 2,803 M (2,258). Changes in exchange rates had an adverse impact of SEK 212 M on the order backlog.

Net sales

Net sales rose 6 percent to SEK 52,535 M (49,420). All business areas, apart from NCC Property Development, reported increased sales. As a result of a higher opening order backlog and a rise in orders received during the year, all Construction units reported higher net sales than in the preceding year. The improvement for NCC Roads was attributable to high volumes, primarily for aggregates and asphalt. The increase in NCC Housing's net sales derived from the handover of a larger number of completed properties to private customers. Changes in exchange rates reduced sales by SEK 1,169 M compared with 2010.

Operating profit

Operating profit amounted to SEK 2,017 M (2,254). NCC Housing's earnings were much higher than in the preceding year. However, due to lower earnings for the Construction units in Sweden, Finland and Norway, and for NCC Property Development, consolidated earnings declined somewhat. Changes in exchange rates had an adverse impact of SEK 36 M on operating profit compared with the preceding year.

NCC Construction Sweden's earnings were at a high level. The earnings of NCC Construction Denmark were better than in the preceding year as a result of higher sales and margin. Earnings from the operations of NCC Construction Finland and NCC Construction Norway were lower due to impairment losses on a number of projects.

The earnings of NCC Roads improved compared with 2010 as a result of a better first quarter and a strong fourth quarter as well as stable growth in the other quarters, primarily for aggregates and asphalt.

The improvement in NCC Housing's operating profit was attributable to higher sales and higher margins.

NCC Property Development's earnings were lower than in 2010. Six (14) projects were recognized in profit, at the same time as earnings from previous sales and land sales were recognized in profit for the year.

"Other and eliminations" amounted to SEK 4 M (128). The elimination of inter-company gains amounted to a loss of SEK 39 M, compared with a gain of SEK 22 M in the preceding year. The accounts for year 2010 included a gain of SEK 57 M from the A2 highway project in Poland. Profit after financial items totaled SEK 1,808 M (2,008). Net financial items amounted to an expense of SEK 208 M (expense: 246). As a result of lower interest rates and a higher return on cash and cash equivalents, net financial items for the year improved, despite higher net indebtedness.

Profit after tax for the year amounted to SEK 1,312 M (1,527). The effective tax rate for NCC was 27 (24) percent. The higher tax rate resulted from non-deductible amortization of goodwill and non-deductible provisions.

FINANCIAL POSITION

Profitability

The return on shareholders' equity after tax was 17 percent (20).

Total assets

Total assets amounted to SEK 32,294 M (31,104).

Net indebtedness

Net indebtedness amounted to SEK 3,960 M (431), of which net indebtedness in ongoing projects in Swedish housing associations and Finnish housing companies accounted for SEK 1,457 M (1,341). Net indebtedness rose due to an increase in housing and property development projects.

Cash flow

Cash flow before financing was a negative SEK 2,404 M (positive: 1,934). Cash flow from changes in working capital amounted to a negative SEK 3,003 M (negative: 586). Cash flow from current operations before changes in working capital was lower than in the preceding year both in terms of earnings and adjustments of non-cash items. High production of property and housing projects increased the amount of capital tied up in properties classified as current assets. As a result, cash flow from continuing operations declined compared with the preceding year. Investments in machinery and equipment as well as company acquisitions mainly occurred in NCC Roads and NCC Construction Norway. A substantial supplementary tax payment was made by the Parent Company. Also refer to Cash flow statement on p. 58.

Equity/assets and debt/equity ratio

On December 31, 2011, the equity/assets ratio was 25 percent (26). The debt/equity ratio amounted to a multiple of 0.5 (0.1).

Seasonal effects

The operations of NCC Roads and certain activities within NCC's Construction units are affected by seasonal variations caused by cold weather conditions. The first and final quarters are normally weaker than the second and the third quarters. In 2011, the effect was greater than normal early in the year, resulting in delays to operations because of the very cold and snowy conditions, but less than usual in the final quarter, thanks to mild weather.

BUSINESS AREAS

NCC Construction Sweden

Orders received by NCC Construction Sweden rose to SEK 25,274 M (23,893). Orders received for housing projects were strong during the year. The favorable trend of orders received in 2011 laid the foundation for a strong order backlog in NCC Construction Sweden entering 2012. Operating profit amounted to SEK 777 M (924). Cautious recognition of earnings in the early stages of major projects led to lower earnings.

NCC Construction Denmark

Orders received by NCC Construction Denmark declined during 2011 to SEK 3,689 M (3,831). More external orders were received during the year, while bookings for internal orders were lower, particularly for NCC Property Development. As a result of higher sales and continued strong profitability, operating profit was higher than in the preceding year, rising to SEK 169 M (124).

NCC Construction Finland

NCC Construction Finland increased its orders received to SEK 7,768 M (6,512). Orders received are generally driven by housing construction, which was also the major factor in the increases noted during 2011, compared with the preceding year. Operating profit declined to SEK 14 M (132) due to impairment losses on a number of projects.

NCC Construction Norway

Orders received by NCC Construction Norway amounted to SEK 5,000 M (4,370). Orders received for civil engineering projects increased during 2011. Operating profit amounted to SEK 6 M (147), which was lower than in 2010 due to impairment losses on a number of projects. Two minor companies were acquired during the second quarter of 2011.

NCC Roads

Net sales by NCC Roads amounted to SEK 11,766 M (10,679). The increase compared with 2010 was mainly attributable to high volumes of aggregates and asphalt. Earnings improved compared with 2010, rising to SEK 414 M (356). The improvement was attributable to a better first quarter and a strong fourth quarter, as well stable growth during the other quarters, particularly for aggregates and asphalt. During the fourth quarter, NCC Roads acquired the asphalt and paving operations of the Finnish company Destia, apart from one asphalt plant in the Helsinki area. Earnings in 2011 were charged with a goodwill impairment of SEK 32 M in the Finnish operations.

NCC Housing

Demand for housing was favorable in NCC's principal markets. A total of 2,504 (2,727) housing units were sold to private customers and 724 (1,009) units to the investor market. The number of proprietary housing starts was 3,564 (3,489) for private customers and 852 (1,009) units for the investor market. The number of profit-recognized housing units was 2,764 (1,579) for private customers and 735 (1,116) for the investor market. The number of completed unsold housing units at year-end 2011 was 198 (97). The number of housing units in ongoing production for private customers was 4,233 (3,533). The sales rate for ongoing housing units for private customers was 42 percent (58), and the work-up rate was 43 percent (43). The projects that were started toward year-end initially had a lower sales rate than the large number of projects completed and sold during the fourth quarter of the year.

The number of development rights at year-end was 34,200 (30,300), including 13,500 (13,100) located in Sweden. Capital tied up in housing projects increased to SEK 9,860 M (8,745), mainly as a result of an increase in ongoing proprietary projects. Profit rose to SEK 606 M (327). The improvement was attributable to higher sales and higher margins. Earnings included impairment losses of SEK 103 M (76).

NCC Property Development

Sales by NCC Property Development amounted to SEK 1,366 M (2,020). Property sales for full-year 2011 totaled SEK 1,303 M

(1,973) and gains from the sales amounted to SEK 251 M (289). Operating profit declined to SEK 28 M (116). Six (14) projects were recognized in profit, while gains during the year also derived from previous sales and sales of land. Third-quarter earnings were charged with an impairment loss of SEK 38 M on land in Riga, Latvia.

At year-end 2011, NCC had 23 (19) completed and ongoing projects that had not been recognized in profit, with total project costs amounting to SEK 5.6 billion (3.0). Costs incurred in all ongoing projects amounted to SEK 2.3 billion (1.2), equal to a completion rate of 41 percent (39), while the leasing rate was 58 percent (49). Leases were signed during the year for 147,000 square meters of floor space (145,000). The number of square meters leased during the fourth quarter of 2011 was the highest level ever achieved in a single quarter.

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 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.

COMPETITION ISSUES

In October 2011, the Norwegian Competition Authority announced its ruling in a case involving suspected violation of competition law. The suspicions concern price collusion in the asphalt sector between Kolo Veidekke and NCC Roads AS in two areas during the years 2005–2008. In accordance with the preliminary ruling, NCC will have to pay a competition-infringement fee corresponding to approximately SEK 200 M. NCC believes the fee is excessive, but admits to a number of circumstances. NCC has posted a reasonable amount as a provision for future payment commitments. NCC has yet to submit its opinion on the Competition Authority's preliminary ruling. When NCC has done so, the Competition Authority will issue its final ruling. The ruling may then be referred to a general court of law for judicial review.

ORDERS RECEIVED, NET SALES AND EARNINGS PER BUSINESS AREA

SEK M	Orders received		Net sales		Operating profit	
	2011	2010	2011	2010	2011	2010
NCC Construction Sweden	25,274	23,983	23,574	20,962	777	924
NCC Construction Denmark	3,689	3,831	3,358	2,906	169	124
NCC Construction Finland	7,768	6,512	6,331	5,791	14	132
NCC Construction Norway	5,000	4,370	4,887	4,341	6	147
NCC Roads	11,830	10,561	11,766	10,679	414	356
NCC Housing	9,485	10,534	7,542	6,880	606	327
NCC Property Development			1,365	2,020	28	116
Total	63,047	59,792	58,824	53,578	2,012	2,126
Other and eliminations	-5,180	-4,850	-6,290	-4,159	4	128
Group	57,867	54,942	52,535	49,420	2,017	2,254

During 2009, NCC was ordered to pay an administrative fee for violating the Finnish Competition Act. NCC and other construction companies in Finland have received claims for damages from a number of municipalities and from the Finnish Road Administration. These claims are being heard in general courts of law.

PERSONNEL

Number of employees

In 2011, the average number of employees in the NCC Group was 17,459 (16,731). NCC is continuously adapting the organization to the prevailing market conditions. In February 2012, 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, 2011, NCC's registered share capital consisted of 31,133,825 Series A shares and 77,301,997 Series B shares. The shares have a quotient value of SEK 8.00 each. At the AGM on April 13, 2011, the Board was authorized to sell all of the 21,138 Series B shares it held in treasury. These shares were repurchased several years ago to cover commitments under the option program of the time. NCC currently has no option programs and thus no need to own treasury shares. During the year, NCC sold its entire holding of Series B treasury shares on the OMX NASDAQ Exchange.

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, 169,100 Series A shares were converted to Series B shares.

The number of NCC shareholders at year-end was 34,740 (30,729), with Nordstjernan AB as the largest individual holder accounting for 23 percent (23) of the share capital and 64 percent (64) of the voting rights. No other shareholder accounts for more than 10 percent of the voting rights. The ten largest shareholders jointly account for 51 percent (48) of the share capital and 79 percent (79) of the voting rights.

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

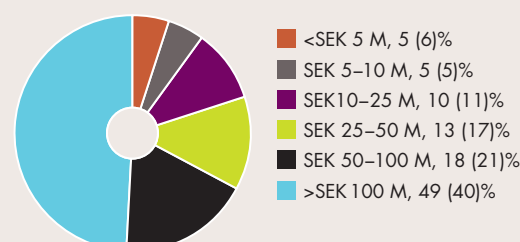
During the year, Nordstjernan, NCC's principal owner, extended an offer to senior executives to acquire call options in NCC at market terms and conditions. The options corresponded to 51,223 Series B shares in NCC AB as per February 14, 2011. The call options covered by the issue have a term of 3.3 and 5.3 years, with redemption in spring 2014 and spring 2016 at a price of SEK 200 and SEK 250, respectively.

MAJOR ONGOING PROJECTS

PROJECT >300 SEK M		NCC's share of order value	Completion rate Dec 31, 2011	Estimated year of completion
Norrström Tunnel, Stockholm	SE	1 667	39	2015
Highway 50, Motala	SE	1 394	32	2013
Underground and construction works, Kiruna/Malmberget	SE	956	74	2013
Raise boring, Kiruna	SE	880	49	2014
Highway 45 – E12, E13, Western Sweden	SE	780	98	2012
Highway E-18, Bjørvika, Oslo	NO	722	98	2012
E6, expressway, Trondheim	NO	702	60	2013
Clarion Hotel, Arlanda	SE	626	52	2013
Radiotherapy clinic, Uppsala	SE	581	10	2014
Forensic psychiatric facility, Gothenburg	SE	556	69	2012
Forensic psychiatric facility, Huddinge	SE	550	77	2012
Light rail link, Phase 3, Stockholm	SE	525	27	2013
Offices, Kista	SE	518	66	2012
Light rail link, Phase 2, Stockholm	SE	516	89	2012
CHP plant, Helsingborg	SE	515	68	2012
E18 expressway, Gulli	NO	498	10	2014
County road 456, road and tunnel, Kristiansand	NO	477	49	2014
Multimedia building, Aarhus	DK	466	4	2014
Highway, Tingberg-Gläsnäs, Gläsnäs	SE	457	43	2013
Municipal and regional building, Kristianstad	SE	453	8	2014
E16 expressway, road and tunnel, Voss	NO	425	3	2013
Highway and tunnel, Askvoll	NO	424	79	2012
Maintenance gas store, Hammerfest LNG, Melkøya	NO	416	96	2012
Housing, Aarhus	DK	406	30	2013
Shopping center & housing, Helsinki	FI	405	85	2012
Server hall, Luleå	SE	404	25	2012
University hospital, new construction and refurbishment, Linköping	SE	403	5	2015
Repairs, Årsta Bridge, Stockholm	SE	366	89	2012
Highway, E45 Agnesberg-Bohus, Kungälv	SE	350	90	2012
E4 expressway, Rotebro, road bridges, Stockholm	SE	330	11	2014
Travel center, Uppsala	SE	323	97	2012
Power station, Hissmofors	SE	320	40	2014
Radiotherapy clinic, Lund	SE	314	28	2013
Housing units, Stockholm	SE	309	33	2013
Aula, Stockholm	SE	309	36	2013
Post office terminal, Hallsberg	SE	306	11	2013
Offices/Workshops, Ludvika	SE	300	31	2013

ORDERS RECEIVED BY PROJECT SIZE, 2011, NCC'S CONSTRUCTION UNITS AND NCC HOUSING

Projects with a value exceeding SEK 100 M account for an increasing share of orders received. Relatively high economic growth and stable financial conditions in the Nordic region have resulted in increased demand for large-scale projects. The diagram reflects SEK 51 billion of the total orders received of SEK 58 billion. The Group's total orders received also include orders received for NCC Roads.



Significant risks and uncertainties

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

RISK MANAGEMENT AND RISKS

Through its business operations, NCC is exposed to various risks, both operational and financial. The operational risks relate to the Group's day-to-day operations, and could be purely operative, apply to tenders or project development, seasonal exposure or assessments of the earnings capacity of a project. Operational risks are managed within the framework of the internal 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. This function also performs preventive risk-management work together with the business areas, thus resulting in cost-efficiency and coordination of insurable risks.

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

	Risk	Activity
MARKET RISKS		
Price	<p>The stagnation in price rises for building materials during recent years has been transformed into pressure from suppliers for higher prices.</p> <p>During a shift in economic conditions, there is a risk that prices for input materials and services will increase, and that these cannot be offset by higher prices for NCC's products and services.</p> <p>Purchases of materials and services account for about 65 percent of NCC's costs. For NCC Roads, raw material costs comprise about one-third of the price for paved asphalt. The largest input material is the oil product bitumen followed by mineral aggregate products.</p>	<p>For a number of years, NCC's Construction units have worked to increase the efficiency of the construction process, such as by using platforms that create greater purchasing volumes for individual products or by coordinating purchases of materials and services in the Nordic region and through international purchases. In these efforts, the purchasing function, in part through non-Nordic procurements, is an important feature and the financial key to gaining control over the price trend. The use of joint platforms is also a prerequisite for NCC Housing and NCC Property Development's ability to gain control over production costs. NCC Roads purchases bitumen from several international suppliers. Purchasing and logistics involving bitumen are coordinated between Sweden, Denmark and Norway. Long-term agreements with customers normally include price clauses that reduce NCC Roads' exposure to risks. In several markets, NCC Roads is self-sufficient in terms of aggregates, in part through holdings of strategically located quarries.</p>
Seasonal	<p>The NCC Roads business area, as well as civil engineering operations within NCC's Construction units, is subject to major seasonal variations. This was also a major feature in 2011. Within the asphalt operations, most procurement is conducted during the spring, and asphalt production and paving activities are conducted during the summer half year. Warm autumn weather could have a favorable effect on production, while long, cold winters have negative effects on earnings.</p>	<p>To manage these risks, NCC Roads offers the entire value chain of road-related products and services. Repair and maintenance operations complement the paving operations throughout the year.</p>
Development	<p>In addition to a contract risk, which is managed by NCC's Construction units, proprietary project development of both residential and commercial properties includes a development and sales risk, which if mismanaged can lead to increases in tied-up capital as well as losses.</p>	<p>NCC possesses housing and property development competencies. Every project concept must be adapted to local market preferences and the regulatory requirements arising in planning work. State-of-the-art skills are required to optimize the timing of projects and to guide them through, for example, municipal administration and possible appeal processes. NCC has also successively limited the markets in which the Group is active and expanding. Proprietary housing and property projects are developed primarily in large growing cities in the Nordic countries, as well as in Germany, the Baltic countries and St. Petersburg. NCC has also consciously decided to refrain from excessively niche-oriented projects intended for narrow target groups, since earnings in this sector have historically not matched the higher inherent risks. Risk limitation is achieved through demands concerning leasing rates for commercial properties and presales of housing before a project is started. Tied-up capital is reduced through early payment by customers.</p>

	Risk	Activity
OPERATIONAL RISKS		
Contract risk	For a building contractor, the principal operational risk limitation is normally during the contract-tendering process. NCC adopts a selective approach to tendering, which is particularly important in a declining market, when a company may be tempted to accept low-margin or high-risk projects in order to maintain employment. However, in a growing market, it is important to be selective since an extensive tendering volume could result in a shortage of internal and external resources for handling all projects, which could lead to both weaker internal control and increased costs.	When selecting suitable contracts, NCC assigns priority to projects whose risks are identified, and thus manageable and calculable. Most risks, such as contract risks and technological and production-related risks, are best managed and minimized in cooperation with the customer and other players during early stages of the project. Various types of cooperative formats, such as NCC Partnering, are ways of managing risk. Project control is of decisive importance to minimizing problems and thus costs. A number of Group units are quality and environmentally certified. Since a shortage of labor and certain competencies may arise during certain periods, NCC must have an organization with high diversity to secure the company's ability to deliver.
Competition law	NCC's operations are normally established locally and are in many cases dominated by a few players. In one or two isolated cases, NCC employees have engaged in efforts to distort the competitive situation in breach of NCC's ethical standards and applicable law.	For several years, NCC has provided training in NCC's core values and competition law. Procedures have also been developed to identify employees who may be in a situation where they are exposed to the risk of collaboration with competitors.
Financial risk taking	<p>Financial risk taking should be viewed against the capital requirements of NCC's various operations. Contracting operations normally generate a positive cash flow at the early stage of projects but a neutral or negative cash flow towards the end.</p> <p>NCC Roads mainly has capital tied up in fixed assets (quarries, crushing plants, asphalt plants, paving machinery, road services, and so forth). To the extent possible, investments that achieve the maximum capacity utilization are sought.</p> <p>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.</p>	<p>In an economic upturn, the cash created by NCC's Construction units may be needed when orders received weaken in an economic downturn. Accordingly, the contracting operations should have financial assets in excess of liabilities – meaning no net indebtedness.</p> <p>Investments in fixed assets in NCC Roads may largely be financed by loans, but are limited by such factors as cyclical and seasonal risks.</p> <p>These risks are controlled by, for example, financial objectives.</p> <p>The financing of projects at NCC Housing and NCC Property Development varies with time. Initially, uncertainty is considerable and borrowing should be low, while a finished property can be leveraged to a much greater extent.</p>
Financial risks	Financial risks involve interest-rate, currency, refinancing, liquidity, credit and counterparty risks.	NCC's finance policy for the management of financial risks has been decided by NCC AB's Board of Directors and forms a framework of guidelines and regulations in the shape of risk mandates and limits for finance activities. In the NCC Group's organization, finance activities are centralized in the NCC Corporate Finance unit in order to monitor the Group's overall financial risk positions, to achieve cost-efficiency and economies of scale and to accumulate expertise, while protecting Group-wide interests. The Group's financial risks are managed by the Group's internal bank. Customer credit risks are handled within each particular business area. For a more comprehensive description of financial instruments and financial risk management, see Note 39, Financial instruments and financial risk management.
RISK OF ERRORS IN FINANCIAL REPORTING		
Risk of errors in profit recognition	NCC applies the percentage-of-completion method for recognizing profit from contracting operations, whereby profit is recognized in parallel with completion, meaning before the final result is established. The risk that actual profit will deviate from percentage-of-completion profit recognition is minimized through NCC's project-management model.	NCC's project management model ensures the necessary follow-ups 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 charged against earnings immediately, regardless of the project's completion rate.
Estimations and assessments	Since the recognition of certain items is based on estimates and assessments, these items are subject to uncertainty. Market conditions have a particular impact on the value of land held for future development and ongoing property development and housing projects. These items are recognized on the basis of what, when this report was issued, were current, difficult-to-assess assumptions, such as sales prices, production costs, land prices, rent levels, yield requirements and the timing of production starts and/or sales.	NCC continuously monitors market developments and tests the assumptions made on an ongoing basis. Refer also to critical estimates and assessments in Note 1.

SENSITIVITY AND RISK ANALYSES

For NCC's Construction operations, a one-percentage-point increase in the margin has a significantly larger impact on earnings than a 5-10 percent increase in volume. 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 2011. Net indebtedness increased because of more ongoing housing and development projects compared with 2010.

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%	+/- 5%	135	1.3	1.0
Operating margin	+/- 1 percentage point	381	3.5	2.9
NCC Roads				
Volume	+/- 5%	42	0.4	0.3
Operating margin	+/- 1 percentage point	118	1.1	0.9
Capital rationalization	+/- 10%	12	0.1	0.4
NCC Housing				
Volume	+/- 10%	114	1.1	0.9
Operating margin	+/- 1 percentage point	75	0.7	0.6
NCC Property Development				
Sales volume, projects	+/- 10%	70	0.7	0.5
Sales margin, projects	+/- 1 percentage point	13	0.1	0.1
Group				
Interest rate, borrowing	+/- 1 percentage point	25	0.2	
Decrease in net debt	SEK 500 M	19	0.2	0.6
Change in equity/assets ratio	- 5 percentage points	-62	3.8	

NOMINATION WORK

Ahead of the 2012 AGM, NCC's Nomination Committee comprises Viveca Ax:son Johnson (Chairman of the Board, Nordstjernan), Thomas Ehlin (Director Corporate Governance, Nordea funds) and Thomas Eriksson (President, Swedbank Robur), 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 GROUP MANAGEMENT)

The Board has evaluated the application of the guidelines for salary and other remuneration of the CEO and other members of the company's management, as resolved by the 2011 AGM, as well as the applicable remuneration structures and remuneration levels in the company.

There is currently no long-term incentive program in the Group. The Board is of the opinion that the company has a need to offer a long-term incentive program in order to ensure a focus on the com-

pany's long-term return on equity, to increase the Group's attractiveness as an employer and to offer market-aligned total remuneration.

As a result of the evaluation of the total remuneration package for the company's CEO and Group Management, the Board proposes that a long-term performance-based incentive program be introduced and, accordingly, that the short-term variable remuneration payable to officers in the Group's management be reduced by 10 percentage points. Otherwise, the guidelines are unchanged.

The Board of Directors' motion concerning guidelines for salary and other remuneration of the CEO and other members of the company's management will be subject to approval by the 2012 AGM.

The guidelines encompass the company's CEO and other members of Group Management (Group Management).

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

prises fixed salary, variable remuneration, the long-term performance-based incentive program, pension and other benefits.

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

Short-term variable remuneration. The short-term variable remuneration must be maximized and related to the fixed salary, as well as being based on the outcome in relation to established targets, with financial targets accounting for by far the greatest proportion. The reason for paying variable remuneration is to motivate and reward value-generating activities that support achievement of NCC's long-term operational and financial objectives.

Assuming that the long-term performance-based incentive program is introduced, variable remuneration payable to the CEO will be maximized at 40 percent of fixed salary and that payable to other members of Group Management will be maximized at 30–40 percent of fixed salary. The 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 18 M.

Should the AGM not vote in favor of a long-term performance-based incentive program, the variable remuneration payable to the CEO will be maximized at 50 percent of fixed salary and that for other members of Group Management will be maximized at 40–50 percent of fixed salary, which is equal to a cost of SEK 23 M at the maximum outcome.

Long-term performance-based incentive program. Assuming that the 2012 AGM resolves to adopt the Board's motion concerning guidelines for salary and other remuneration of the CEO and other members of the company's management, including the long-term performance-based incentive program, Group Management will participate in a long-term incentive program in the form of a three-year performance-based program featuring payment in shares and cash. More detailed information on the long-term incentive program is presented on www.ncc.se.

Pensions and other benefits. NCC is endeavoring to move gradually towards defined-contribution solutions, which entail that NCC pays contributions that represent a specific percentage of the employee's salary. Members of Group Management active in Sweden are entitled, in addition to basic pension which is normally based on the ITP plan, to receive a defined-contribution supplementary pension for salary increments exceeding 30 income base amounts. The income base amount for 2012 is SEK 54,600. Members of Group Management active in another country are covered by pension solutions in accordance with local practices.

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

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

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

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

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 18,870 M (25,377). Profit after financial items was SEK 579 M (2,504). In the Parent Company, profit is recognized when projects are subject to final profit recognition. The earnings deterioration was due to a reduced number of finished projects, slightly lower margins in construction contract operations and lower dividends from subsidiaries. The average number of employees was 7,213 (6,772).

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is included as a separate section of NCC's 2011 Annual Report and does not constitute a feature of the formal annual report documentation; refer to the Corporate Governance section on pp. 100–105.

SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

Signing of credit facility

On February 1, 2012, NCC Treasury AB secured a new five-year credit facility of EUR 325 M. The credit facility, which is guaranteed by NCC AB (publ), will be used for NCC's general borrowing requirements, including being a backstop for NCC's corporate paper program. The new credit facility replaces the former credit facility of EUR 275 M secured in January 2008.

OUTLOOK

Demand for NCC's products and services was favorable during 2011. NCC has yet to notice any clear-cut signs that the European debt crisis and concerns regarding economic growth have impacted demand. As a rule, however, general conditions in the construction market track the economic trend, following a slight time lag. Although there are still numerous calls for tenders in the market, the company is carefully monitoring developments. Because orders received were strong in 2011, NCC's order backlog entering 2012 is favorable.

NCC does not expect any major growth in construction investments during 2012. NCC expects that demand in the aggregates and asphalt markets will be at the same level as in 2011. All of NCC's main markets, with the exception of Denmark, are characterized by an underlying need for housing and NCC's assessment is that prices for newly produced housing units will be stable during 2012. With respect to property projects, NCC has noted cautiousness in the market, resulting in more protracted decision processes.

PROPOSED DIVIDEND

The Board proposes a dividend of SEK 10.00 (10.00) per share. The proposed record date for dividends is April 11, 2012. The dividend proposal is in line with NCC's dividend policy, corresponding to 83 percent of profit after tax. If the AGM approves the Board's motion, it is estimated that dividend payments, via Euroclear Sweden AB, will commence on April 16, 2012. The Board's statement regarding the proposed dividend and the buyback of NCC's own shares will be available on the company's website and be distributed to shareholders at the AGM.

AMOUNTS AND DATES

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

Consolidated income statement *with comments*

SEK M	Note	2011	2010
Net sales	1, 24	52,535	49,420
Production costs	2, 3	-47,721	-44,487
Gross profit	5, 6, 9, 20, 30	4,814	4,933
Selling and administrative expenses	5, 6, 7, 20	-2,774	-2,682
Result from sales of properties	8	7	2
Impairment losses on fixed assets	9, 20	-38	-2
Result from sales of Group companies	10	3	
Result from participations in associated companies	11	5	4
Operating profit	3, 12	2,017	2,254
Financial income		76	99
Financial expense	9	-284	-345
Net financial items	16	-208	-246
Profit after financial items		1,808	2,008
Tax on net profit for the year	29	-496	-481
NET PROFIT FOR THE YEAR	17, 42	1,312	1,527
Attributable to:			
NCC's shareholders		1,310	1,524
Non-controlling interests		2	4
Net profit for the year		1,312	1,527
Earnings per share	18		
<i>Before dilution</i>			
Profit after tax, SEK		12.08	14.05
<i>After full dilution</i>			
Profit after tax, SEK		12.08	14.05

Consolidated statement of comprehensive income *with comments*

SEK M	Note	2011	2010
Net profit for the year		1,312	1,527
Other comprehensive income¹⁾			
Translation differences during the year in translation of foreign operations		-38	-415
Gain on hedging of exchange-rate risk in foreign operations	39	10	230
Tax attributable to hedging of exchange-rate risk in foreign operations	29	-3	-60
Fair-value changes for the year in available-for-sale financial assets		1	
Fair-value changes for the year in cash flow hedges		-18	10
Fair-value changes in cash flow hedges transferred to net profit for the year		-16	8
Tax attributable to cash flow hedges	29	10	-5
Other comprehensive income during the year		-55	-232
Total comprehensive income		1,257	1,295
Attributable to:			
NCC's shareholders		1,255	1,291
Non-controlling interests		2	4
Total comprehensive income		1,257	1,295

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

NET SALES

Net sales increased 6 percent to SEK 52,535 M (49,420). All business areas reported higher sales, with the exception of NCC Property Development. As a result of higher order bookings entering the year and rising order bookings during the year, the Construction units' net sales were higher than in the preceding year. The increase at NCC Roads was attributable to high volumes, primarily of aggregates and asphalt. NCC Housing's net sales rose as a result of an increase in the number of income-recognized housing units for private customers. Due to exchange-rate effects, sales were reduced by SEK 1,169 M compared with the preceding year.

GROSS PROFIT

Gross profit includes impairment losses totaling SEK 186 M (32), of which impairment of goodwill in NCC Roads' operations in Finland accounted for SEK 32 M, impairment losses on housing projects and development properties for SEK 141 M and reversal of impairment losses for SEK 6 M. Refer also to Note 9, Impairment losses and reversals of impairment losses.

OPERATING PROFIT

The decline in operating profit was due to lower earnings for the Construction units in Sweden, Finland and Norway as well as for NCC Property Development. NCC Road's profit improved compared with 2010. Profit in 2011 was charged with SEK 32 M for impairment of goodwill. NCC Housing's profit was SEK 279 M higher than in 2010, despite impairment losses totaling

SEK 103 M (30). Exchange-rate fluctuations reduced operating profit by SEK 36 M compared with the preceding year.

SELLING AND ADMINISTRATIVE EXPENSES

Despite higher sales, selling and administrative expenses did not increase correspondingly, as a result of continued efforts to reduce expenses.

NET FINANCIAL ITEMS

Because of lower interest rates and a higher return on cash and cash equivalents, net financial items improved despite an increase in net indebtedness.

TAXATION

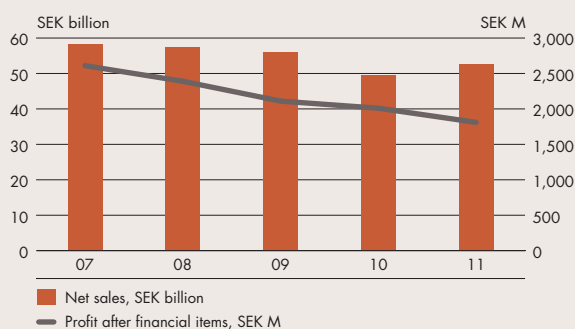
The effective tax rate for NCC was 27 (24) percent. The increase in the tax rate was due to non-deductible impairment of goodwill and non-deductible provisions. Refer also to Note 29, Tax on net profit for the year, deferred tax assets and deferred tax liabilities.

OTHER COMPREHENSIVE INCOME

The change in other comprehensive income derived mainly from net profit for the year and translation differences primarily in EUR, NOK and DKK. Fluctuations for these currencies were lower in 2011, compared with 2010. 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 rose in 2011 following two years of rises in orders received in 2010 and 2011. Earnings have been high for several consecutive years. In 2011, earnings declined due to lower margins on construction projects, which were offset in part by higher earnings in housing operations.



SPECIFICATION OF TOTAL IMPAIRMENT LOSSES AND REVERSED IMPAIRMENT LOSSES

SEK M	2011	2010
Housing projects ¹⁾	-97	-30
Property projects at NCC Property Development	-38	
Owner-occupied properties	-5	
Machinery and equipment	-1	
Financial fixed assets	-7	
Goodwill at NCC Roads	-32	
Other intangible assets		-2
Total impairment losses	-180	-32

¹⁾ Includes SEK 6 M for reversed impairment losses in housing projects.

Consolidated balance sheet

with comments

SEK M	Note	2011	2010
	1,24		
ASSETS			
Fixed assets			
Goodwill	20	1,607	1,613
Other intangible assets	20	167	115
Owner-occupied properties	21	596	576
Machinery and equipment	21	2,209	1,816
Participations in associated companies	23	8	7
Other long-term holdings of securities	26	173	182
Long-term receivables	28	1,559	1,363
Deferred tax assets	29	191	68
Total fixed assets	39	6,511	5,739
Current assets			
Property projects	30	4,475	2,931
Housing projects	30	9,860	8,745
Materials and inventories	31	557	537
Tax receivables	29	23	41
Accounts receivable	39	7,265	6,481
Worked-up, non-invoiced revenues	32	910	804
Prepaid expenses and accrued income		1,114	988
Other receivables	28	1,127	1,384
Short-term investments	26,44	285	741
Cash and cash equivalents	44	796	2,713
Total current assets	39	26,414	25,366
TOTAL ASSETS	42	32,924	31,104
EQUITY			
Share capital	33	867	867
Other capital contributions		1,844	1,844
Reserves		-135	-79
Earnings brought forward including profit for the year		5,710	5,479
Shareholders' equity		8,286	8,111
Non-controlling interests		11	21
Total shareholders' equity		8,297	8,132
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	34,41	3,850	2,712
Other long-term liabilities	37	643	921
Deferred tax liabilities	29,35	669	439
Provisions for pensions and similar obligations	35,36	6	1
Other provisions	35	2,619	2,722
Total long-term liabilities	39,43	7,788	6,796
Current liabilities			
Current liabilities, interest-bearing	34,41	1,585	1,546
Accounts payable		4,131	3,414
Tax liabilities	29	60	449
Invoiced revenues, not worked up	32	4,176	4,092
Accrued expenses and deferred income	40	3,274	3,327
Provisions	35	3	9
Other current liabilities	37	3,611	3,341
Total current liabilities	39	16,839	16,177
Total liabilities		24,627	22,973
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42	32,924	31,104
Assets pledged			
	43	1,522	1,612
Contingent liabilities			
	43	1,353	1,926

FIXED ASSETS

Goodwill

NCC impairment tests carrying amounts annually and more often when there are indications of value changes. Two small companies were acquired in Norway during the year resulting in goodwill amounting to SEK 33 M. SEK 32 M for impairment of goodwill in NCC Roads Finland and a charge of SEK 7 M for translation differences reduced this balance sheet item in 2011. Refer also to Note 20, Intangible assets.

Machinery and equipment

Machinery and equipment increased during the year due mainly to NCC Roads' investments in asphalt plants and acquisition of the asphalt operations of Finnish company Destia, as well as two company acquisitions in NCC Construction Norway.

Long-term receivables

The increase in long-term receivables was due mainly to higher pension receivables; refer also to Note 36, Pensions.

CURRENT ASSETS

Property projects

Several investments in newly started projects and properties held for future development led to an increase in the value of property projects compared with 2010. Refer also to Note 30, Properties classified as current assets.

Housing projects

Investments in properties held for future development were in line with the preceding year. The number of housing units under construction for private customers increased during the year. Refer also to Note 30, Properties classified as current assets.

Accounts receivable

Accounts receivable increased during the year, particularly in NCC Roads, as a result of higher volumes, and in NCC Housing as a result of an increase in the number of units handed over to customers at year-end.

Short-term investments and cash and cash equivalents

NCC's cash flow declined compared with the preceding year, which led to a decrease in NCC's cash and cash equivalents. The lower cash flow was due primarily to increased investments in housing and property development projects.

LONG-TERM LIABILITIES

Long-term interest-bearing liabilities

Long-term interest-bearing liabilities rose as a result of increased investments in housing and property projects. NCC has endeavored to extend its fixed interest maturities; also refer to Note 39, Financial instruments and financial risk management.

CURRENT LIABILITIES

Tax liabilities

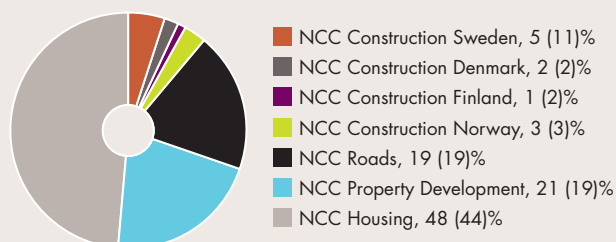
A substantial supplementary preliminary tax payment was made during the year by the Parent Company, which accounts for the lower tax liability compared with 2010.

Other current liabilities

Other current liabilities increased due to a higher level of production in housing operations. The increase was also due to the high level of activity in NCC Roads during the fourth quarter; refer also to Note 37, Other liabilities.

CAPITAL EMPLOYED, SHARE PER BUSINESS AREA

In the NCC Group, capital is tied up primarily by NCC Housing, NCC Property Development and NCC Roads. Capital employed rose during 2011 mainly as a result increased project development. Both NCC Housing and NCC Property Development conducted more ongoing proprietary projects compared with prior years.



PROFITABILITY

The return 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. During 2011, profitability declined, due primarily to lower margins in NCC's Construction units and NCC Property Development, which were offset in part by improved profitability in NCC Housing.



The return for 2007–2008 has not been recalculated in accordance with IFRIC 15.

Parent Company income statement *with comments*

SEK M	Note	2011	2010
	1		
Net sales	2,38	18,870	25,377
Production costs	5,6,8,9	-16,915	-22,846
Gross profit		1,956	2,531
Selling and administrative expenses	5,6,7	-1,331	-1,235
Result from sales of properties	8	2	
Operating profit		627	1,296
Result from financial investments			
Result from participations in Group companies	9,10	-11	1,258
Result from participations in associated companies	11	-9	-24
Result from other financial fixed assets	13	-7	18
Result from financial current assets	14	192	232
Interest expense and similar items	15	-213	-277
Profit after financial items		579	2,504
Appropriations	19	-4	171
Tax on net profit for the year	29	-225	-528
NET PROFIT FOR THE YEAR		350	2,148

Parent Company statement of comprehensive income

SEK M	2011	2010
Net profit for the year	350	2,148
Total comprehensive income during the year	350	2,148

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 18,870 M (25,377). Profit after financial items was SEK 579 M (2,504). In the Parent Company, profit is recognized when projects are subject to final profit recognition. The earnings deterioration was due to a reduced number of completed projects, somewhat weaker margins in contracting operations and lower dividends from subsidiaries. The average number of employees was 7,213 (6,772).

Parent Company balance sheet

with comments

SEK M	Note	2011	2010
	1		
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Development expenses	20	18	
Total intangible fixed assets		18	0
<i>Tangible fixed assets</i>			
Owner-occupied properties, construction in progress		14	17
Machinery and equipment		102	122
Total tangible fixed assets	21	117	138
<i>Financial fixed assets</i>			
Participations in Group companies	22	5,848	5,989
Receivables from Group companies		145	145
Participations in associated companies	25	153	141
Receivables from associated companies		189	120
Other long-term holdings of securities		5	6
Deferred tax assets	29	246	265
Other long-term receivables		66	61
Total financial fixed assets	27,39	6,651	6,727
Total fixed assets		6,786	6,865
Current assets			
<i>Properties classed as current assets</i>			
Housing projects	30	180	214
Total current assets		180	214
<i>Inventories, etc.</i>			
Materials and inventories	31	23	25
Total inventories, etc.		23	25
<i>Current receivables</i>			
Accounts receivable		3,396	3,011
Receivables from Group companies		2,178	2,093
Receivables from associated companies		18	138
Other current receivables		152	267
Prepaid expenses and accrued income		272	313
Total current receivables		6,015	5,822
Short-term investments	44	6,450	6,295
Cash and bank balances	44	806	819
Total current assets	39	13,474	13,175
TOTAL ASSETS	42	20,259	20,039

SEK M	Note	2011	2010
	1		
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	33	867	867
Statutory reserves		174	174
Total restricted shareholders' equity		1,041	1,041
<i>Unrestricted shareholders' equity</i>			
Earnings brought forward		4,901	4,278
Net profit for the year		350	1,705
Total unrestricted shareholders' equity		5,252	5,982
Total shareholders' equity		6,293	7,023
Untaxed reserves	19	334	331
<i>Provisions</i>			
Provisions for pensions and similar obligations	36	3	3
Other provisions		1,121	1,274
Total provisions	35	1,124	1,277
<i>Long-term liabilities</i>			
Liabilities to credit institutions		1,500	1,200
Liabilities to Group companies		1,263	1,605
Other liabilities		248	248
Total long-term liabilities	34,39	3,011	3,053
<i>Current liabilities</i>			
Advances from customers		167	246
Work in progress on another party's account	38	2,631	2,973
Accounts payable		1,975	1,515
Liabilities to Group companies		3,110	1,380
Liabilities to associated companies		4	9
Tax liabilities	29	12	396
Other liabilities		412	470
Accrued expenses and deferred income	40	1,186	1,367
Total current liabilities	34,39	9,497	8,355
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42	20,259	20,039
Assets pledged	43	12	12
Contingent liabilities	43	13,886	12,955

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

Changes in shareholders' equity *with comments*

GROUP	Shareholders' equity attributable to Parent Company's shareholders					Non-controlling interests	Total equity
	Share capital	Other capital contributions	Reserves	Earnings brought forward	Total		
SEK M							
Opening balance, January 1, 2010	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
Transfer of depreciation of 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
Total comprehensive income for the year			-55	1,312	1,256	2	1,258
Sale of treasury shares				3	3		3
Transactions with non-controlling interests						-11	-11
Dividend				-1,084	-1,084	-1	-1,085
Shareholders' equity on December 31, 2011	867	1,844	-135	5,710	8,286	11	8,297

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 shall be based on a statement prepared by the Board of Directors concerning the proposed dividend. This statement must take into account the prudence regulation contained in the Act, in order to avoid dividends being paid in an amount that exceeds what there is coverage for.

CHANGE IN SHAREHOLDERS' EQUITY

The change in shareholders' equity derives primarily from 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, 2011, the registered share capital amounted to 31,133,825 Series A shares and 77,301,997 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		Unrestricted shareholders' equity		Total shareholders' equity
	Share capital	Statutory reserves	Earnings brought forward	Profit for the year	
Opening balance, January 1, 2010	867	174	1,338	3,147	5,526
Appropriations of profits			3,147	-3,147	
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	7,023
Appropriations of profits			2,148	-2,148	
Total comprehensive income for the year				350	350
Sale of treasury shares			3		3
Dividends			-1,084		-1,084
Shareholders' equity on December 31, 2011	867	174	4,901	350	6,293

SPECIFICATION OF THE ITEM RESERVES IN SHAREHOLDERS' EQUITY

GROUP	2011	2010
Translation reserve		
Translation reserve, January 1	-81	165
Translation differences during the year in translation of foreign operations	-38	-415
Gain on hedging of exchange-rate risk in foreign operations	10	230
Tax attributable to hedging of exchange-rate risk in foreign operations	-3	-60
Translation reserve, December 31	-111	-81
Fair value reserve		
Fair value reserve, January 1	4	4
Fair value changes for the year on available-for-sale financial assets	1	
Fair value reserve, December 31	5	4
Hedging reserve		
Hedging reserve, January 1	-10	-23
Fair value changes for the year in cash flow hedges	-18	10
Fair-value changes in cash flow hedges transferred to net profit for the year	-16	8
Tax attributable to cash flow hedges	10	-5
Hedging reserve, December 31	-35	-10
Revaluation reserve		
Revaluation reserve, January 1	8	11
Transfer to earnings brought forward	-3	-3
Revaluation reserve, December 31	5	8
Total reserves		
Reserves, January 1	-79	157
Change in reserves during the year		
- Translation reserve	-30	-245
- Fair value reserve	1	
- Hedging reserve	-25	13
- Revaluation reserve	-3	-3
Reserves, December 31	-135	-79

CAPITAL MANAGEMENT

The aim of the NCC Group's strategy is to generate a healthy return to shareholders under financial stability. The strategy is reflected in the financial objectives, which were as follows in 2011:

- A return on equity after tax of 20 percent. In 2011, the return on equity was 17 percent.
- A debt/equity ratio of less than 1.5. At December 31, 2011, the debt/equity ratio was 0.5.

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 2011, 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 pp. 6–7.

Cash flow statements

with comments

SEK M	Note	Group		Parent Company	
		2011	2010	2011	2010
OPERATING ACTIVITIES					
Profit after financial items		1,808	2,008	579	2,504
Adjustments for items not included in cash flow:					
– Depreciation	6	492	500	54	72
– Impairment losses and reversed impairment losses	9	180	32	658	–37
– Exchange-rate differences		65	750		
– Result from sales of fixed assets		–32	–35	–6	37
– Changes in provisions	35	–108	–85	–153	–16
– Other		–172	–35		
Total items not included in cash flow		425	1,127	553	55
Taxes paid/received		–777	–126	–591	43
Cash flow from operating activities before changes in working capital		1,456	3,009	541	2,602
Cash flow from changes in working capital					
Sales of property projects		861	841		
Investments in property projects		–2,333	–1,533		
Sales of housing projects		6,264	3,758	1,479	373
Investments in housing projects		–7,529	–3,171	–1,446	–232
Other changes in working capital		–266	–481	–533	421
Cash flow from changes in working capital		–3,003	–586	–500	562
CASH FLOW FROM OPERATING ACTIVITIES		–1,547	2,423	41	3,164
INVESTING ACTIVITIES					
Acquisition of subsidiaries	44	–199		–545	–521
Sale of subsidiaries	44	47		35	
Acquisition of buildings and land	44	–61	–48		
Sale of buildings and land		14	65	3	32
Acquisition of other financial fixed assets		–26	–63	–27	
Sale of other financial fixed assets			22		44
Acquisition of other fixed assets	44	–680	–529	–51	–27
Sale of other fixed assets		48	63	3	13
Cash flow from investing activities		–857	–489	–581	–458
CASH FLOW BEFORE FINANCING		–2,404	1,934	–540	2,706
FINANCING ACTIVITIES					
Dividend paid		–1,084	–650	–1,084	–650
Sale of treasury shares		3		3	
Group contributions				272	443
Loans raised		1,149	6	1,606	
Amortization of loans			–376		–1,141
Increase(–)/Decrease(+) in long-term interest-bearing receivables		7	–30	–64	5
Increase(–)/Decrease(+) in current interest-bearing receivables		428	–454	–51	879
Increase(+)/Decrease(–) in non-controlling interests, etc.		–12			
Cash flow from financing activities		491	–1,504	682	–465
CASH FLOW DURING THE YEAR		–1,912	430	142	2,240
Cash and cash equivalents on January 1	44	2,713	2,317	7,114	4,874
Exchange-rate difference in cash and cash equivalents		–4	–34		
Cash and cash equivalents on December 31	44	797	2,713	7,256	7,114

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to a negative SEK 1,547 M (pos: 2,423). Adjustments for non-cash items amounted to positive SEK 425 M (pos: 1,127). The change was essentially due to exchange-rate differences. Cash flow from changes in working capital amounted to a negative SEK 3,003 M (neg: 586). Due to high production of property and housing projects, capital tied up in properties classed as current assets increased compared with 2010. In total, this resulted in cash flow from operating activities being lower than in the preceding year.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities amounted to a negative SEK 857 M (neg: 489). Investments in machinery and equipment and company acquisitions occurred mainly in NCC Roads and NCC Construction Norway.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities amounted to SEK 491 M (neg: 1,504). Dividends had a negative impact of SEK 1,084 M (neg: 650) on cash flow.

Total cash and cash equivalents including short-term investments with a maturity exceeding three months amounted to SEK 1,082 M (3,454).

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

GROUP	2011	2010
Short-term investments	285	741
Cash and bank balances	702	1,907
Investments with a maturity of less than three months	94	806
Cash and cash equivalents	796	2,713
Total cash and cash equivalents and short-term investments at year-end	1,082	3,454

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

GROUP	2011	2010
Exchange-rate differences in cash and cash equivalents	-4	-34
Of which, exchange-rate differences in cash and cash equivalents attributable to cash and cash equivalents at the beginning of the year	-2	-14
Exchange-rate differences in cash flow for the year	-2	-20

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 3,960 M (431). The reason for the increase in net indebtedness was the start-up of more housing and development projects. The capital maturity period for interest-bearing liabilities, excluding loans in Finnish housing companies and Swedish tenant owner associations, was 47 (44) months at the year-end; 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 (3.5) with an average remaining maturity period of 17 (28) months.

NET INDEBTEDNESS TREND

GROUP	2011, Jan-Dec	2010, Jan-Dec
Net indebtedness, January 1	-431	-1,784
Cash flow before financing	-2,404	1,934
Sale of treasury shares	3	
Dividend	-1,084	-650
Other changes in net indebtedness	-45	69
Net indebtedness, December 31¹⁾	-3,960	-431

¹⁾ Of which, net indebtedness in ongoing projects in Swedish tenant owner associations and Finnish housing companies accounted for SEK 1,457 M (1,341).

OTHER CHANGES IN WORKING CAPITAL

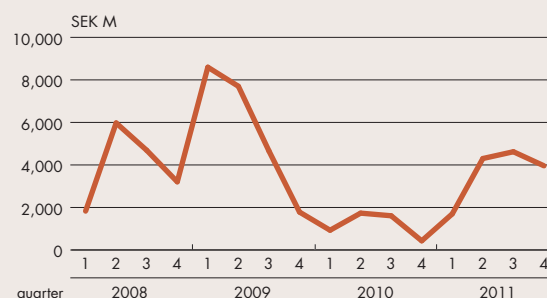
	Group		Parent Company	
	2011	2010	2011	2010
Increase(-)/Decrease(+) in inventories	-42	-85	2	-3
Increase(-)/Decrease(+) in receivables	-922	-120	-414	1,941
Increase(+)/Decrease(-) in liabilities	698	-276	222	-544
Increase(+)/Decrease(-) in net in work in progress			-342	-358
Other changes in working capital	-266	-481	-533	1,036

PARENT COMPANY

The Parent Company's cash flow was lower than in the preceding year. This was due largely to lower earnings as a result of reduced invoicing and lower dividends from subsidiaries. Cash flow from changes in working capital was mainly affected by an increase in other operating receivables. Dividends to shareholders were higher than in 2010 and a large amount of supplementary preliminary tax was paid during the year.

TREND IN NET INDEBTEDNESS, PER QUARTER

Net indebtedness is affected by seasonal variations. More capital is normally tied up during the second and third quarters due to a high degree of activity in asphalt and aggregates operations, as well as in parts of NCC's Construction units. Dividends are paid to NCC's shareholders during the second quarter. Since 2011, tied-up capital has increased, mainly in the development operations.



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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 2, 2012. 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 4, 2012.

NEW IFRS, AMENDMENTS TO IFRS AND INTERPRETATIONS APPLIED AS OF 2011

In accordance with the amendment of IAS 1, Presentation of Financial Statements, the row in the statement of changes in equity that was previously called comprehensive income for the year has been divided into a separate specification of net profit for the year and other comprehensive income for the year, respectively. The amended presentation is to be applied for the current year and the comparative year. The amendment did not give rise to any need for the adjustment of amounts in the financial statements.

The following additions to IFRS and interpretations from IFRIC currently have no impact on NCC's financial statements:

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

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

The following amendments to IFRS do not become effective until the 2012 fiscal year, assuming approval by the EU, which is expected during 2012. They have not been applied in the preparation of these financial statements. The current assessment is that they will not have any impact on NCC's financial statements

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

The following new IFRS and amendments of IFRS do not become effective until the 2013 fiscal year and have not been applied in the preparation of these financial statements. They are expected to be approved by the EU in 2012. Application is retroactive and will not impact balances in the statements until January 1, 2012.

- IFRS 11 Joint Arrangements. New standard for recognition of joint ventures and joint operations. The new accounting policy entails that, in the future, joint ventures are to be recognized in accordance with the equity method rather than with the proportional method, which is currently applied. The proportional method may be applied for joint operations. For definitions of these methods, refer to Accounting policies, in the "Consolidated financial statements" section. Based on the facts known at December 31, 2011, the new standard is expected to result in total assets declining by SEK 113 M, with profit, which was previously recognized on a proportional basis in profit or loss, recognized on a separate line. Also refer to Note 24 Participations in joint ventures consolidated in accordance with the proportional method.
- Supplement to IAS 19, Employee Benefits. The supplement entails major changes for NCC in terms of pension recognition. It entails abolition of the opportunity to accrue actuarial gains and losses by applying the corridor method. All changes in funded pension plans are instead to be recognized directly in profit or loss and in other comprehensive income. Changes in assets and obligations stemming from defined-benefit plans, such as experience-based adjustments and/or changes in actuarial assumptions, are to be presented in other comprehensive income. Accrued costs, such as benefits vested during the year and the interest-rate component, are to be recognized directly in profit or loss. NCC will recognize these costs in operating profit. In addition, the measurement of the anticipated return on plan assets will be changed because the discount interest rate on the pension obligation is also to be used in this calculation.

NCC has decided not to apply the supplement to IAS 19 in advance. The standard is expected to have a material impact on NCC's consolidated financial statements, primarily because it is estimated that NCC's net pension obligation will rise by approximately SEK 1 billion and profit brought forward will decline by approximately SEK 1 billion. The supplement also includes rules concerning recognition of special payroll tax and the tax on returns for pension foundations. For the Swedish component of the net pension liability, uncertainty still prevails regarding the recognition of special payroll tax and tax on returns. The effect of this on the financial statements has not been considered in the aforementioned amounts.

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

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosures of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- Amended IAS 1 Presentation of Financial Statements
- Amended IAS 27 Separate Financial Statements
- Amended IAS 28 Investments in Associates and Joint Ventures

PARENT COMPANY ACCOUNTS COMPARED WITH CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and recommendation RFR 2 (September 2011) 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
- Joint ventures
- Construction contracts and similar assignments
- Leasing
- Income taxes
- Financial instruments
- Pensions
- Borrowing costs

The differences are presented under the respective headings below.

In the Parent Company accounts, the amended policies resulting from RFR2, in respect of the recognition of Group contributions received and granted, are applied as of 2011. These are now recognized in the Parent Company's financial net, whereby the amount recognized for the comparative year has been adjusted. However, this did not give rise to adjustment of comprehensive income or shareholders' equity in the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

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

Purchase method

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

In the event of a business combination in which transferred compensation, any non-controlling interests and the fair value of previously owned interests

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

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

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

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

Subsidiaries

Companies in which the Parent Company, directly or indirectly, holds shares carrying more than 50 percent of the voting rights, or otherwise has a controlling influence, are consolidated in their entirety. Shares in subsidiaries are recognized in the Parent Company at acquisition value (cost). Should the recoverable value of shares in subsidiaries fall below the fair value, an impairment loss is recognized. Dividends received are recognized as revenue. For information on NCC's subsidiaries, refer to Note 22, Participations in Group companies.

Non-controlling interests

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

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

Associated companies

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

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

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

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

Joint ventures

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

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

Elimination of intra-Group transactions

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

Internal pricing

Market prices are applied for transactions between Group entities.

Foreign subsidiaries, associated companies and joint ventures

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

REVENUES

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

Construction contracts and similar assignments

Percentage-of-completion income recognition of construction projects

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

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

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

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

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

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

Balance-sheet items such as "worked up, non-invoiced revenues" and "project invoicing not yet worked up" are recognized in gross amounts on a project-by-project basis. Projects for which worked-up revenues exceed invoiced revenues are recognized as current assets, while projects for which invoiced revenues exceed worked-up revenues are recognized as a current interest-free liability. Refer to Note 32 Construction contracts.

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

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

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

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

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

Work in progress in the Parent Company

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

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

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

Proprietary housing projects

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

Profit from sales of housing units to investors

Profit from sales of housing units to investors is recognized at the time when material risks and benefits 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 benefits have been transferred, and the second one for the construction contract, within NCC's construction units, in pace with completion.

Result from sales of development properties

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

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

The first transaction is recognized as profit, provided that the material risks and rewards are deemed to have been transferred, in the manner stated above, and the second transaction is recognized as profit within NCC Construction units in pace with the degree of completion of the project. It could also be the case that property projects are sold with guarantees of certain leasing to tenants or with a stipulation that a supplementary purchase consideration be paid when a certain leasing rate has been achieved. In connection with the date of sale, any rental guarantees are recognized as prepaid income, which is then recognized as revenue as rental activity progresses. The supplementary purchase consideration is recognized as revenue when the agreed leasing rate has been achieved.

Result from sales of owner-occupied properties

These items include the realized result of sales of owner-occupied properties. Selling and administrative expenses include costs for the company's own sales work. Earnings are charged with overhead costs for both completed and non-implemented transactions. See income statement and Note 8, Result from property sales.

DEPRECIATION/AMORTIZATION

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

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

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

IMPAIRMENT LOSSES

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

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

When necessary, although at least once a year, NCC conducts impairment tests of recognized asset values, for indications of whether values have declined. In the event that the recoverable amount is lower than the carrying

amount, an impairment loss is posted. If the basis for impairment has been removed, impairment losses posted earlier are reversed. Impairment losses are recognized in profit or loss. The residual carrying amount of goodwill is subject to impairment testing once per year or if there is an indication of a change in value. In those cases where the recoverable amount of goodwill is less than the carrying amount, an impairment loss is posted. Reversal of previously impaired goodwill is not permissible.

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

GOVERNMENT ASSISTANCE

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

LEASING

In the consolidated financial statements, leasing is classified as either financial or operational. Financial leasing exists if the financial risks and benefits associated with ownership are essentially transferred to the lessee. All other cases are regarded as operational leasing.

Financial leasing

Assets leased in accordance with financial leasing agreements are capitalized in the consolidated balance sheet as of the date on which the agreement was concluded and the asset delivered. Corresponding obligations are entered as long-term and current liabilities. The financial leasing liability is measured at the present value of the minimum leasing fees, which is equal to payments that have to be made to the lessor throughout the leasing period. Leased assets are depreciated, while leasing payments are recognized as interest payments and debt amortization. The assets are recognized in the balance sheet under appropriate asset items. As a lessor, the asset is recognized in accordance with a financial leasing agreement as a receivable in the balance sheet.

Operational leasing

Operational leasing is recognized in profit or loss. Leasing fees are distributed on the basis of use, which could differ from the leasing fee paid during the year under review. For further information on leasing, refer to Note 41. In the Parent Company, all leasing agreements are recognized in accordance with the regulations for operational leasing.

TAXES

Income taxes comprise current tax and deferred tax. Taxes are recognized in profit or loss, except when the transactions are recognized in other comprehensive income, with the relating tax effect recognized in comprehensive income. Current tax is tax that is to be paid or received during the current fiscal year, which also includes adjusted tax attributable to previous periods.

Deferred tax is recognized on the basis of temporary differences between recognized and taxable values of assets and liabilities. Deferred tax assets represent a reduction of future tax attributable to temporary tax-deductible differences, tax loss carryforwards and other unutilized tax deductibles. Temporary differences are not taken into consideration in cases where they have resulted from the recognition of goodwill or in initial recognition of assets and liabilities that do not affect either recognized profit or taxable profit. Nor are temporary differences attributable to shares in subsidiaries that are not expected to be reversed in the foreseeable future taken into consideration.

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

In the Parent Company, untaxed reserves are recognized that consist of the taxable temporary difference arising because of the relationship between reporting and taxation in the legal entity. Untaxed reserves are recognized

gross in the balance sheet and the change is recognized gross in profit or loss, as an appropriation. Group contributions received and granted, which could be appropriations, are recognized as dividends received in the Parent Company's net financial items.

RECOGNITION OF OPERATING SEGMENTS

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

EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's net profit for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. The calculation of earnings per share is not affected by preferred shares or convertible debentures, since the Group has no such items. Also refer to Note 18, Earnings per share.

INTANGIBLE ASSETS

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

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

Usufructs consist primarily of the right to utilize rock pits and gravel quarries, which are depreciated in parallel with confirmed depletion of net asset value based on volumes of extracted stone and gravel. For the distribution of value, refer to Note 20 Intangible assets.

TANGIBLE FIXED ASSETS

NCC's property holdings are divided into:

- Owner-occupied properties
- Properties classed as current assets

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

Owner-occupied properties

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

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

Machinery and equipment

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

FINANCIAL FIXED ASSETS

Financial fixed assets are recognized at fair value or accrued acquisition value. Impairment losses are posted if the fair value is less than the acquisition cost. Also see the "Financial instruments" section on page 65. For information on the value and type of assets, refer to Note 27 Financial fixed assets. For valuations of participations in associated companies, joint ventures and financial instruments, see the respective headings. The Parent Company recognizes shares in Group companies at acquisition cost and, where applicable, taking into account write-ups or impairment losses.

CURRENT ASSETS

Properties 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 measured at the lower of acquisition value and net realizable value. Property projects are defined as properties held for development

and sale within NCC Property Development. Housing projects pertain to unsold residential properties, unsold portion of proprietary residential properties with ownership rights, undeveloped land and properties held for future development in NCC Housing.

Property projects

Property projects within NCC Property Development are divided as follows:

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

For a distribution of values, refer to Note 30, Properties classed as current assets.

Properties held for future development, property development

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

Ongoing property projects

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

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

Completed property projects

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

Valuation of commercial property projects

The acquisition value of commercial property projects includes expenditure for the acquisition of land and for building design/property development, as well as expenditure for construction, extension or refurbishment. Expenditure for borrowing costs related to ongoing projects is capitalized. Other borrowing costs are expensed on a current account basis. Property development means that the input of the developer – NCC Property Development – is concentrated to the activities that do not pertain to actual construction. These activities are evaluation of project concepts, acquisition of land, work on the detailed development plan, project development, leasing and sale. These activities are conducted by the company's own employees and by external architects and other technical consultants. Development expenditure is capitalized when it pertains to land or properties owned by NCC or over which it has control.

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

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

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

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

Housing projects

Housing projects are divided between:

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

Capitalized project development costs

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

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

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Loans and accounts receivable

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

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

Available-for-sale financial assets

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

Hedge accounting

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

Hedging of exchange-rate risk in transaction flows

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

Hedging of net investments

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

Hedging of the Group's interest maturities

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

Embedded derivatives

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

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

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

Receivables and liabilities in foreign currency

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

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

Financial instruments in the Parent Company

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

CASH AND CASH EQUIVALENTS

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

SHAREHOLDERS' EQUITY

Recognition of Group and shareholder contributions

Group contributions and shareholder contributions in the Parent Company are recognized in accordance with their financial impact. Group contributions received are recognized as dividends in net financial items. Group contributions granted are recognized as a financial expense, while shareholder contributions are recognized as a part of the investment in the subsidiary and are thus subject to customary impairment testing.

Repurchase of shares

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

EMPLOYEE BENEFITS

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	●	●
Denmark		●
Finland		●
Norway	●	●
Germany		●
Other countries		●

There are several defined-contribution and defined-benefit pension plans in the Group, some of which are secured through assets in dedicated foundations or similar funds. The pension plans are financed through payments made by the various Group companies. Calculations of defined-benefit pension plans are based on the Projected Unit Credit Method, whereby each term of employment is considered to create a future unit of the total final obligation. All units are computed separately and, combined, represent the total obligation on the balance-sheet date. The principle is intended to provide linear expensing of pension payments during the term of employment. The calculation is made annually by independent actuaries. When there is a difference between how pension costs are established in the legal entity and the Group, a provision or receivable is recognized for the payroll tax based on this difference. Accordingly, the value of the defined-benefit liability is the present value of anticipated future disbursements using a discount rate that corresponds to the interest stated in Note 36 Pensions. For funded plans, the fair value of plan assets reduces the computed obligation. Funded plans with assets that exceed the obligations are recognized as financial fixed assets. Estimated actuarial gains and losses within the 10-percent corridor are not recognized. It is not until the actuarial gains or losses fall outside the corridor that revenues and expenses are recognized. The results are distributed over the anticipated average remaining term of employment.

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

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

Severance payments

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

PROVISIONS

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

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

Guarantee commitments

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

Other provisions

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

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

BORROWING COSTS

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

PLEGGED ASSETS

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

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

GUARANTEES AND GUARANTEE OBLIGATIONS

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

CASH FLOW STATEMENT

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

To be recognized as fixed (non-current) assets held for sale, the assets must be available for immediate sale and it must be probable that the sale will be effected within a year from the reclassification. Operations that are being discontinued are defined as any part of a company that is being discontinued in accordance with a cohesive plan and which can comprise an independent organizational unit or a major line of business or geographical area. For the 2011 and 2010 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 32.7 billion (39.5); 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 2011, impairment losses on properties classed as current assets amounted to SEK 0.1 billion (0.0), which can be compared with their year-end carrying amount of SEK 14.3 billion (11.7).

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 (1.6).

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

Valuation of receivables

NCC's accounts receivable, including receivables for sold property projects, amount to SEK 7.9 billion (7.5); refer to Note 39 Financial instruments and financial risk management.

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

Guarantee commitments

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

Pension obligations

NCC's net pension obligation amounts to SEK 0.1 billion (0.3) which, taking into account an actuarial loss, resulted in a net asset of SEK 1.3 billion (1.1); 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 estimation made.

NOTE 2 DISTRIBUTION OF EXTERNAL NET SALES

	Group		Parent Company	
	2011	2010	2011	2010
Construction and civil engineering	32,645	30,538	16,684	22,818
Housing development projects	7,539	6,836	2,156	2,523
Industrial operations	10,980	10,023		
Property development projects	1,332	1,968		
Rental revenue, properties classed as current assets	31	41		
Other and eliminations	9	13	30	36
Total	52,535	49,420	18,870	25,377
Sales distributed by business segment¹⁾				
NCC Construction Sweden			16,714	22,854
NCC Housing			2,156	2,523
Total			18,870	25,377

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

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

NCC Construction Sweden, Denmark, Finland and Norway, which construct housing, offices, other buildings, industrial facilities, roads, and other types of infrastructure.

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

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.

All transactions between the various 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 segments.

NOTE 3 REPORTING BY OPERATING SEGMENTS

GROUP 2011	NCC Construction				NCC Roads	NCC Housing	NCC Property Development	Total segments	Other and eliminations ¹⁾	Group
	Sweden	Denmark	Finland	Norway						
External net sales	21,651	2,678	3,683	4,633	10,980	7,539	1,363	52,526	9	52,535
Internal net sales	1,922	681	2,648	255	786	3	3	6,298	-6,298	
Total net sales	23,574	3,358	6,331	4,887	11,766	7,542	1,366	58,824	-6,289	52,535
Depreciation/amortization	-158	-18	-13	-38	-320	-10	-2	-559	-3	-562
Impairment losses	-6	-1	-4	-1	-32	-98	-38	-180		-180 ²⁾
Share in associated company profits	1				5			5		5
Operating profit	777	169	14	6	414	606	28	2,012	4	2,017
Financial items										-208
Profit after financial items										1,808
Capital employed	921	339	223	495	3,223	8,339	3,697	17,238	-3,499	13,739

GROUP 2010	NCC Construction				NCC Roads	NCC Housing	NCC Property Development	Total segments	Other and eliminations	Group
	Sweden	Denmark	Finland	Norway						
External net sales	19,869	2,671	3,764	4,234	10,023	6,836	2,009	49,406	13	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/amortization	-163	-22	-15	-26	-312	-9	-3	-549	-18	-567
Impairment losses		-2				-97		-99	67	-32
Share in associated company profits					3			3	1	4
Operating profit	924	124	132	147	356	327	116	2,126	128	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

OTHER AND ELIMINATIONS

	2011		2010	
	External net sales	Operating profit/loss	External net sales	Operating profit/loss
NCC's Head office, results from minor subsidiaries and associated companies, as well as the remaining portions of NCC International	9	-64 ¹⁾	13	-23 ³⁾
Eliminations of inter-company gains		-39		22
Other Group adjustments (essentially comprising the difference in accounting policies pertaining to Swedish pensions between the segments and the Group)		107		129
Total	9	4	13	128

¹⁾ This amount includes a settlement pertaining to a project from the discontinued business area NCC International Projects totaling an expense of SEK 58 M.

²⁾ This amount includes the reversal of impairment losses of SEK 6 M in housing projects implemented during 2011. Also included are financial impairments totaling SEK 7 M, of which SEK 6 M in Construction Sweden and SEK 1 M in NCC Housing.

³⁾ This amount includes a consideration of SEK 57 M from the A2 Polish Highway Project.

NOTE 3 CONT. REPORTING BY OPERATING SEGMENTSGEOGRAPHICAL AREAS¹⁾

	External net sales		Fixed Assets ²⁾	
	2011	2010	2011	2010
Sweden	28,961	26,352	1,875	1,805
Denmark	5,853	5,955	1,255	1,247
Finland	8,178	7,680	356	244
Norway	7,046	6,374	1,001	751
Other countries	2,497	3,059	93	72
Total	52,535	49,420	4,579	4,120

¹⁾ Refer also to page 14, NCC's geographic markets.

²⁾ Pertains to fixed assets that are not financial instruments, deferred tax assets, assets pertaining to post-employment remuneration and rights arising in accordance with insurance agreements.

INVESTMENTS AND SALES

	2011	2010
NCC Housing		
Investments in civil engineering projects	16	12
Investments in housing projects	7,529	3,171
Sales of housing projects	6,264	3,758
Housing projects at year-end	9,860	8,745
NCC Property Development		
Property investments	2,333	1,533
Property sales	861	841
Property investments at December 31, 2011	4,475	2,931

NOTE 4 ACQUISITION OF OPERATIONS

During the second quarter, NCC Construction Norway acquired 100 percent of Carl C Fon A/S and Per Nordh A/S. The purchase consideration for the two companies was SEK 117 M. The companies' operations comprise primarily contracts for the municipal sector pertaining to road construction, maintenance and water and sewage activities. The acquisitions are expected to strengthen the Group's positions in the Nordic market.

From the date of the acquisition until December 31, 2011, both companies contributed SEK 187 M to the NCC Group's net sales and SEK 9 M to profit after tax. If the acquisitions had occurred on January 1, 2011, company management believes that the NCC Group's net sales would have been SEK 93 M higher and profit after tax SEK 2 M higher.

At December 1, 2011, NCC Roads acquired the asphalt and paving operations of the Finnish company Destia, with the exception of the asphalt operation in Helsinki. The purchase consideration amounted to SEK 110 M. The Group expects the acquisition to strengthen its presence in the Finnish asphalt- and paving market.

From the date of the acquisition until December 31, the operation contributed SEK 0 M to the NCC Group's net sales and an expense of SEK 4 M to profit after tax. If the acquisition had occurred on January 1, company management believes that the NCC Group's net sales would have been SEK 242 M higher and profit after tax would have remained unchanged.

ACQUIRED OPERATIONS' NET ASSETS MEASURED AT FAIR VALUE AT ACQUISITION

SEK M	Carl C Fon A/S Per Nordh A/S	Destia	Other	Total
Intangible fixed assets	25			25
Tangible fixed assets	81	110	20	211
Financial fixed assets			1	1
Inventories	2	7	8	17
Accounts receivable and other receivables	49	12	10	71
Cash and cash equivalents	32			32
Interest-bearing liabilities	53			53
Accounts payable and other liabilities	42	19	27	88
Deferred tax liabilities	10		7	17
Net identifiable assets and liabilities	84	110	5	199
Consolidated goodwill	33			33
Purchase consideration	117	110	5	231

CONSOLIDATED GOODWILL

Goodwill amounted to SEK 33 M and was attributable to strengthened market positions.

ACQUISITION-RELATED EXPENDITURE

Acquisition-related expenditure amounted to SEK 5 M and pertained to due-diligence fees. These expenses have been recognized as other operating expenses in profit or loss.

PURCHASE CONSIDERATION

	SEK M
Cash and cash equivalents	231
Purchase consideration	231

The acquired cash and cash equivalents amounted to SEK 32 M.

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

AVERAGE NUMBER OF EMPLOYEES

	2011		2010	
	No. of employees	of whom men	No. of employees	of whom men
Parent Company				
Sweden	7,213	6,605	6,764	6,230
Subsidiaries				
Sweden	2,723	2,540	2,643	2,457
Norway	1,777	1,625	1,661	1,524
Finland	2,594	2,137	2,515	2,098
Denmark	2,204	1,938	2,198	1,930
Germany	633	505	636	516
Russia	256	177	217	155
Baltic countries	57	40	89	67
Other countries	2	2	8	7
Total in subsidiaries	10,246	8,964	9,959	8,754
Group total	17,459	15,569	16,731	14,984

	2011	2010
Percentage of women, %		
Distribution of company management by gender		
<i>Group total, including subsidiaries</i>		
– Boards of Directors	19.7	17.9
– Senior executives	18.9	18.1
<i>Parent Company</i>		
– Board of Directors	22.2	22.2
– Senior executives	15.4	23.1

WAGES, SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN MEMBERS OF THE BOARD AND SENIOR EXECUTIVES¹⁾ AND OTHER EMPLOYEES

	2011			2010		
	Board of Directors and senior executives (of which, bonus)	Other employees	Total	Board of Directors and senior executives (of which, bonus)	Other employees	Total
Parent Company						
Sweden	36	3,064	3,100	36	2,873	2,909
Total in Parent Company	36	3,096	3,096	36	2,873	2,909
	(4.0)			(10.0)		
Social security expenses			1,545			1,282
– of which, pension costs	11	436	447	12	260	272
Pension commitments	58			61		
Group total	237	8,004	8,241	248	7,655	7,904
	(40.8)			(44.6)		
Social security expenses			2,600			2,393
– of which, pension costs			750			721
Pension commitments	104			105		

¹⁾ The senior executives category comprises 14 people (13) in the Parent Company, total 189 (183) in the Group.

EMPLOYMENT CONDITIONS AND REMUNERATION OF SENIOR EXECUTIVES IN THE PARENT COMPANY

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

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

Remuneration for the CEO and other senior executives consists of a basic salary, variable remuneration, 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 2011, there were 12 such executives; at the end of 2011 there were 13, of whom nine were employed by the Parent Company and four by subsidiaries.

VARIABLE REMUNERATION

The maximum variable remuneration payable to CEO Peter Wågström in 2011 amounted to 50 percent of his basic salary. The variable remuneration was based on financial targets established by the Board. The provision posted for 2011 corresponded to 14 percent of his fixed salary, meaning SEK 607,159. In 2010, SEK 3,399,000 was expensed for the then CEO Olle Ehrlén. Variable remuneration payable to former CEO Olle Ehrlén during his period of service is based on the outcome in 2007–2010. Variable remuneration for other senior executives in 2011 corresponded to 15 to 50 percent of basic salary based primarily on established financial targets. The provision posted for variable remuneration payments to other senior executives during 2011 corresponded to 5 to 35 percent (30–50) of basic salary.

PENSION CONDITIONS FOR THE PRESIDENT

The former CEO, Olle Ehrlén, retired on a pension during the year. All pension commitments for him have been paid in full. Peter Wågström assumed the position of President and CEO on April 13 and has a defined-contribution pension plan where the premium amounts to 30 percent of his fixed salary. Peter Wågström's retirement age is 62.

PENSION CONDITIONS FOR OTHER SENIOR EXECUTIVES

Other senior executives employed in Sweden are covered by a defined-benefit ITP plan with a retirement age of 65. In addition, four senior executives are encompassed by a supplementary pension plan with retirement ages of 60 or 62. The supplementary pension plan is paid until the age of 65, and has a target pension of 70 percent of pensionable salary. Pensionable salary is defined as the senior executive's average fixed salary over a vesting period of at least ten years. The earned benefit is 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.

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

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

SEVERANCE PAY

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

OTHER REMUNERATION

During 2010, an agreement was reached between the company and the president of a foreign subsidiary pertaining to the timing of this executive's retirement and other employment terms and conditions. The company's expenses for salary during the notice period and severance pay according to the agreement are being accrued over a three-year period, of which SEK 7 M was recognized in 2011.

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

REMUNERATION AND OTHER BENEFITS IN 2011

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

REMUNERATION AND OTHER BENEFITS IN 2010

SEK 000s	Total salary, remuneration and benefits ²⁾	of which, benefits	of which, variable remuneration ³⁾	Other remuneration	Pension cost	Pension commitment
Chairman of the Board Tomas Billing	575					
Deputy Chairman of the Board Fredrik Lundberg ⁴⁾	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 ⁴⁾	268					
President and CEO Olle Ehlén	10,694	88	3,399		4,982	25,267
Other senior executives (8 people) ⁵⁾	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

¹⁾ The number of senior executives employed in the Parent Company in 2011 was eight up to May, and thereafter nine.

²⁾ Remuneration and benefits pertain to vacation compensation, reduced working hours, company vehicles and, where appropriate, severance pay. Director fees were raised following a resolution at the 2011 AGM. The amounts in the tables are subject to accrual accounting. The amount for CEO Peter Wågström also includes remuneration from prior employment before he took office as CEO on April 13, 2011.

³⁾ Variable remuneration pertains to the amounts expensed for each fiscal year.

⁴⁾ Christoph Vitzthum was elected and Fredrik Lundberg stepped down at the AGM on April 14, 2010.

⁵⁾ The number of senior executives employed in the Parent Company in 2010 was seven until October, and thereafter eight.

NOTE 6 DEPRECIATION/AMORTIZATION

	Group		Parent Company	
	2011	2010	2011	2010
Intangible assets	-17	-18		
Owner-occupied properties	-30	-32	-3	-7
Machinery and equipment ¹⁾	-516	-517	-52	-65
Total depreciation/amortization	-563	-567	-55	-72

¹⁾ Of which, depreciation for leased equipment in the Group amounts to 72 (67).

NOTE 7 FEES AND REMUNERATION TO AUDIT FIRMS

	Group		Parent Company	
	2011	2010	2011	2010
Audit firms				
<i>PwC</i>				
Auditing assignments	16	15	4	5
Audit in addition to the audit assignment	1	1	1	
Other assignments	2	1		
<i>Other auditors</i>				
Auditing assignments	1	1		
Total fees and remuneration to auditors and audit firms	20	19	5	6

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

NOTE 8 RESULT FROM SALES OF PROPERTIES

	Group		Parent Company	
	2011	2010	2011	2010
Owner-occupied properties				
Sales value	12	58	3	32
Carrying amount	-5	-56	-1	-88
Total	7	2	2	-56

NOTE 9 IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

	Group		Parent Company	
	2011	2010	2011	2010
Production costs				
Housing projects	-97	-30		-10
Properties held for future development within NCC Property Development	-38			
Financial expenses				
Other securities	-7		-7	
Result from participations in subsidiaries				
Shares in subsidiaries			-651	47
Impairment loss and reversal of impairment losses, fixed assets				
Owner-occupied properties	-5			
Machinery and equipment	-1			
Goodwill in NCC Roads ¹⁾	-32			
Other intangible assets		-2		
Total	-180	-32	-658	37

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

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

	Group		Parent Company	
	2011	2010	2011	2010
Production costs	-135	-30		-10
Impairment loss, fixed assets	-38	-2		
Financial expenses	-7		-7	
Result from participations in Group companies			-651	47
Total	-180	-32	-658	37

NOTE 10 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

	Group		Parent Company	
	2011	2010	2011	2010
Dividend			367	596
Group contribution			272	615
Capital gain on sale	3		1	
Impairment losses			-651	-14
Reversal of impairment losses				61
Total	3		-11	1,258

NOTE 11 RESULT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

GROUP	2011	2010
Participation in results of associated companies after taxes	5	5
Capital gains/losses on sales	1	-1
Total	6	4

PARENT COMPANY	2011	2010
Dividends from associated companies and earnings in partnerships and limited partnerships	-9	-24
Total	-9	-24

NOTE 12 OPERATING EXPENSES

Consolidated costs were distributed as follows by type of cost:

GROUP	2011	2010
Production-related goods and services, plus raw materials and supplies	38,933	36,296
Change in inventories	-20	-23
Personnel costs	10,840	10,297
Depreciation/amortization	562	567
Impairment losses	186	42
Reversal of impairment losses	-6	-9
Total cost of production, and selling and administration costs	50,495	47,169

NOTE 13 RESULT FROM OTHER FINANCIAL FIXED ASSETS

PARENT COMPANY	2011	2010
Capital gains on sales		18
Impairment losses	-7	
Total	-7	18

NOTE 14 RESULT FROM FINANCIAL CURRENT ASSETS

PARENT COMPANY	2011	2010
Interest income, Group companies	177	65
Interest income, others	15	11
Premium income		137
Exchange-rate differences		20
Total	192	232

NOTE 15 INTEREST EXPENSE AND SIMILAR INCOME STATEMENT ITEMS

PARENT COMPANY	2011	2010
Interest expense, Group companies	-81	-64
Interest expense, others	-121	-292
Exchange-rate differences	-5	82
Other financial items	-6	-3
Total	-213	-277

NOTE 16 NET FINANCIAL ITEMS

GROUP	2011	2010
Interest income on financial assets held for trading	44	46
Interest income on non-impaired investments held to maturity	7	8
Interest income on non-impaired loans and accounts receivable	12	16
Interest income on bank balances	9	10
Net profit on financial assets available for sale	4	
Net exchange-rate changes		14
Other financial income		5
Financial income	76	99
Interest expense on financial liabilities recognized at accrued acquisition value	-225	-285
Interest expense on financial liabilities held for trading	-4	-14
Net loss on financial assets/liabilities held for trading	-3	-9
Net loss on financial assets available for sale		-1
Impairment loss on financial investments	-7	
Net exchange-rate changes	-14	
Other financial expenses	-31	-36
Financial expense	-284	-345
Net financial items	-208	-246
Of which, changes in value calculated using valuation techniques	1	5

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

GROUP	2011 Exchange rates 2010 ¹⁾	2011	Exchange- rate effect
Net sales	51,366	52,535	1,169
Operating profit	1,981	2,017	36
Profit after financial items	1,783	1,808	25
Net profit for the year	1,294	1,312	18

¹⁾ Figures for 2011 converted at 2010 exchange rates.

Country	SEK	Currency	Average exchange rate Jan-Dec		Year-end rate	
			2011	2010	2011	2010
Denmark	100	DKK	121.23	128.25	120.14	120.94
EU	1	EUR	9.03	9.55	8.93	9.01
Norway	100	NOK	115.84	119.26	114.74	115.31
US	1	USD	6.50	7.21	6.90	6.81

NOTE 18 EARNINGS PER SHARE

GROUP	2011		2010	
	Before dilution	After dilution	Before dilution	After dilution
SEK				
Earnings per share	12.08	12.08	14.05	14.05

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

SEK M	2011		2010	
	Before dilution	After dilution	Before dilution	After dilution
Net profit for the year attributable to Parent Company shareholders	1,310	1,310	1,524	1,524
Weighted average number of shares outstanding				
<i>Thousands of shares</i>				
Total number of shares, January 1	108,415	108,436	108,415	108,436
Total number of shares, December 31	108,436	108,436	108,415	108,436
Weighted average number of shares for the year	108,428	108,436	108,415	108,436

NOTE 19 APPROPRIATIONS AND UNTAXED RESERVES

PARENT COMPANY	Appropriation		Untaxed reserves	
	2011	2010	2011	2010
Accumulated depreciation in excess of plan				
- machinery and equipment	2	17	12	15
Reserve in work in progress	-6	154	322	316
Total	-4	171	334	331

NOTE 20 INTANGIBLE ASSETS

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

2010	Group				Parent Company
	Acquired intangible assets				Development expenditure
	Goodwill	Usufructs	Other	Total 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		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	0	-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	0	-1	
Reclassifications	105				
Translation differences during the year	23				
Impairment losses for the year			-2	-2	
Accumulated impairment losses on December 31	-226	-2	-2	-3	
Residual value on January 1	1,750	92	28	121	0
Residual value on December 31	1,613	94	20	115	0

NOTE 20 CONT. INTANGIBLE ASSETS

IMPAIRMENT TESTING OF GOODWILL IN CASH-GENERATING UNITS

Goodwill totaling SEK 1,607 M is included in NCC's balance sheet. The item is distributed as follows among NCC's business areas:

Unit	2011	2010
NCC Construction	616	585
– of which Sweden	400	400
NCC Roads	969	1,007
– of which Denmark	630	635
– of which Norway	247	248
NCC Housing	22	22
NCC Group	1,607	1,613

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 2.0 (1.5) percent has been assumed when the forecast period is over, which reflects anticipated long-term growth in the market. Subject to the exceptions specified below, it is assumed that the growth rate also applies to sales during the forecast period.

Operating margin: 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 2011.

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 after-tax discount interest rates vary somewhat among the different cash-generating units, in NCC's scenario it amounts to 6.6 (6.7) percent on the whole.

Impairment losses of SEK 32 M for 2011 are based on the following conditions:

Based on implemented measurements, it is company management's assessment that an impairment requirement of SEK 32 M exists pertaining to NCC Roads' Finnish operation, where the situation remains unchanged concerning low asphalt prices caused by intense competition. There is no goodwill remaining in NCC Roads' Finnish operation, which means it has been set at SEK 0.

NCC's impairment testing reveals no additional impairment requirement. The difference between the carrying amount and the value in use is lowest for NCC Road's foreign operations. It is assumed that the profitability of these operations will return to the historically achieved levels during the forecast period. The after-tax discount interest rate varies between 6.0–6.1 percent (6.0–6.3).

The difference between the carrying amount and the estimated value in use for NCC Roads' Danish and Norwegian operations totals SEK 920 M. If the discount interest rate is increased by two percentage points, the difference would be reduced to SEK 40 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 (6.0–6.1%)	Discount interest rate, basic scenario plus 2 percentage points
0.5 percentage points reduction in operating margin during the forecast period	–353	–238
1 percent reduction in annual sales growth/year during the forecast period	–139	–90
0.5 percent increase in discount interest rate	–292	–137

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 applied on a straight-line basis.

AMORTIZATION IS INCLUDED IN THE FOLLOWING LINES IN THE INCOME STATEMENT

	Group	
	2011	2010
Production costs	–11	–12
Selling and administrative costs	–6	–6
Total	–17	–18

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

	Group	
	2011	2010
Total on line Impairment of fixed assets	–38	–2
Of which impairment of goodwill, as stated above	–32	

NOTE 21 TANGIBLE FIXED ASSETS

2011	Group				Parent Company		
	Owner-occupied properties	Construction in progress	Machinery and equipment	Total	Owner-occupied properties	Machinery and equipment	Total
Recognized acquisition value on January 1	1,205	5	6,112	7,322	83	462	545
Investments	56	90	774	921		33	33
Increase through acquisitions	9		223	232			
Divestment and scrappage	-36		-328	-364	-1	-6	-6
Decrease through company divestments	-3	-91		-94			
Reclassifications	6	-2	-8	-5			
Translation difference during the year	-6		-26	-32			
Recognized acquisition value on December 31	1,230	1	6,748	7,979	82	489	571
Accumulated impairment losses and depreciation on January 1	-634		-4,297	-4,931	-66	-340	-406
Increase through acquisitions	-1		-5	-6			
Divestment and scrappage	34		262	296		5	5
Reclassifications	-3			-3			
Translation difference during the year	3		17	20			
Impairment losses during the year ¹⁾	-5		-1	-6			
Depreciation during the year	-30		-516	-546	-3	-52	-55
Accumulated impairment losses and depreciation on December 31²⁾	-635		-4,540	-5,175	-68	-387	-455
Accumulated revaluation at beginning of the year							
Divestments and scrappage			1	1			
Accumulated revaluation at end of year			1	1			
Residual value on January 1	571	5	1,816	2,392	17	122	138
Residual value on December 31	595	1	2,209	2,805	14	102	117
Carrying amount of financial leasing			253	253			

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

²⁾ Accumulated impairment losses at year-end

2010	Group				Parent Company		
	Owner-occupied properties	Construction in progress	Machinery and equipment	Total	Owner-occupied properties	Machinery and equipment	Total
Recognized acquisition value on January 1	1,370	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 31²⁾	-634		-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
Recognized value of financial leasing			209	209			

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.

NOTE 22 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Owner- ship share, % ¹⁾	No. of participa- tions ²⁾	Carrying amount		PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Owner- ship share, % ¹⁾	No. of participa- tions ²⁾	Carrying amount	
			2011	2010				2011	2010
Real estate companies::					Real estate companies::				
NCC Property Development BV, 33.213.877, The Netherlands	93		4	4	NCC Boende Holding 6 AB, 556824-7927, Solna	100	1		
NCC Property Development Nordic AB, 556743-6232, Solna	100	1	960	960	NCC Boende Holding 7 AB, 556824-8230, Solna	100	1		
Total participations in real estate companies					Total participations in real estate companies				
			964	964					
Other companies					Other companies				
Alsike Utvecklings AB, 556245-9452, Solna	100	16	2	2	NCC Boende Holding 8 AB, 556824-8248, Solna	100	1		
Anjo Bygg AB, 556317-8515, Halmstad	100	9	35	35	NCC Boende Holding 9 AB, 556845-8797, Solna	100	1		
Bergnässets Ställningsmontage i Luleå AB, 556393-2838, Luleå	100	1	2	2	NCC Boende Holding 10 AB, 556845-8821, Solna	100	1		
Däldehög AB, 556268-5700, Göteborg	100	9	41	41	NCC Boende Holding 11 AB, 556845-8692, Solna	100	1		
Eeg-Henriksen AB, 556399-2642, Stockholm	100	5	1	1	NCC Bolig AS, 32 65 55 05, Denmark	100	5	272	474
Ekängens Handelsträdgård AB, 556188-6903, Linköping	100	1	4	4	NCC Bolig AS, 997 674 783, Norway	100	8	41	45
Elpolerna i Malmö AB, 556720-5934, Malmö	80	1			NCC Construction Danmark A/S, 69 89 40 11, Denmark	100	400	115	115
Fastighetsbolaget CVH KB, 969724-6529, Solna	100				NCC Construction Norge AS, 911 274 426, Norway	100	17,500	160	160
Frösunda Exploaterings AB, 556430-1876, Solna	100	1	1	1	NCC Construction Sverige AB, 556613-4929, Solna	100	500	50	50
Frösunda Exploaterings KB, 916636-6451, Stockholm	98 ³⁾		1	1	NCC Deutschland GmbH, HRB 8906 FF, Germany	100		410	410
Fågelbro Mark AB, 556234-0868, Stockholm	100	200	30	30	NCC Elamuarendus, 11398856, Estonia	100		6	6
Hercules Grundläggning AB, 556129-9800, Stockholm	100	196	59	59	NCC Försäkrings AB, 516401-8151, Solna	100	500	78	78
JCC Johnson Construction Company AB, 556113-5251, Solna	100	1			NCC Hällevik AB, 556749-6251, Solna	100	1		
Jäsby Ekonomiska förening, 769613-7129, Gothenburg	100	1			NCC Industries AB, 556001-8276, Stockholm	100	15	22	22
Kallax Cargo AB, 556565-1147, Solna	100	2	1		NCC International AB, 556033-5100, Solna	100	1,000	258	258
Kungsplattan AB, 556713-0850, Solna	100	1	1	1	NCC International Danmark A/S, 26708621, Denmark	100	300		
Kvarnorget Bostad AB, 556729-8541, Uppsala	100	1			NCC Kaninen Projekt AB, 556740-3638, Solna	30 ⁴⁾	300		
LLC NCC Real Estate, INN7841322136, Russia	100		85	42	NCC Knallen Stockholm AB, 556716-8637, Stockholm	100	1		
LLC NCC Village, INN7842398917, Russia	100		1		NCC Komponent AB, 556627-4360, Solna	100	1	8	65
Luzern, AB, 556336-4727, Solna	100	1	3	3	NCC Leasing Alfa AB, 556522-7724, Solna	100	1		
Marielund 1:7 AB, 556522-7369, Stockholm	100	1	1	1	NCC Nordic Construction Company AB, 556065-8949, Solna	100	3,809	1,018	1,018
Mälärstadens Exploaterings AB, 556336-2135, Solna	100	1			NCC Polska Sp. Zoo, Poland, KRS20513, Poland	100	665		
NCC Bau & Holding GmbH, FB-nr 201 178a, Austria	100		1		NCC Purchasing Group AB, 556104-9932, Solna	100	2	1	1
NCC Beckomberga nr 1 AB, 556617-6243, Stockholm	100	1	1	1	NCC Rakennus Oy, 1765514-2, Finland	100	4	391	391
NCC Boende AB, 556726-4121, Solna	100				NCC Reinsurance AG, CH-0203003243-9, Switzerland	100			35
NCC Boende Holding 1 AB, 556761-3459, Solna	100	1			NCC Roads Holding AB, 556144-6732, Solna	100	275	1,633	1,633
NCC Boende Holding 2 AB, 556795-2089, Solna	100	1			NCC Södra Ekkällan AB, 556679-8780, Solna	100	1	1	1
NCC Boende Holding 3 AB, 556795-2287, Solna	100	1			NCC Treasury AB, 556030-7091, Solna	100	120	16	16
NCC Boende Holding 4 AB, 556824-7901, Solna	100	1			NCC Utvikling AS, 980 390 020, Norway	100	8	3	
NCC Boende Holding 5 AB, 556824-7919, Solna	100	1	82		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
					Siab Investment AB, 556495-9079, Stockholm	100	1		

¹⁾ The ownership share corresponds to the shareholding.

²⁾ Number of shares in thousands.

³⁾ Remaining 2 percent is owned by Frösunda Exploaterings AB.

⁴⁾ Remaining 70 percent owned by NCC Property Development AB

Cont. >>>

NOTE 22 CONT. PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Owner- ship share, % ¹⁾	No. of participa- tions ²⁾	Carrying amount	
			2011	2010
SIA NCC Housing, 40003941615, Lithuania	100		24	
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		1	
UAB Pletra Projects, 126372247, Lithuania	100		1	
Ursvik Sopsug AB, 556764-2334, Sundbyberg	57	1		
Vätterbron AB, 556145-1856, Solna	100	1		
Total participations in other companies			4,883	5,025
Total participations in Group companies			5,848	5,989

¹⁾ The ownership share corresponds to the shareholding.

²⁾ Number of shares in thousands.

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

Only directly owned subsidiaries are specified. The number of indirectly owned subsidiaries is 205 (191). 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	2011	2010
Carrying amount on January 1	7	9
Acquisition of associated companies	1	
Divestment of associated companies		-2
Share in associated company profits ¹⁾		1
Translation difference		-1
Carrying amount on December 31	8	7

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

GROUP Name of company, Corp. Reg. No., Registered office	Ownership share, % ¹⁾	No. of participa- tions ²⁾	Carrying amount	
			2011	2010
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
PULS-ISAB Relining i Skandinavien AB, 556813-5890, Mölndal	25		1	
Östhammarkrossen KB, 916673-1365, Uppsala	50		2	2
Other NCC-owned associated companies 15 (17)			1	1
Total			8	7

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

²⁾ Number of shares in thousands.

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

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

GROUP	2011	2010
Net sales	385	390
Costs	-370	-347
Operating profit	15	43
Fixed assets	46	87
Current assets	587	798
Total assets	633	885
Long-term liabilities	268	161
Current liabilities	223	574
Total liabilities	491	735
Net assets	142	150

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
Boende Daniel Två AB	50
Bolig Interessentskabet Tuborg Nord	50
C825 Circle Line Project	35
Entreprise 23 consortium	50
Entreprise 26 consortium	50
Fastighets AB Strömstaden	32
Fløng-1 Consortium	45
Fløng-2 Consortium	50
Fortis DPR, consortium	50
Granitsoppen AB	50
Granitsoppen, KB	50
GR2012 Consortium I/S	50
Hercules-Trevi Foundations AB	50
Kalati SIA	50
Korsnäs, Consortium	50
Koy Polaris Parkki	30
Koy Polaristonnti 2	50
Koy Polaristonnti 3	50
Langebros 2	50
M11-Entreprenør	50
Norvikudde, consortium	50
NVB Beckomberga KB	25
NVB Sköndalsbyggarna AB	33
NVB Sköndalsbyggarna II AB	33
NVB Sköndalsbyggarna KB	33
NVB Sköndalsbyggarna II KB	33
Elinegård Utvecklings AB	50
NCC Boende Nio AB	50
NCC MJE Consortium I/S	50
Oraser AB	50
Polaris Business Park OY	50
PULS Planerad Underhållsservice AB	50
Scania II, consortium	50
Skattkärrs Byggnads AB	50
Stora Ursvik KB	50
Tipton Brown AB	33
Ullevi Park 4 i Gbg AB	50
Ullevi Park Holding 4 i Göteborg AB	50
Valtatie OY	50
Vänerbyggen Skattkärrs Byggnads AB & Co KB	50
Öhusen KB	50

NOTE 25 PARTICIPATIONS IN ASSOCIATED COMPANIESPARTICIPATIONS IN ASSOCIATED COMPANIES
INCLUDED IN FINANCIAL FIXED ASSETS

PARENT COMPANY Name of company, Corp. Reg. No., Registered office	Owner- ship share, % ¹⁾	No. of participa- tions ²⁾	Carrying amount	
			2011	2010
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		128	117
Tipton Brown AB, 556615-8159, Stockholm	33	125	15	15
Other 11 (11)			1	1
Total			153	141

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	2011	2010
Financial investments classified as fixed assets		
<i>Available-for-sale financial assets</i>		
Shares and participations	25	25
<i>Investments held to maturity</i>		
Interest-bearing securities	148	157
Total	173	182
Short-term investments classified as current assets		
<i>Financial assets at fair value through profit and loss</i>		
Interest-bearing securities	187	669
<i>Investments held to maturity</i>		
Interest-bearing securities	98	72
Total	285	741
Carrying amount	2011	2010
Other long-term holdings of securities include:		
<i>Unlisted securities</i>		
Other, unlisted	25	25
Total	25	25

Investments held to maturity had an established interest rate ranging from 2.0 (1.0) percent to 5.8 (5.8) percent, and had due dates ranging from 3 (1) month to 4 (4) years.

NOTE 27 FINANCIAL FIXED ASSETS

PARENT COMPANY, 2011	Participations in Group companies	Receivables, Group companies	Participations in associated companies and joint ventures	Receivables, associated companies and joint ventures	Other long- term securities	Other long-term receivables	Total
Recognized acquisition value on January 1	14,408	145	439	121	13	327	15,453
Assets added	545		11	69	6		631
Reclassifications	8				-8		
Assets removed	-35					-13	-48
Recognized acquisition value on December 31	14,926	145	450	190	11	314	16,036
Accumulated write-ups on January 1	268						268
Accumulated write-ups on December 31	268						268
Accumulated impairment losses on January 1	-8,687		-297	-1	-7	-2	-8,994
Reclassifications	-8				8		
Impairment losses during the year	-650				-7		-657
Accumulated impairment losses on December 31	-9,345		-297	-1	-6	-2	-9,651
Residual value on December 31	5,848	145	153	189	5	312	6,651
PARENT COMPANY, 2010	13,904	145	436	130	14	307	14,935
Assets added	62		7	6		25	100
Transferred within the 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 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

NOT 28 LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

GROUP	2011	2010
Long-term receivables classified as fixed assets		
Receivables from associated companies and joint ventures	117	83
Receivables from sales of property and housing projects	4	8
Pension receivable, net ¹⁾	1,300	1,059
Derivatives held for hedging purposes	1	3
Other long-term receivables	137	210
Long-term receivables classified as fixed assets	1,559	1,363
Other receivables classified as current assets		
Receivables from associated companies and joint ventures	32	77
Receivables from sales of property and housing projects	394	660
Advance payments to suppliers	76	43
Derivatives held for hedging purposes	105	82
Other current receivables	521	522
Other receivables classified as current assets	1,127	1,384

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	
	2011	2010	2011	2010
Tax on net profit for the year				
Current tax cost	-342	-609	-206	-553
Deferred tax cost/revenue	-154	128	-19	25
Total recognized tax on net profit for the year	-496	-481	-225	-528

	Group				Parent Company			
	2011		2010		2011		2010	
	Tax, %	Profit/Loss	Tax, %	Profit/Loss	Tax, %	Profit/Loss	Tax, %	Profit/Loss
Effective tax								
Pretax profit		1,808		2,008		575		2,675
Tax according to company's current tax rate	-26	-476	-26	-529	-26	-151	-26	-704
Effect of other tax rates for non-Swedish companies		-9	-1	-18				
Other non-tax-deductible costs	-2	-44	-2	-45	-32	-185	-2	-40
Non-taxable revenues	2	44	5	103	24	137	10	190
Tax effect resulting from utilization of non-capitalized tax loss carryforwards			2	36			2	36
Tax effect resulting from non-capitalized tax loss carryforwards		-2		-5		2		-4
Tax attributable to prior years		-7	-1	-21	-5	-28		-3
Other		-2		-2				-3
Recognized tax	-27	-496	-24	-481	-39	-225	-17	-528

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

	Group	
	2011	2010
Current tax in hedging instruments	-3	-60
Current tax in cash flow hedging	10	-5
	7	-65

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND TAX LOSS CARRYFORWARDS

	Group		Parent Company	
	2011	2010	2011	2010
Opening carrying amount	-371	-504	265	240
Acquisition of subsidiaries	-17			
Total recognized tax on net profit for the year	-154	128	-19	25
Tax items recognized in other comprehensive income	10	-5		
Translation differences	-1	-6		
Other	55	16		
	-478	-371	246	265

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

GROUP	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
Tangible fixed assets	1	25			1	25
Financial fixed assets						
Non-completed projects			-505	-480	-505	-480
Properties held for future development			-81	-87	-81	-87
Provisions	369	428	-183	-163	186	265
Personnel benefits/pension provisions	8	15	-330	-261	-322	-246
Tax loss carryforwards	149	50			149	50
Other	94	102			94	102
Deferred tax asset/tax liability	621	620	-1,099	-991	-478	-371
Offsetting	-430	-552	430	552		
Net deferred tax asset/tax liability	191	68	-669	-439	-478	-371

PARENT COMPANY	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
Provisions	240	259			241	259
Personnel benefits/pension provisions	6	5			6	5
Other		1				1
Deferred tax asset/tax liability	246	265			246	265
Net deferred tax asset/tax liability	246	265			246	265

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

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

NOTE 30 PROPERTIES CLASSED AS CURRENT ASSETS

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

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

²⁾ Pertains to properties classed as current assets recognized in NCC Property Development.

³⁾ Pertains to properties classed as current assets recognized in NCC Housing.

NOTE 30 CONT. 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	Ongoing proprietary housing	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 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	-419	-52	481	-10	-542	441	49	-52	-42
Translation difference during the year	-313	-142	-48	-503	-321	-197	-97	-615	-1,118
Recognized acquisition value on December 31	1,831	881	222	2,946	6,155	2,717	389	9,261	12,207
Accumulated impairment losses and depreciation on January 1	-56			-56	-388		-313	-701	-757
Divestment and scrappage					71		94	165	165
Reclassifications	36			36					36
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 on December 31	-15			-15	-339	-3	-174	-516	-531
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

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

²⁾ Pertains to properties classed as current assets recognized in NCC Property Development.

³⁾ Pertains to properties classed as current assets recognized in NCC Housing.

PARENT COMPANY	2011			2010		
	Properties held for future development	Completed housing	Total housing projects	Properties held for future development	Completed housing	Total housing projects
Recognized acquisition value on January 1	170	64	234	232	186	418
Investments	5	2	7	1	6	7
Divestment and scrappage	-25	-48	-73	-36	-234	-270
Reclassifications	-25	48	23	-27	106	79
Recognized acquisition value on December 31	125	66	191	170	64	234
Accumulated impairment losses on January 1	-17	-4	-21	-37	-22	-59
Divestment and scrappage	7	4	11	20	18	38
Reclassifications				10		10
Reversal of impairment losses				5		5
Impairment losses during the year ¹⁾		-1	-1	-15		-15
Accumulated impairment losses on December 31	-10	-1	-11	-17	-4	-21
Residual value on January 1	153	60	214	195	163	358
Residual value on December 31	115	65	180	153	60	214

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

NOTE 31 MATERIALS AND INVENTORIES

	Group		Parent Company	
	2011	2010	2011	2010
Aggregates	330	330		
Building materials	92	93	23	25
Other	135	114		
Total	557	537	23	25

NOTE 32 CONSTRUCTION CONTRACTS

WORKED-UP, NON-INVOICED REVENUES

GROUP	2011	2010
Worked-up revenues from non-completed contracts	4,790	3,865
Invoicing for non-completed contracts	-3,880	-3,061
Total	910	804

INVOICED REVENUES, NOT WORKED-UP

GROUP	2011	2010
Worked-up revenues from non-completed contracts	32,095	39,687
Invoicing for non-completed contracts	-27,919	-35,595
Total	4,176	4,092

Worked-up revenues from non-completed contracts including recognized gains less recognized loss reserves amounted to SEK 32,709 M (39,460). Advanced payments received amounted to SEK 2,045 M (1,781). Amounts withheld by the customer amounted to SEK 673 M (608).

NOTE 33 SHARE CAPITAL

		Number of shares	Share capital, SEK M
Changes in share capital			
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
2011	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
2011	Sale	-21,138
	End of year	0

The share capital is divided into 108,435,822 shares with a quotient value of SEK 8.00 each. During 2011, 169,100 (11,093,523) Series A shares were converted into Series B shares.

The shares are distributed as follows by class:

	Series A	Series B	Total
Number of shares	31,133,825	77,301,997	108,435,822

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

A specification of changes in shareholders' equity is presented on page 56. The Board of Directors proposes an ordinary dividend of SEK 10.00 per share, making a total of SEK 1,084,358,220.

SERIES A AND B SHARES

	Series A shares	Series B shares	Total A and B shares
No. of shares on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares during 2000–2010	-31,808,757	31,808,757	
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, 2010	31,302,925	77,111,759	108,414,684
Conversion of Series A to Series B shares during 2011	-169,100	169,100	
Sale of treasury shares during 2011		21,138	21,138
No. of shares at Dec. 31, 2011	31,133,825	77,301,997	108,435,822
Number of voting rights	311,338,250	77,301,997	388,640,247
Percentage of voting rights	80	20	100
Percentage of share capital	29	71	100
Closing price Dec. 31, 2011	121.50	121.00	
Market capitalization, SEK M	3,783	9,354	13,136

NOTE 34 INTEREST-BEARING LIABILITIES

GROUP	2011	2010
Long-term liabilities		
Liabilities to credit institutions ¹⁾	2,686	2,057
Financial lease liabilities	253	209
Other long-term loans	911	447
Total	3,850	2,712
Current liabilities		
Current portion of liabilities to credit institutions	1,555	1,514
Other current liabilities	30	32
Total	1,585	1,546
Total interest-bearing liabilities	5,435	4,258

¹⁾ Including reloaning of SEK 1,500 M (1,200) from the NCC Group's Pension Foundation.

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

For interest-bearing long-term liabilities regarding provisions for pensions 6 (1), refer to Note 36 Provisions.

FINANCIAL LEASING

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

PARENT COMPANY	2011	2010
Long-term liabilities		
Reloaning from the NCC Group's pension foundation	1,500	1,200
Group companies	150	496
Total	1,650	1,696
Current liabilities		
Group companies	2,896	1,247
Other current liabilities	3	4
Total	2,899	1,251
Total interest-bearing liabilities	4,549	2,947

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

NOTE 35 PROVISIONS

GROUP 2011	Pensions	Taxes	Guarantees	Other	Total
On January 1	1	439	1,908	824	3,172
Provisions during the year	5	405	297	138	846
Reclassifications		11	427	-31	407
Amount utilized during the year		-193	-637	-201	-1,020
Reversed, unutilized provisions		1	-86	-22	-107
Via acquired companies		7			7
Translation differences		-1	-4	-1	-6
On December 31	6	669	1,916	706	3,297

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

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

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

SPECIFICATION OF OTHER PROVISIONS AND GUARANTEES

	Group		Parent Company	
	2011	2010	2011	2010
Restoration reserve	172	177		
Development risk	7	35		
Other	527	612	62	43
Other provisions	706	824	62	43
Guarantee commitments	1,916	1,908	1,060	1,231
Total	2,622	2,732	1,121	1,274

GUARANTEE COMMITMENTS

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

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 and tested 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 caused 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 2012. 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. During 2011, NCC agreed to a settlement with a number of these property owners, entailing that NCC, in return for certain remuneration, will replace the home owners' façades that were sealed in accordance with the single-stage method with another façade structure.

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 stone and aggregates. The provisions are posted continuously, once the future costs have been identified. Accordingly, the reserves are utilized at the same rate as restoration occurs.

DEVELOPMENT RISK

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

OTHER

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

NOTE 36 PENSIONS

PENSION COSTS

GROUP	2011	2010
Defined-benefit plans:		
Current service cost	182	142
Past service cost	16	16
Interest expense	159	151
Expected return on plan assets	-235	-219
Actuarial gains (-) and losses (+) reported during the year	58	63
Losses (+) or gains (-) on reductions and payments	4	6
Total cost of defined-benefit plans	184	159
Total cost of defined-contribution plans	566	562
Payroll taxes and yield tax	81	70
Total cost of post-employment remuneration	831	791

The entire cost during the year of post-employment remuneration is included in operating profit.

NCC secures commitments for disability pensions and family pensions for white-collar employees in Sweden through insurance in Alecta. According to a statement from the Swedish Financial reporting Board, UFR 3, this constitutes a defined-benefit plan that covers several employers. For the 2011 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 2011, the contributions for pension insurance arranged by Alecta amounted to SEK 41 M (64).

Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2011, Alecta's surplus in the form of its collective solvency rate amounted to 113 percent (146). 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	2011	2010
Obligations secured in full or in part in funds:		
Present value of defined benefit obligations	4,748	4,650
Fair value of plan assets	4,610	4,360
Net value of obligations funded in full or in part	138	290
Adjustments:		
Accumulated unrecognized actuarial gains (+) and losses (-)	-1,338	-1,287
Net obligation	-1,200	-997
Special payroll tax/employer contributions	-100	-61
Net amount in balance sheet (obligation +, asset -)	-1,300	-1,059
Net amount is recognized in the following balance-sheet items		
Financial fixed assets	-1,300	-1,060
Provisions for pensions and similar obligations		1
Net amount in balance sheet (obligation +, asset -)	-1,300	-1,059

NOTE 36 CONT. PENSIONS

DEFINED-BENEFIT OBLIGATIONS AND THE VALUE OF PLAN ASSETS CONT.

GROUP	2011	2010
Net amount is distributed among plans in the following countries:		
Sweden	-1,251	-991
Norway	-49	-67
Net amount in balance sheet (obligation +, asset -)	-1,300	-1,059

SUPPLEMENT TO IAS 19, EMPLOYEE BENEFITS, TO BE APPLIED AS OF 2013
Actuarial losses of SEK 1.3 billion at December 31, 2011 will impact the NCC Group's shareholders' equity by approximately SEK 1 billion, net after tax. For the Swedish portion of the net pension liability, there is still uncertainty concerning recognition of special payroll tax and yield tax. The impact of this on the financial statements has not been taken into account in the above amount.

CHANGE IN OBLIGATION FOR DEFINED BENEFIT PLANS

GROUP	2011	2010
Obligation for defined benefit plans on January 1	4,650	4,493
Benefits paid	-131	-106
Current service cost plus interest expense	357	284
Curtailments	-3	-2
Settlements	4	14
Actuarial gains and losses	-125	31
Exchange-rate differences	-4	-65
Obligation for defined benefit plans on December 31	4,748	4,650

CHANGE IN PLAN ASSETS

GROUP	2011	2010
Fair value of plan assets on January 1	4,360	4,013
Contribution by employer	279	139
Benefits paid	-14	-14
Expected return	235	219
Actuarial gains and losses	-246	66
Exchange-rate differences	-4	-63
Fair value of plan assets on December 31	4,610	4,360

The plan assets comprise:

	2011	2010
Shares	1,401	1,507
Funds	316	318
Properties	151	151
Interest-bearing securities	2,708	2,352
Others	33	31
Fair value of plan assets on December 31	4,610	4,360

RETURN ON PLAN ASSET

GROUP	2011	2010
Return on fair value of plan assets	-11	285
Expected return on plan assets	235	219
Unrecognized actuarial result for plan assets during the year (gain +)	-246	66

HISTORICAL VALUES

GROUP	2011	2010	2009	2008	2007
Present value of defined benefit obligations	4,748	4,650	4,493	3,946	3,632
Fair value of plan assets	4,610	4,360	4,013	3,392	3,349
Surplus (-)/deficit (+) in the plan	138	290	480	554	283
Experience-based adjustment of plan assets	-254	72	111	-403	-86
Experience-based adjustment of benefit obligation	128	31	260	45	96

ACTUARIAL ASSUMPTIONS, WEIGHTED AVERAGE VALUE, %

GROUP	2011	2010
Discount interest rate	3.9	3.8
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

PENSION LIABILITY ACCORDING TO THE BALANCE SHEET

	Group		Parent Company	
	2011	2010	2011	2010
Provision for pensions, other	6	1	3	3

COST OF PENSION PAYMENTS

PARENT COMPANY	2011	2010
<i>Proprietary pension payments</i>		
Proprietary costs, excluding interest expense	344	180
Interest expense	40	47
Cost of proprietary pension payments	384	227
<i>Pension payments through insurance</i>		
Insurance premiums	130	132
Subtotal	514	359
Special payroll tax on pension costs	100	61
Pension costs during the year	614	420

1) The Parent Company's pension costs increased approximately SEK 150 M in 2011 due to changed mortality assumptions for the calculation of the pension obligation.

CAPITAL VALUE OF PENSION OBLIGATIONS

PARENT COMPANY	2011	2010
Capital value of pension obligations pertaining to proprietary pension payments on January 1	2,486	2,307
Cost, excluding interest expense, charged against profit	344	180
Interest expense	40	47
Pension payments	-84	-49
Capital value of pension obligations pertaining to proprietary pension on December 31	2,786	2,486

FAIR VALUE OF ESPECIALLY DETACHED ASSETS

PARENT COMPANY	2011	2010
Fair value of especially detached assets on January 1	3,004	2,779
Return on especially detached assets	79	179
Payment to/from pension foundations	190	46
Fair value of especially detached assets on December 31	3,273	3,004
Fair value of especially detached assets is divided among:		
Shares	1,078	1,253
Funds	269	294
Interest-bearing receivables	1,926	1,457
Fair value of especially detached assets on December 31	3,273	3,004

The NCC Group's Pension Foundation has an interest-bearing receivable of SEK 1,500 M (1,200) from NCC AB.

Other wise, the pension foundations have no financial instruments issued by the company or assets used by the company.

NOTE 36 CONT. PENSIONS

NET PENSION OBLIGATION

PARENT COMPANY	2011	2010
Capital value of pension obligations pertaining to proprietary pension payments on December 31	2,786	2,486
Fair value of especially detached assets on December 31	3,273	3,004
Surplus on especially detached assets	490	521
Net recognized pension obligation	3	2

ASSUMPTIONS UNDERLYING DEFINED-BENEFIT OBLIGATIONS

PARENT COMPANY	2011	2010
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	2011	2010
Other long-term liabilities		
Liabilities to associated companies	15	13
Derivative instruments held for hedging	40	34
Liabilities, property acquisitions	23	24
Other long-term liabilities	566	850
Total	643	921
Other current liabilities		
Advance payments from customers	2,045	1,781
Liabilities to associated companies	1	15
Derivative instruments held for hedging	27	34
Liabilities, property acquisitions	134	88
Other current liabilities	1,404	1,423
Total	3,611	3,341

NOTE 38 WORK IN PROGRESS ON ANOTHER PARTY'S ACCOUNT AND NET SALES

PARENT COMPANY	2011	2010
Invoicing excluding withheld amount	22,911	18,223
Withheld amount	340	360
Total invoicing	23,251	18,583
Costs incurred excluding reserve for losses	-20,863	-15,732
Reserve for losses	243	122
Total costs incurred	-20,620	-15,610
Total work in progress on another party's account	2,631	2,973
Profit-recognized invoicing		
Invoicing during the year	23,538	20,999
Invoiced but not recognized as profit on January 1	18,583	22,961
Less: Invoiced but not recognized as profit on December 31	-23,251	-18,583
Total revenues	18,870	25,377

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 is subject to a covenant in the form of the debt/equity ratio that is associated with the syndicated credit facility of EUR 275 M that was concluded with a group of banks and had a remaining term to maturity of about one year. Following year-end, this facility was refinanced with a new five-year syndicated credit facility of EUR 325 M. 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 38 months (34) in terms of total interest-bearing liabilities. Financing of SEK 1,556 M (1,412) 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 47 (44) months.

MATURITY STRUCTURE, CAPITAL DECEMBER 31, 2011

Matures	Interest-bearing liabilities	
	Amount	Proportion, %
2012	1,585	29
2013	623	11
2014	684	13
2015	228	4
2016 ¹⁾	2,162	40
2017	49	1
2018–	111	2
Total	5,442	100

¹⁾ Of which, reloaning from the NCC Group's pension foundation accounted for SEK 1,500 M.

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

MARKET-FINANCING PROGRAMS

	Limit	Utilized SEK M
Commercial paper (CP) program in Finland	EUR 300 M	
Commercial paper (CP) program in Sweden	SEK 4 000 M	410
Medium Term Note (MTN) in Sweden	SEK 3 000 M	893
Total		1,303

Of NCC's total interest-bearing liability, investor-related loans accounted for 24 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, 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 (3.5), with a remaining average maturity of 1.5 years (2.3). Available cash and cash equivalents are invested in banks or in interest-bearing instruments with good credit ratings and a liquid secondary market. At year-end, the Group's cash and cash equivalents, including short-term investments, amounted to SEK 1.1 billion (3.4). Access to funds on December 31, 2011 corresponded to 8 percent (14) of sales.

The table below shows the Group's financial liabilities (including interest payments) and derivative instruments classed as financial liabilities. For financial instruments carrying variable interest rates, the interest rate pertaining on the balance-sheet date has been used. Amounts in foreign currency have been translated to SEK based on the exchange rate applying on the balance-sheet date.

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

ANALYSIS OF MATURITIES (AMOUNTS INCLUDING INTEREST)

	2011						2010					
	Total	<3 months	3 months – 1 year	1–3 years	3–5 years	>5 years	Total	<3 months	3 months – 1 year	1–3 years	3–5 years	>5 years
Reloaning from the NCC Group's Pension Foundation	1,905		81	162	1,662		1,525		65	130	1,330	
Interest-bearing liabilities	2,413	491	94	783	943	102	1,566	65	116	730	490	165
Interest-bearing liabilities in Finnish housing companies and Swedish housing companies ¹⁾	1,611	244	837	458	3	69	1,437	179	1,258			
Financial leasing liabilities	272		1	193	78		216	1	4	211		
Interest-rate swaps	49	4	6	17	18	4	79	7	13	24	20	15
Accounts payable	4,131	4,131					3,414	3,414				
Total	10,381	4,870	1,019	1,613	2,704	175	8,237	3,666	1,456	1,095	1,840	180

¹⁾ The due date for interest-bearing liabilities in unsold completed projects in Finnish housing companies is defined as the due date for the long-term loan agreements. However, the loans will be redeemed in pace with sales of the housing units.

INTEREST-RATE RISKS

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

At the end of 2011, NCC's interest-bearing gross debt amounted to SEK 5,442 M (4,258) and the average interest-rate maturity was 7 months (12). Excluding loans in Finnish tenant-owner housing companies and Swedish tenant-owners' associations, the gross liability amounted to SEK 3,886 M (2,847) and the average interest-rate maturity was 10 (18) 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 1,044 M (3,425) and the average interest-rate maturity for these assets was 6 months (2). The average interest rate maturity reduced by interest-rate exposure associated with cash and cash equivalents was 9 months (16), including interest-rate swaps linked to the borrowing portfolio.

On December 31, 2011, NCC had interest-rate swaps linked to the borrowing portfolio with a nominal value of SEK 660 M (1,122). Other interest-rate swaps, intended for the hedging of the interest-rate risk in a leasing contract, had a nominal value of SEK 313 M (451). At the same date, the interest-rate swaps linked to the borrowing portfolio had a negative fair value of SEK 1 M (neg: 6) net, comprising assets of SEK 1 M (3) and liabilities of SEK 2 M (9). The other interest-rate swaps had a negative fair value of SEK 40 M (neg: 31) net, comprising liabilities of SEK 40 M (31). The interest-rate swaps linked to the borrowing portfolio have expiration dates ranging from 0.1 (0.2) to 1.2 (2.2) years. The other interest-rate swaps have expiration dates of 5.5 (0.5 to 6.6) years.

INTEREST-RATE MATURITY STRUCTURE AT DEC 31, 2011

Maturity	Interest-bearing liabilities, incl. interest-rate swaps	
	Amount	Proportion, %
2012	4,923	91
2013	163	3
2014	13	
2015		
2016		
2017		
2018–	343	6
Total	5,442	100

EXCHANGE-RATE RISKS

The exchange-rate risk is the risk that changes in exchange rates will adversely affect the consolidated income statement, balance sheet or cash flow statement. In accordance with the finance policy, transaction exposure must be eliminated as soon as it becomes known. Contracted and probable forecast flows are hedged, mainly by using currency forward contracts. Contracted net exposure in each currency is hedged at a rate of 100 percent. Forecast net exposure is hedged successively over time, which entails that the quarters that are closest in time are hedged to a greater extent than the following quarters. Accordingly, each quarter is hedged on several occasions and is covered by several hedged contracts that have been entered into at different times. The target is to hedge 90 percent of the forecast for the current quarter and 70 percent of the forecast for the following quarter, followed by 50, 30 and 10 percent, respectively, in the following quarters. In the financial statements, hedge accounting is applied when the requirements for hedge accounting are fulfilled.

Exposure to financial flows, such as loans and investments, is mainly hedged using currency swaps. 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, 2011

Counter-value in SEK M	Amount	Proportion, %
EUR	2,255	42
LVL	20	
NOK	23	
SEK	3,144	58
Total	5,442	100

FINANCING VIA CURRENCY SWAP AGREEMENTS AT DEC 31, 2011

Counter-value in SEK M	
Sell DKK	-1,289
Buy EUR	774
Sell ITL	-14
Sell LVL	-242
Sell NOK	-1,767
Sell RUB	-573
Net	-3,111

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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	2011			2010		
	Net outflow	Of which, hedged	Hedged portion, %	Net outflow	Of which, hedged	Hedged portion, %
Currency						
EUR	649	537	83	452	353	78
Other	130	118	91	55	42	76
Total	779	655	84	507	395	78

During 2011, no cash-flow hedges were closed, because it was no longer probable that the expected cash flow would be achieved.

Transaction exposure was hedged through currency forward contracts. The forward contracts used to hedge contracted and forecast transactions are classified as cash flow hedges. The net fair value of currency forward contracts used for hedging transaction exposure amounted to a net expense of SEK 2 M (income: 3). Of this amount, assets of SEK 6 M (10) and liabilities of SEK 8 M (7) have been recognized in the balance sheet.

The table below shows forecast currency flows during 2012–2013, the outstanding hedge position at year-end and the hedged portion.

Currency	Q1 2012			Q2 2012			Q3 2012			Q4 2012			Q1 2013–			Total		
	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	215	194	90	104	73	70	81	40	50	77	23	30	68	7	10	545	337	62
Target value %			90			70			50			30			10			50

The outstanding hedge position at year-end in terms of contracted net currency flows had a value of SEK 192 M (18), of which SEK 42 M (neg: 35) will fall due within three months.

TRANSLATION EXPOSURE

The table below shows the Group's hedged net investments and hedging positions per currency, plus the hedged portion both with and without taking tax effects into account.

Counter-value in SEK M	Dec 31, 2011					Dec 31, 2010				
	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedged portion after tax %	Net investment	Hedge position before tax	Hedge portion before tax %	Hedge position after tax	Hedged portion after tax %
DKK	365	298	82	220	60	370	301	81	222	60
EUR	1,094	937	86	691	63	871	663	76	489	56
NOK	202	170	84	125	62	206	199	97	147	71
RUB	-5					-48	-44	92	-32	67
LTL	-6					-26	-6	23	-4	15
LVL	62	49	79	36	58	-5	18	-360	13	-260
EEK ¹⁾						53	44	83	32	60
Total	1,712	1,454	85	1,072	63	1,421	1,175	83	867	61

¹⁾ EEK = EUR as of January 1, 2011.

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, 2011 was SEK 1,454 M (1,175). Hedge accounting is applied when the criteria for hedge accounting are met. An exchange-rate difference of SEK 10 M (230) 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, meaning that all changes resulting from changed exchange rates are recognized in other comprehensive income.

CREDIT RISKS

Credit and counterparty risks in financial operations

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

Total counterparty exposure with respect to derivative trading, calculated as the net receivable per counterparty, amounted to SEK 171 M (140) at the end of 2011. 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 1,081 M (3,454).

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

	2011		2010	
	Gross	Provision for doubtful receivables	Gross	Provision for doubtful receivables
Not due accounts receivable	6,409	15	6,067	11
Past-due accounts receivable 1–30 days	751	3	526	8
Past-due accounts receivable 31–60 days	48	3	84	2
Past-due accounts receivable 61–180 days	178	10	99	8
Past-due accounts receivable > 180 days	513	205	676	274
Total	7,900	236	7,452	303

Collateral for accounts receivable was received in an amount of SEK 81 M (358).

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

PROVISION FOR DOUBTFUL RECEIVABLES

	2011	2010
Opening balance	303	413
Provision for the year	77	116
Reversal of previously posted provisions	-144	-188
Translation differences	-1	-38
Closing balance	236	303

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

	Financial assets measured at fair value through profit and loss ¹⁾	Derivatives used in hedge accounting	Accounts and loan receivables	Investments held to maturity	Available-for-sale financial assets	Financial liabilities measured at fair value through profit and loss ¹⁾	Other liabilities	Total carrying amount	Total fair value
GROUP 2011									
Other long-term holdings of securities				148	25			173	177
Long-term receivables	1		162					163	163
Accounts receivable			7,265					7,265	7,265
Prepaid expenses and accrued income			4					4	4
Other receivables	62	43	521					626	626
Short-term investments	187			98				285	261
Total assets	250	43	7,952	246	25			8,516	8,496
Long-term interest-bearing liabilities ²⁾							3,850	3,850	3,850
Other long-term liabilities		40					603	643	643
Provisions for pensions, and similar obligations							6	6	6
Current interest-bearing liabilities							1,585	1,585	1,585
Accounts payable							4,131	4,131	4,131
Accrued expenses and deferred income						2	8	10	10
Other current liabilities		8				19	135	162	162
Total liabilities		48				21	10,318	10,387	10,387

	Financial assets measured at fair value through profit and loss ¹⁾	Derivatives used in hedge accounting	Accounts and loan receivables	Investments held to maturity	Available-for-sale financial assets	Financial liabilities measured at fair value through profit and loss ¹⁾	Other liabilities	Total carrying amount	Total fair value
GROUP 2010									
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

¹⁾ Held for resale.

²⁾ Reloaning of SEK 1,500 M (1,200) from NCC's Pension Foundation is included.

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

PARENT COMPANY 2011	Derivatives used in hedge accounting	Accounts and loan receivables	Available- for-sale financial assets	Other liabilities	Total carrying amount	Total fair value
Receivables from associated companies		189			189	189
Other long-term holdings of securities			5		5	5
Other long-term receivables		31			31	31
Accounts receivable		3,396			3,396	3,396
Current receivables from Group companies	20	2,158			2,178	2,178
Current receivables from associated companies		18			18	18
Other current receivables		60			60	60
Short-term investments		6,450			6,450	6,450
Total assets	20	12,302	5		12,327	12,327
Long-term liabilities to credit institutions ¹⁾				1,500	1,500	1,500
Long-term liabilities to Group companies				1,263	1,263	1,263
Other long-term liabilities				248	248	248
Accounts payable				1,975	1,975	1,975
Current liabilities to Group companies				3,110	3,110	3,110
Current liabilities to associated companies				4	4	4
Other current liabilities				3	3	3
Total liabilities				8,103	8,103	8,103

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

¹⁾ Reloaning of SEK 1,500 (1,200) from NCC's Pension Foundation is included.

NOTE 39 CONT. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The classification categories Financial assets measured at fair value through profit and loss, Investments held to maturity and Financial liabilities measured at fair value through profit and loss are not applicable for the Parent Company. No reclassification of financial assets and liabilities among the above categories was effected during the year.

In the tables below, disclosures are made concerning how fair value was determined for the financial instruments measured at fair value in the balance sheet.

When determining fair value, assets were divided into the following three levels:

Level 1: in accordance with prices quoted on an active market for the same instruments.

Level 2: on the basis of directly or indirectly observable market data that is not included in Level 1.

Level 3: on the basis of input data that is not observable in the market (which is not applicable for NCC).

GROUP 2011	Level 1	Level 2	Total
Financial assets measured at fair value through profit and loss			
– Derivative instruments held for trading		63	63
– Securities held for trading	187		187
Derivative instruments used for hedging purposes		43	43
Total assets	187	106	293

Financial liabilities measured at fair value through profit and loss			
– Derivative instruments held for trading		21	21
Derivative instruments used for hedging purposes		48	48
Total liabilities		69	69

GROUP 2010	Level 1	Level 2	Total
Financial assets measured at fair value through profit and loss			
– Derivative 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 measured at fair value through profit and loss			
– Derivative instruments held for trading		31	31
Derivative instruments used for hedging purposes		39	39
Total liabilities		70	70

PARENT COMPANY 2011	Level 1	Level 2	Total
Derivative instruments used for hedging purposes		20	20
Total assets		20	20

Derivative instruments used for hedging purposes			
Total liabilities			

PARENT COMPANY 2010	Level 1	Level 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

NOTE 40 ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2011	2010	2011	2010
Payroll-related costs	1,916	1,953	911	943
Financial expense	9	5		
Prepaid rental revenues	5	5	1	1
Prepaid revenues from rental guarantees	86	111		
Project-related costs	1,029	1,019	244	390
Administrative costs	36	27	1	2
Guarantee costs		4		
Operating and sales costs	111	114		
Other expenses	82	89	28	30
Total	3,274	3,327	1,186	1,367

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 agreements are based on variable interest rates. NCC recommends purchasers and leasing agreements for individual vehicles can be extended.

Within NCC Roads, framework agreements have been concluded for the operational leasing of production equipment for road maintenance operations. The agreements are based on variable interest rates and pertain to Sweden, Norway, Denmark and Finland.

During 2005, NCC took over an operational leasing agreement on a property in Norway that expired in 2011. The property was 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	2011	2010
Financial lessee		
<i>Leasing contracts that expire:</i>		
Within 1 year	41	35
Later than 1 year but earlier than 5 years	235	174
<i>Future minimum leasing fees</i>		
Within 1 year	78	65
Later than 1 year but earlier than 5 years	207	128
<i>Present value of future leasing fees</i>		
Within 1 year	74	62
Later than 1 year but earlier than 5 years	198	125
<i>Reconciliation of future leasing fees and their present value</i>		
Future minimum leasing fees	285	193
Less interest charge	-13	-7
Present value of future minimum leasing fees		
<i>Variable fees included in net profit for the year:</i>		
Interest		
Leased machinery and equipment	13	7
Total	13	7

NOTE 41 CONT. LEASING

OPERATIONAL LEASING

	Group		Parent Company	
	2011	2010	2011	2010
Operational lessor				
Future minimum leasing fees – lessor (leased premises)				
<i>Distributed by maturity period:</i>				
Within one year	3	12		5
Later than one year but earlier than five years	3	3		
Later than five years	2	2		
Operational lessee				
<i>Future minimum leasing fees – lessee</i>				
Leasing contracts that expire:				
Within one year	425	395		7
Later than one year but earlier than five years	598	445	4	3
Later than five years	452	428		
The year's cost for operational leasing amounts to	502	389	1	7

NOTE 42 TRANSACTIONS WITH RELATED COMPANIES

The main companies that are closely related to NCC are the Nordstjernan Group, companies in the Axel Johnson Group and associated companies and joint ventures.

The Parent Company has a close relationship with its subsidiaries; refer to Note 22, Participations in Group companies. For information on NCC's senior executives, refer to Note 5, Number of employees, personnel expenses and remuneration of senior executives.

Transactions involving NCC's associated companies and joint ventures were of a production nature. The transactions were conducted on a purely commercial basis.

GROUP	2011	2010
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	122	197
Purchases from associated companies and joint ventures	82	77
Dividend from associated companies	1	1
Long-term receivables from associated companies and joint ventures	117	83
Current receivables from associated companies and joint ventures	37	108
Interest-bearing liabilities to associated companies and joint ventures	106	71
Current liabilities to associated companies and joint ventures	20	39
Contingent liabilities to Group companies	127	7
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	73	40
Purchases from the Nordstjernan Group	689	612
Current receivables from the Nordstjernan Group	3	2
Current liabilities to the Nordstjernan Group	74	65
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	5	2
Purchases from the Axel Johnson Group	5	11
Current receivables from the Axel Johnson Group	4	

PARENT COMPANY	2011	2010
Transactions with Group companies		
Sales to Group companies	541	1,964
Purchases from Group companies	1,112	914
Interest income from Group companies	177	65
Interest expense to Group companies	81	64
Dividend from Group companies	639	596
Long-term receivables from Group companies	145	145
Current receivables from Group companies	9,368	9,182
Interest-bearing liabilities to Group companies	3,046	1,743
Current liabilities to Group companies	1,327	1,241
Contingent liabilities to Group companies	12,606	11,149
Transactions with associated companies and joint ventures		
Sales to associated companies and joint ventures	91	135
Purchases from associated companies and joint ventures	69	62
Dividend from associated companies and joint ventures		5
Long-term receivables from associated companies and joint ventures	189	120
Current receivables from associated companies and joint ventures	18	138
Current liabilities to associated companies and joint ventures	4	10
Contingent liabilities to associated companies and joint ventures	4	
Transactions with the Nordstjernan Group		
Sales to the Nordstjernan Group	70	30
Purchases from the Nordstjernan Group	487	408
Current receivables from the Nordstjernan Group	3	2
Current liabilities to the Nordstjernan Group	61	53
Transactions with the Axel Johnson Group		
Sales to the Axel Johnson Group	5	2
Purchases from the Axel Johnson Group	2	8
Current receivables from the Axel Johnson Group	4	

NOTE 43 PLEDGED ASSETS, CONTINGENT LIABILITIES AND GUARANTEE OBLIGATIONS

	Group		Parent Company	
	2011	2010	2011	2010
Pledged assets				
<i>For own liabilities:</i>				
Property mortgages	1,231	1,365		
Chattel mortgages	6	6		
Assets subject to liens, etc.	253	209		
Restricted bank deposits	12	12	12	12
Total	1,503	1,593	12	12
Other pledged assets:				
Pledging to Nasdaq OMX Stockholm AB	19	19		
Total	19	19		
Total assets pledged	1,522	1,612	12	12
Guarantees and guarantee obligations				
<i>Own contingent liabilities:</i>				
Guarantees on behalf of Group companies			12,606	11,149
Deposits and concession fees	1,096	1,733	1,096	1,733
Other guarantees and contingent liabilities	69	70	69	70
<i>Held jointly with other companies:</i>				
Liabilities in consortiums, partnerships and limited partnerships	188	123	115	3
Total guarantees and guarantee obligations	1,353	1,926	13,886	12,955

NOTE 43 CONT. PLEDGED ASSETS, CONTINGENT LIABILITIES AND GUARANTEE OBLIGATIONS

ASSETS SUBJECT TO LIENS

Pertains to leased equipment in the form of vehicles.

SURETIES ON BEHALF OF GROUP COMPANIES

Sureties on behalf of subsidiaries have mainly been issued as collateral for

- utilized guarantee limits with banks and insurance companies
- NCC Treasury AB's borrowing and
- fulfillment of construction-contract agreements.

DEPOSITS AND CONCESSION FEES

Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by NCC. Such guarantees shall be relinquished as soon as one year has passed after the final acquisition cost for the tenant-owner association's building has been established.

BUILDING LOANS

The guarantee provided by NCC AB as collateral for a building loan raised from a tenant-owner association applies until loans are transferred to the agreed sales by the various property-owning project companies. For jointly owned companies, NCC's share is specified.

NOTE 44 CASH FLOW STATEMENT

CASH AND CASH EQUIVALENTS

GROUP	2011	2010
Cash and bank balances	702	1,907
Short-term investments of less than three months	94	806
Total according to balance sheet and cash flow statement	796	2,713

PARENT COMPANY	2011	2010
Cash and bank balances	806	819
Short-term investments	6,450	6,295
Total according to cash flow statement	7,256	7,114

The short-term investments have been classified as cash and cash equivalents based on the following considerations:

- They are subject to an insignificant risk of value fluctuation.
- They can easily be converted into cash funds.
- They have a maturity of not more than three months from the date of acquisition.

ACQUISITION OF SUBSIDIARIES

According to the acquisition analyses, the value of acquired assets and liabilities was as follows:

GROUP	2011	2010
Goodwill	33	
Intangible fixed assets	25	
Buildings and land	8	
Tangible fixed assets	203	
Financial fixed assets	1	
Inventories	17	
Accounts receivable and other current receivables	71	
Cash and cash equivalents	32	
Accounts payable and other current liabilities	-141	
Deferred tax liability	-17	
Purchase considerations	231	
Acquired cash and cash equivalents	-32	
Impact on the Group's cash and cash equivalents	199	

SALE OF SUBSIDIARIES

GROUP	2011	2010
Properties classed as current assets	21	
Accounts payable and other current liabilities	-21	
Capital gains	46	
Purchase considerations	46	
Sold cash and cash equivalents		
Impact on the Group's cash and cash equivalents	46	

ACQUISITION OF TANGIBLE FIXED ASSETS

Group

Acquisitions of tangible fixed assets during the year amounted to SEK 697 M (577), of which SEK 0 M (0) was financed through loans.

Acquisitions of subsidiaries amounted to SEK 231 M (0), of which SEK 32 M (0) had no effect on cash flow. Sales of subsidiaries amounted to SEK 46 M (0), of which SEK 0 M (0) had no effect on cash flow.

Parent Company

Acquisitions of tangible fixed assets during the year amounted to SEK 33 M (27), 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 64 M (62). Interest paid during the year amounted to SEK 235 M (284).

Parent Company

Interest received during the year amounted to SEK 188 M (70). Interest paid during the year amounted to SEK 197 M (203).

CASH FLOW ATTRIBUTABLE TO JOINT VENTURES CONSOLIDATED IN ACCORDANCE WITH THE PROPORTIONAL METHOD

GROUP	2011	2010
Operating activities	187	-50
Change in working capital	57	-152
Investing activities	-4	-4
Financing activities	69	-83
Total cash flow	309	-289

CASH AND CASH EQUIVALENTS UNAVAILABLE FOR USE

GROUP	2011	2010
Restricted bank deposits	12	12
Cash and cash equivalents in joint ventures	87	80
Total cash and cash equivalents unavailable for use	99	92

TRANSACTIONS THAT DO NOT GIVE RISE TO RECEIPTS/DISBURSEMENTS

GROUP	2011	2010
Acquisition of an asset through promissory note		84
Acquisition of an asset through financial leasing	151	91

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 2011 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 64.3 percent of the voting rights in NCC AB. Nordstjernan AB, Corporate Registration Number 556000-1421, has its registered Head Office in Stockholm.

NOTE 46 EVENTS AFTER THE BALANCE-SHEET DATE

On February 1, 2012, NCC Treasury AB secured a new five-year credit facility of EUR 325 M. The credit facility, which is guaranteed by NCC AB (publ), will be used for NCC's general borrowing requirements, including being a backstop for NCC's corporate paper program. The new credit facility replaces the former credit facility of EUR 275 M secured in January 2008.

Proposed distribution of unappropriated earnings

The Board of Directors proposes that the funds available for distribution by the Annual General Meeting be appropriated as follows:	
Ordinary dividend to shareholders of SEK 10.00 per share	5,251,743,608
To be carried forward	1,084,358,220
Total, SEK	4,167,385,388
	5,251,743,608

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 2, 2012. 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 4, 2012 for adoption.

Solna, March 2, 2012

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

Karl-Johan Andersson
*Member of the Board
representing employees*

Lars Bergqvist
*Member of the Board
representing employees*

Karl G Sivertsson
*Member of the Board
representing employees*

Peter Wågström
President and CEO

Our audit report was submitted on March 2, 2012

PricewaterhouseCoopers AB

Håkan Malmström
*Authorized Public Accountant
Auditor-in-charge*

Ulf Westerberg
Authorized Public Accountant

Auditors' report

To the Annual General Meeting of NCC AB, Registered Number: 556034-5174

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of NCC AB for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 42–94.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2011 and of its financial performance and its cash

flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of NCC AB for the year 2011.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 2, 2012

PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

Multi-year review

INCOME STATEMENT, SEK M	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	2009	IFRIC 15 2009	2010	2011
Net sales	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817	56,005	49,420	52,535
Production costs	-40,950	-41,739	-41,809	-42,749	-45,158	-50,729	-52,572	-52,005	-46,544	-50,263	-44,487	-47,721
Gross profit	4,215	3,513	3,628	3,785	4,347	5,147	5,825	5,460	5,273	5,742	4,933	4,814
Selling and administrative expenses	-3,157	-2,717	-2,523	-2,577	-2,677	-2,795	-3,059	-3,197	-3,035	-3,035	-2,682	-2,774
Result from property management	103	50	29	45	17	-5						
Result from sales of managed properties	322	-26	51	-60	92	9						
Result from sales of owner-occupied properties		16	6	6	19	22	19	15	10	10	2	7
Impairment losses on fixed asset	-6	-64	-138	-149	-94	-22	-245	-76	-7	-7	-2	-38
Impairment losses/reversal of impairment losses on properties, NCC Property Development ¹⁾	-4	-782	-69									
Result from sale of Group companies	303	4	73	64	-5	7	415	8	5	5		3
Competition-infringement fee							-175		-95	-95		
Result from participations in associated companies	44	11	60	33	49	29	11	9	-1	-1	4	5
Operating profit	1,820	5	1,117	1,147	1,748	2,392	2,790	2,219	2,150	2,619	2,254	2,017
Financial income	327	219	148	209	116	116	131	615	70	78	99	76
Financial expense	-841	-547	-310	-412	-284	-245	-313	-449	-526	-592	-345	-284
Net financial items	-514	-328	-162	-203	-168	-129	-182	166	-456	-514	-246	-208
Profit/loss after net financial items	1,306	-323	955	945	1,580	2,263	2,608	2,385	1,694	2,105	2,008	1,808
Tax on profit for the year	-461	-77	-96	-68	-393	-555	-357	-565	-432	-449	-481	-496
Net profit/loss for the year	844	-400	859	876	1,187	1,708	2,252	1,820	1,262	1,656	1,527	1,312
Attributable to:												
NCC's shareholders	821	-421	856	873	1,178	1,706	2,247	1,809	1,261	1,654	1,524	1,310
Non-controlling interests	24	21	3	3	9	1	4	11	1	1	4	2
Net profit/loss for the year	844	-400	859	876	1,187	1,708	2,252	1,820	1,262	1,656	1,527	1,312

¹⁾ As of 2004, impairment losses/reversal of impairment losses on properties, NCC Property Development, are reported as production costs.

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.

2011: The market trend was positive during 2011 and demand was favorable for buildings, civil engineering and housing operations. The European debt crisis has yet to impact demand. Favorable earnings were reported, primarily as a result of more completed and handed over projects in NCC Housing and high volumes in NCC Roads thanks to a long season. SEK 172 M was charged against profit for impairment losses on goodwill in Finland and land in Denmark and Latvia.

REVISED ACCOUNTING POLICIES – IFRIC 15. COMPARATIVE FIGURES FOR 2009 HAVE BEEN RECALCULATED.

In the Annual Report, comparative figures for 2009 have been recalculated due to the application of IFRIC 15, Agreements for the Construction of Real Estate, as of January 1, 2010. This applies for all tables and figures pertaining to 2009, unless otherwise stated. In brief, the change entails that revenues and earnings from the sale of property and housing projects are normally not to be recognized until the property or the home has been sold, completed and handed over to the

customer. This usually results in recognition of a sale being delayed compared with the past. Application of IFRIC 15 also affects assets and liabilities. Among other consequences, tenant owner associations and Finnish housing companies, are recognized, in contrast to the past, in NCC's balance sheet. This primarily increases interest-bearing liabilities but also has an impact on NCC's other key figures.

BALANCE SHEET, SEK M	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	IFRIC 15 2008	2009	IFRIC 15 2009	2010	2011
ASSETS													
<i>Fixed assets</i>													
Goodwill	2,538	2,045	1,597	1,790	1,772	1,700	1,651	1,772	1,772	1,750	1,750	1,613	1,607
Other intangible assets	130	82	31	31	61	113	96	122	122	120	120	115	167
Managed properties	1,306	897	41	449	71	65	21	12	12				
Owner-occupied properties and construction in progress	1,190	868	821	830	865	796	640	682	682	647	647	576	596
Machinery and equipment	3,055	1,926	1,803	1,848	1,937	1,940	1,774	1,975	1,975	1,910	1,910	1,816	2,209
Participations in associated companies	805	694	609	200	44	47	25	10	10	9	9	7	8
Other long-term holdings of securities	201	167	311	311	265	242	250	227	227	203	203	182	173
Long-term receivables	1,253	1,217	1,392	1,363	1,246	2,739	1,968	1,338	1,366	1,378	1,397	1,431	1,750
Total fixed assets	10,478	7,896	6,605	6,822	6,263	7,642	6,424	6,139	6,166	6,016	6,035	5,739	6,511
<i>Current assets</i>													
Property projects	4,215	3,755	2,002	2,105	2,005	1,955	2,145	3,439	4,018	2,835	2,835	2,931	4,475
Housing projects	3,358	3,510	3,495	4,345	4,395	5,979	8,553	11,377	15,060	8,363	10,137	8,745	9,860
Materials and inventories	727	575	604	609	502	443	474	624	624	514	514	537	557
Participations in associated companies	132	116	53										
Accounts receivable	6,401	6,167	6,185	6,476	7,137	7,934	8,323	7,820	7,794	6,355	6,340	6,481	7,265
Worked-up, non-invoiced revenues	2,683	2,420	2,696	2,998	2,737	2,840	2,956	1,854	841	1,459	777	804	910
Prepaid expenses and accrued income	884	692	582	587	638	852	1,048	1,169	1,119	844	982	988	1,114
Other receivables	2,620	2,399	1,912	1,819	1,361	1,532	1,979	1,778	1,602	1,472	1,747	1,425	1,151
Short-term investments		2	32	113	153	173	483	215	215	286	286	741	285
Cash and cash equivalents	3,717	2,463	2,574	2,514	1,919	1,253	1,685	1,832	1,919	1,831	2,317	2,713	796
Total current assets	24,737	22,101	20,133	21,567	20,848	22,961	27,645	30,108	33,193	23,959	25,935	25,366	26,414
TOTAL ASSETS	35,215	29,997	26,738	28,389	27,110	30,603	34,069	36,247	39,359	29,976	31,970	31,104	32,924
SHAREHOLDERS' EQUITY													
Shareholders' equity	7,597	6,188	6,728	6,715	6,785	6,796	7,207	6,840	6,243	7,667	7,470	8,111	8,286
Non-controlling interests	83	78	84	84	94	75	30	25	25	18	18	21	11
Total shareholders' equity	7,680	6,266	6,812	6,799	6,879	6,870	7,237	6,865	6,268	7,685	7,488	8,132	8,297
LIABILITIES													
<i>Long-term liabilities</i>													
Long-term interest-bearing liabilities	4,924	4,267	3,148	3,485	2,004	2,023	1,590	2,620	2,721	2,941	2,972	2,712	3,850
Other long-term liabilities	20	38	34	343	392	561	816	837	837	558	558	921	643
Deferred tax liabilities	687	659	502	481	199	461	431	492	436	710	641	439	669
Provisions for pensions and similar obligations	1,168	20	180	180	143	119	112	42	42	18	18	1	6
Other provisions	1,475	1,472	1,641	1,683	1,611	2,157	2,729	3,190	3,029	3,023	2,932	2,722	2,619
Total long-term liabilities	8,274	6,456	5,506	6,172	4,348	5,321	5,678	7,180	7,065	7,250	7,121	6,796	7,788
<i>Current liabilities</i>													
Current liabilities, interest-bearing	4,987	4,125	1,107	1,187	1,052	552	1,701	2,929	7,036	391	1,739	1,546	1,585
Accounts payable	4,460	3,855	3,891	3,908	4,520	4,874	4,974	4,356	4,356	3,545	3,536	3,414	4,131
Tax liabilities	292	118	261	260	137	170	101	140	140	38	38	449	60
Invoiced revenues, not worked-up	3,486	3,521	3,563	4,375	4,367	4,823	4,971	5,300	4,784	4,516	4,250	4,092	4,176
Accrued expenses and prepaid income	3,003	3,161	3,231	3,305	3,271	4,592	5,177	4,371	4,234	3,598	3,682	3,336	3,277
Other current liabilities	3,033	2,497	2,368	2,383	2,535	3,400	4,231	5,106	5,474	2,954	4,117	3,341	3,611
Total current liabilities	19,261	17,276	14,421	15,418	15,883	18,411	21,154	22,202	26,026	15,041	17,361	16,177	16,839
Total liabilities	27,535	23,732	19,926	21,590	20,231	23,732	26,832	29,382	33,090	22,291	24,482	22,973	24,627
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	35,215	29,997	26,738	28,389	27,110	30,603	34,069	36,247	39,359	29,976	31,970	31,104	32,924

2005: NCC Property Development divested managed properties and received payment for properties sold in the preceding years, which led to a reduction in total assets. All financial objectives were achieved and net indebtedness was reduced to SEK 0.5 billion.

2006: As a result of additional sales of property projects within NCC Property Development, long-term receivables from sales of property projects increased. Investments in land for housing projects increased. All financial objectives were achieved and net indebtedness was reduced to SEK 0.4 billion.

2007: Capital tied-up in property projects increased at NCC Property Development, and in housing projects within NCC's Construction units in Sweden, Denmark and Finland.

2008: Continued increase in tied-up capital, primarily in housing operations.

2009: Total assets declined as a result of an intensified focus on cash flow and tied-up capital, resulting in, for example, higher sales of property and housing projects.

2010: Increased investments in properties held for future development were offset by higher sales of housing units, which resulted in a decrease in housing projects. NCC's positive cash flow resulted in an increase in cash and cash equivalents and short-term investments. Interest-bearing liabilities were reduced through repayments.

2011: Continued investments in housing projects at NCC Housing and in property projects at NCC Property Development resulted in an increased need for financing, which is the main reason for the rise in net indebtedness by SEK 3.5 billion.

Multi-year review, cont.

KEY FIGURES	2002	2003	2004	IFRS 2004	2005	2006	2007	2008	2009	IFRIC 15 2009	2010	2011
Financial statements, SEK M												
Net sales	45,165	45,252	45,437	46,534	49,506	55,876	58,397	57,465	51,817	56,005	49,420	52,535
Operating profit/loss	1,820	5	1,117	1,147	1,748	2,392	2,790	2,219	2,150	2,619	2,254	2,017
Profit/loss after net financial items	1,306	-323	955	945	1,580	2,263	2,608	2,385	1,694	2,105	2,008	1,808
Profit/loss for the year	844	-400	859	876	1,187	1,708	2,252	1,820	1,262	1,656	1,527	1,312
Investments in fixed assets	1,662	1,102	850	866	901	798	780	983	584	584	667	1,257
Investments in property projects	1,439	1,334	413	438	626	1,049	1,493	2,210	1,054	1,215	1,533	2,333
Investments in housing projects ¹⁾	1,525	1,667	1,921	1,920	2,140	3,908	5,392	5,010	1,262	3,193	3,171	7,529
Cash flow, SEK M												
Cash flow from operating activities	2,747	959	3,399	4,161	2,046	2,171	1,031	128	3,318	6,440	2,423	-1,547
Cash flow from investing activities	2,308	-196	1,097	1,083	69	-514	134	-306	-481	-481	-489	-857
Cash flow before financing	5,055	762	4,517	5,244	2,115	1,657	1,165	-178	2,837	5,960	1,935	-2,404
Cash flow from financing activities	-4,452	-1,962	-4,380	-5,264	-2,745	-2,307	-763	298	-2,827	-5,549	-1,504	491
Change in cash and cash equivalents	603	-1,199	115	-20	-596	-666	432	147	-1	399	396	-1,916
Profitability ratios												
Return on shareholders' equity, %	11	neg	14	14	18	27	34	27	18	25	20	17
Return on capital employed, %	10	1	10	9	17	24	28	23	17	17	19	16
Financial ratios at year-end, SEK M												
Interest-coverage ratio, %	2.4	0.5	3.6	3.6	6.9	11.5	10.2	7.0	4.5	5.0	5.3	7.4
Equity/assets ratio, %	22	21	25	24	25	22	21	19	26	23	26	25
Interest-bearing liabilities/total assets, %	31	28	16	17	12	9	10	15	11	15	14	17
Net indebtedness	5,816	4,891	679	1,149	496	430	744	3,207	754	1,784	431	3,960
Debt/equity ratio, times	0.8	0.8	0.1	0.2	0.1	0.1	0.1	0.5	0.1	0.2	0.1	0.5
Capital employed at year-end	18,759	14,678	11,098	11,503	10,032	9,565	10,639	12,456	11,034	12,217	12,390	13,739
Capital employed, average	20,770	17,770	13,152	14,054	10,930	10,198	10,521	11,990	12,659	15,389	12,033	13,101
Capital turnover rate, times	2.2	2.5	3.5	3.3	4.5	5.5	5.6	4.8	4.1	3.6	4.1	4.0
Share of risk-bearing capital, %	24	23	27	26	26	24	23	20	28	25	28	27
Average interest rate, %	5.3	4.6	4.8	4.8	4.8	4.8	5.2	5.9	4.5	4.5	4.6	4.2
Average period of fixed interest, years	1.3	0.9	1.3	1.3	1.1	2.6	1.8	1.6	1.8	1.8	1.5	0.8
Order status, SEK M												
Orders received	43,098	40,941	45,362	45,624	52,413	57,213	63,344	51,864	45,957	46,475	54,942	57,867
Order backlog	23,788	23,752	27,077	27,429	32,607	36,292	44,740	40,426	34,084	35,951	40,426	46,314
Per share data, SEK												
Profit/loss after taxes, before dilution	7.95	-4.10	8.36	8.53	11.07	15.80	20.75	16.69	11.63	15.26	14.05	12.08
Profit/loss after taxes, after dilution	7.55	-4.10	7.89	8.05	10.86	15.74	20.73	16.69	11.63	15.26	14.05	12.08
Cash flow from operating activities, after dilution	25.34	8.84	31.35	38.39	18.88	20.03	9.51	1.18	30.60	59.39	22.35	-14.27
Cash flow before financing, after dilution	46.63	7.03	41.67	48.38	19.52	15.29	10.75	-1.64	26.17	54.96	17.84	-22.17
P/E ratio, before dilution	7	neg	10	10	13	12	7	3	10	8	11	10
Dividend, ordinary	2.75	2.75	4.50	4.50	5.50	8.00	11.00	4.00	6.00	6.00	10.00	10.00 ²⁾
Extraordinary dividend		6.70 ³⁾	10.00	10.00	10.00	10.00	10.00					
Dividend yield, %	5.2	17.0	16.5	16.5	10.9	9.6	15.1	8.1	5.1	5.1	6.8	8.3
Dividend yield excl. extraordinary dividend, %	5.2	5.0	5.1	5.1	3.9	4.3	7.9	8.1	5.1	5.1	6.8	8.3
Shareholders' equity before dilution	74.20	60.45	65.70	65.58	63.30	62.86	66.48	63.10	70.72	68.91	74.81	76.41
Shareholders' equity after dilution	70.08	57.08	62.07	61.95	62.60	62.69	66.48	63.10	70.70	68.90	74.80	76.41
Share price/shareholders' equity, %	71	92	134	134	225	298	209	78	167	172	198	158
Share price at year-end, NCC B	53.00	55.50	88.00	88.00	142.50	187.50	139.00	49.50	118.25	118.25	147.80	121.00
Number of shares, millions												
Total number of issued shares ⁴⁾	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
Treasury shares at year-end	6.0	6.0	6.0	6.0	1.2	0.3						
Total number of shares outstanding at year-end before dilution	102.4	102.4	102.4	102.4	107.2	108.1	108.4	108.4	108.4	108.4	108.4	108.4
Average number of shares outstanding before dilution during the year	103.6	102.4	102.4	102.4	106.4	108.0	108.3	108.4	108.4	108.4	108.4	108.4
Market capitalization before dilution, SEK M	5,366	5,625	8,984	8,984	15,282	20,242	14,999	5,209	12,809	12,809	16,005	13,136
Personnel												
Average number of employees	25,554	24,076	22,214	22,375	21,001	21,784	21,047	19,942	17,745	17,745	16,731	17,459

¹⁾ As of 2007, includes investments in the unsold share of ongoing proprietary housing projects. As of 2008, includes costs incurred prior to project start.

²⁾ Dividend for 2011 pertains to the Board of Directors' motion to the AGM.

³⁾ Extraordinary dividend in 2003 pertains to all shares in Altima.

⁴⁾ All shares issued by NCC are common shares.

Figures for 2002 to 2008 are not IFRIC 15 adjusted.

Figures for 2002 to 2003 are not IFRS adjusted.

Figures for 2004 are not adjusted for IAS 39, Financial Instruments.

For definitions of key figures, see p. 113.

Quarterly data

SEK M	Quarterly amounts, 2011				Full year 2011	Quarterly amounts, 2010				Full year 2010
	Q 1	Q 2	Q 3	Q 4		Q 1	Q 2	Q 3	Q 4	
NCC Group										
Orders received	12,398	18,038	12,499	14,932	57,867	14,004	14,601	12,183	14,154	54,942
Order backlog	43,947	49,882	49,437	46,314	46,314	40,497	42,026	41,024	40,426	40,426
Net sales	8,533	12,851	13,033	18,119	52,535	9,685	11,949	12,448	15,338	49,420
Operating profit/loss	-281	545	612	1,140	2,017	-114	670	850	848	2,254
Operating margin, %	-3.3	4.2	4.7	6.3	3.8	-1.2	5.6	6.8	5.5	4.6
Profit/loss after financial items	-326	502	553	1,080	1,808	-182	617	773	801	2,008
Net profit/loss attributable to NCC's shareholders	-238	368	411	769	1,310	-134	455	613	590	1,524
Cash flow before financing	-1,272	-1,435	-403	706	-2,404	845	-169	72	1,207	1,934
Net indebtedness	-1,700	-4,302	-4,621	-3,960	-3,960	-930	-1,734	-1,610	-431	-431
Earnings per share after dilution, SEK	-2.19	3.40	3.79	7.09	12.08	-1.24	4.19	5.66	5.44	14.05
Average number of shares outstanding after dilution during the year, millions	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4	108.4
NCC Construction Sweden										
Orders received	6,286	8,276	5,061	5,650	25,274	7,266	6,092	4,951	5,674	23,983
Order backlog	20,960	23,551	23,068	20,860	20,860	19,329	20,446	20,215	19,132	19,132
Net sales	4,459	5,710	5,548	7,857	23,574	4,169	4,976	5,010	6,806	20,962
Operating profit	83	157	193	345	777	126	153	222	423	924
Operating margin, %	1.9	2.7	3.5	4.4	3.3	3.0	3.1	4.4	6.2	4.4
Capital employed	240	221	377	921	921	783	726	956	1,645	1,645
NCC Construction Denmark										
Orders received	1,052	846	522	1,270	3,689	1,014	791	929	1,097	3,831
Order backlog	3,181	3,347	3,081	3,154	3,154	2,554	2,572	2,652	2,845	2,845
Net sales	689	765	815	1,089	3,358	577	726	748	855	2,906
Operating profit	33	40	41	55	169	21	27	33	44	124
Operating margin, %	4.8	5.3	5.0	5.1	5.0	3.6	3.7	4.4	5.1	4.3
Capital employed	350	268	305	339	339	597	299	298	328	328
NCC Construction Finland										
Orders received	1,223	2,050	2,652	1,844	7,768	1,756	2,056	1,004	1,696	6,512
Order backlog	4,449	5,093	6,312	5,998	5,998	4,815	5,251	4,643	4,637	4,637
Net sales	1,360	1,549	1,495	1,927	6,331	1,173	1,513	1,463	1,642	5,791
Operating profit/loss	2	-11	6	17	14	22	20	48	41	132
Operating margin, %	0.2	-0.7	0.4	0.9	0.2	1.9	1.4	3.3	2.5	2.3
Capital employed	251	196	201	223	223	117	120	221	253	253
NCC Construction Norway										
Orders received	781	1,727	1,077	1,415	5,000	675	1,382	1,158	1,155	4,370
Order backlog	3,565	4,262	4,157	3,931	3,931	3,768	4,105	4,027	3,867	3,867
Net sales	1,027	1,152	1,158	1,550	4,887	949	996	1,049	1,348	4,341
Operating profit/loss	2	9	-28	23	6	38	45	31	33	147
Operating margin, %	0.2	0.8	-2.4	1.5	0.1	4.0	4.5	3.0	2.5	3.4
Capital employed	279	367	335	495	495	870	339	351	426	426
NCC Roads										
Orders received	2,121	3,414	2,865	3,429	11,830	2,009	3,095	2,872	2,585	10,561
Order backlog	4,820	5,106	4,111	4,705	4,705	4,991	5,047	4,160	3,803	3,803
Net sales	1,162	3,204	3,853	3,549	11,766	1,056	3,002	3,674	2,948	10,679
Operating profit/loss	-388	271	432	99	414	-515	319	428	123	356
Operating margin, %	-33.4	8.5	11.2	2.8	3.5	-48.8	10.6	11.7	4.2	3.3
Capital employed	2,668	3,592	3,820	3,223	3,223	2,631	3,179	3,168	2,820	2,820
NCC Housing										
Orders received	1,847	3,544	1,339	2,756	9,485	2,480	2,379	2,187	3,489	10,534
Order backlog	10,197	12,355	12,413	11,217	11,217	5,936	6,938	7,650	9,251	9,251
Net sales	844	1,617	1,289	3,791	7,542	2,148	1,356	1,313	2,062	6,880
Operating profit/loss	3	84	-34	552	606	223	59	-38	83	327
Operating margin, %	0.4	5.2	-2.6	14.6	8.0	10.4	4.4	-2.9	4.0	4.8
Capital employed	7,003	7,376	7,567	8,339	8,339	7,548	6,928	6,980	6,818	6,818
NCC Property Development										
Net sales	124	441	344	457	1,366	67	452	356	1,144	2,020
Operating profit/loss	-41	19	-18	69	28	-1	14	-7	111	116
Capital employed	3,260	3,395	3,289	3,697	3,697	2,942	3,167	3,011	2,838	2,838

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. 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.

This is how NCC is governed

GENERAL SHAREHOLDER MEETINGS

The procedures for notifying shareholders of General Meetings are stipulated in the Articles of Association. Official notice of meetings shall be made in the form of an announcement in Post- och Inrikes Tidningar and on the company's website www.ncc.se. Confirmation that the Official notice has been issued will be announced in and Dagens Nyheter och Svenska Dagbladet. According to the Swedish Companies Act, notice of the Annual General Meeting (AGM) shall be issued not earlier than six weeks and not later than four weeks prior to the Meeting. Notice of Extraordinary General Meetings convened to address amendments to the Articles of Association shall be issued not earlier than six weeks and not later than four weeks prior to the Meeting. Notice of other Extraordinary General Meetings shall be issued not earlier than six weeks and not later than two weeks prior to the Meeting. General Meetings may be held in the municipalities of Stockholm, Solna or Sigtuna. At General Meetings, shareholders may be accompanied by not more than two advisors, on condition that the shareholder has given the company prior notice of this.

SHARE STRUCTURE AND VOTING RIGHTS

NCC shares are issued in two series, designated Series A and Series B shares. Each Series A share carries ten votes and each Series B share one vote. All of the shares carry identical rights to participation in the Company's assets and profits and identical entitlement to dividends. The distribution of shares and voting rights is shown on pp. 110–111, as is the ownership structure. On request, Series A shares may be converted into Series B shares. A written conversion request must be submitted to the Company's Board, which makes continuous decisions on conversion matters. Following a conversion decision, the matter is reported to Euroclear Sweden AB for registration. Conversions become effective when the shares are registered.

COMPOSITION OF THE BOARD

The Board shall consist of not fewer than five and not more than ten members elected by the AGM. The employees are represented on the Board. The Board Members are elected for a period of one year. During 2011, 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. 106–107.

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.

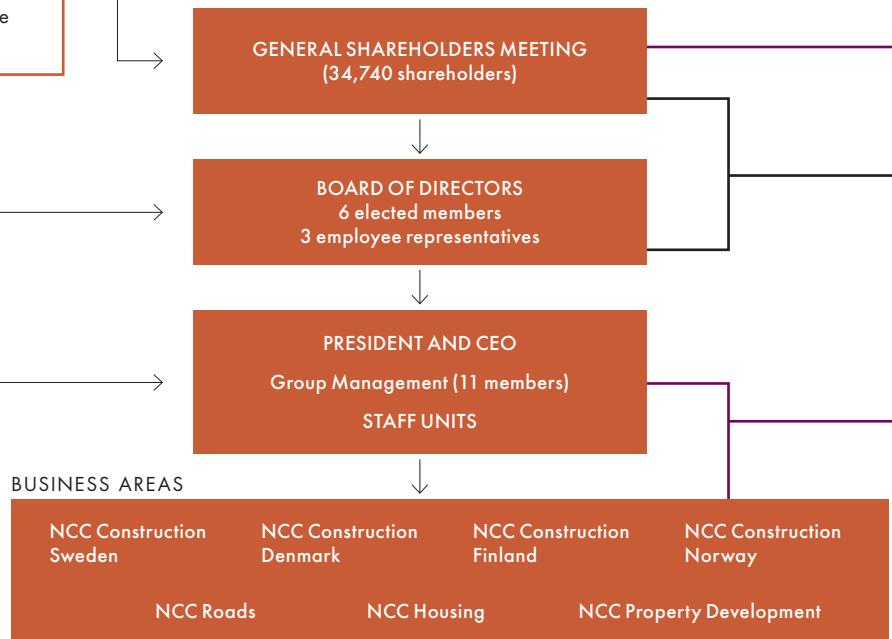
PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer of the company is Peter Wågström (for details concerning the CEO's age, professional experience, assignments outside the company and holdings of shares in the company, refer to p. 108). The Board of Directors has established instructions for the division of duties between the Board and the CEO, and for financial reporting to the Board (also refer to p. 104, "Board of Directors' report on internal control").

DEPUTY CHIEF EXECUTIVE OFFICERS

The company has not appointed any Deputy Chief Executive Officers.

NCC's control structure 2011



GROUP MANAGEMENT

In 2011, NCC's Group Management consisted of the CEO, the Presidents of NCC Construction Sweden, NCC Construction Denmark, NCC Construction Finland, NCC Construction Norway, NCC Property Development, NCC Housing and NCC Roads, plus the Chief Financial Officer, the Senior Vice Presidents for Corporate Communications (up to October 10, 2011), Human Resources and Corporate Legal Affairs. Further information on members of Group Management is presented on pp. 108–109.

Group Management mainly focuses on strategic matters and generally meets once per month.

NOMINATION COMMITTEE

The AGM elects a Nomination Committee whose task is to nominate candidates to the AGM for election as Chairman of the Meeting, Chairman of the Board and Board members, and to propose the fees to these officers. The Nomination Committee shall also nominate auditors and propose the fees to be paid to them.

The Nomination Committee complies with the instructions adopted by the AGM.

EVALUATION OF THE BOARD OF DIRECTORS AND AUDITORS

The Board of Directors is evaluated within the framework of the Nomination Committee's work. In addition, the Board performs an annual evaluation of its work and the format for performing Board work, which also constitutes part of the Nomination Committee's evaluation.

The Board also assists the Nomination Committee in evaluating the work of the auditors.

AUDITORS

For the purpose of examining the company's Annual Report, consolidated financial statements, accounting records and the company's management by the Board of Directors and President, the AGM appoints a maximum of three Authorized Public Accountants, with a maximum of three deputies. A registered firm of accountants may also be appointed auditor of the company. The Nomination Committee nominates auditors. Auditors are currently appointed for a period of 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 further information on elected auditors see p. 107. Auditors will be elected at the 2012 AGM for a period of one year.

INTERNAL GOVERNANCE AND CONTROL

NCC's operations require a considerable amount of delegated responsibility. Procedures have been formulated within the Group in order to clarify exactly who is 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 50 M must be approved by the CEO and such projects exceeding SEK 150 M must be authorized by NCC AB's Board. Decisions regarding investments corresponding to less than SEK 50 M are the responsibility of the particular business area.

CODE OF CONDUCT

A comprehensive program to formulate and implement the values that are to hallmark NCC's operations has been under way in recent years. These values have been translated into norms and rules governing how NCC employees are to behave in various situations. These regulations are summarized in a Code of Conduct. The Code of Conduct describes the requirements that NCC – the Board of Directors, management and all employees – have to meet in terms of behavior and conduct and that NCC in turn expects its business partners to respect.

Every manager has an obligation, within his or her area of responsibility, to ensure that employees and business partners are informed about the contents of the Code of Conduct and the requirement that they be observed. NCC managers must always set a good example. Adherence to the Code of Conduct is followed up continuously as a natural part of ongoing operations. 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 newly appointed managers and has been received by more than 3,000 managers within the Group. The program is a part of the employment relationship. NCC works continuously on further developing the Compliance Program in terms of its content, scope and follow-up. In addition, procedures are developed for checking compliance with the Code of Conduct, which is part of the Compliance Program.

NOMINATION COMMITTEE
Nomination and remuneration of Board Members and auditors

EXTERNAL AUDIT
(Auditing firm)

INTERNAL CONTROL ENVIRONMENT

GOVERNANCE OF BUSINESS AREAS

The Group is composed of business areas. In all significant respects, the legal corporate structure matches the operational structure. Each business area is managed by a business area president and has a Board of Directors, of which, among others, NCC AB's CEO, 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 and the heads of NCC's Housing units in Germany and St. Petersburg) are responsible for initiating coordination in matters involving several NCC units in the particular country. Such matters include the Group's brands and image, utilizing synergism, IT, and coordinating salary-setting and personnel policies.

IMPORTANT EXTERNAL RULES AND REGULATIONS

- Swedish Companies Act
- Listing agreement of NASDAQ OMX Stockholm
- Swedish Code of Corporate Governance
- Annual Accounts Act
- Bookkeeping Act

INTERNAL RULES AND REGULATIONS

- Articles of Association
- Operating procedures for Board work
- Division of work between the Board/CEO
- Decision-making procedures for Group and business areas
- NCC's Code of Conduct
- Policies, regulations, guidelines and instructions

Corporate governance at NCC in 2011

2011 AGM

The 2011 Annual General Meeting was held in Stockholm on April 13 and was attended by 409 shareholders representing 47 percent of the share capital and 79 percent of the total number of voting rights. The minutes from the 2011 Annual General Meeting and from previous AGMs are available at www.ncc.se/bolagsstyrning. The 2011 AGM passed the following resolutions, among others:

- Payment of cash dividend of SEK 10.00 (6.00) per share for the 2010 fiscal year.
- Re-election of Antonia Ax:son Johnson, Tomas Billing, Ulf Holmlund, Ulla Litzén, Marcus Storch and Christoph Vitzthum as Board Members. Re-election of Tomas Billing as Chairman of the Board.
- That director fees be raised by a total of SEK 325,000 and paid in a total amount of SEK 2,775,000, distributed in the amount of SEK 650,000 to the Chairman of the Board and SEK 425,000 to each other AGM-elected member.
- Election of Viveca Ax:son Johnson (chairman), Thomas Ehlin and Thomas Eriksson as members of the Nomination Committee. (see "Nomination Committee 2011" on p. 103).
- Guiding principles for determining the salary and other remuneration of the President and other members of the company's management (see "Guidelines for remuneration of senior executives" on p. 48).
- Authorization of the Board to sell the company's treasury shares (see "The NCC share" on p. 45).
- Adoption of income statements and balance sheets for 2010 and discharge from personal liability granted of the Board of Directors and the President.

WORK OF THE BOARD OF DIRECTORS IN 2011

In 2011, NCC's Board held six scheduled meetings and the statutory meeting held directly after the AGM. The Board's work focuses primarily on strategic issues, the adoption and follow-up of operational goals, business plans, the financial accounts and major investments and divestments, plus other decisions that, in accordance with NCC's decision-making procedures, have to be addressed by the Board. Reporting on the progress of the company's operations and financial position was a standing item on the agenda. The Board has established operating procedures for its work and instructions for the division of duties between the Board and the CEO, as well as for financial reporting to the Board. The Board made a number of worksite visits in connection with Board meetings. Other senior executives within NCC participated in Board meetings in order to present matters. NCC's senior legal counsel was secretary of the Board.

On several occasions, the Board has evaluated the matter of establishing committees to deal with remuneration and audit-related issues. The Board has decided not to establish such committees and instead to address remuneration and audit-related issues within the framework of ordinary Board work (also see "Board of Directors' report on internal control" on p. 104).

SALE OF TREASURY SHARES

At the AGM on April 13, 2011, the Board was authorized to make decisions concerning the sale of the company's 21,138 Series B treasury shares. The shares were sold at the prevailing market price in May 2011, whereby the company currently has no holdings of treasury shares.

Board of Directors 2011

	Elected	Independent in relation to the company and executive management	Independent in relation to major shareholders	Fee, SEK	Board meetings and attendance 2011						
					Feb. 9	Apr. 13	Apr. 13 ¹⁾	May 5	Aug. 18	Oct. 28	Dec. 5
Board Members elected by the Annual General Meeting											
Tomas Billing	1999	yes	no	629,000	✓	✓	✓	✓	✓	✓	✓
Antonia Ax:son Johnson	1999	yes	no	411,000	–	✓	✓	✓	–	✓	✓
Ulf Holmlund	2004	yes	yes	411,000	✓	✓	✓	✓	✓	✓	✓
Ulla Litzén	2008	yes	yes	411,000	✓	✓	✓	✓	✓	✓	✓
Marcus Storch	1998	yes	no	411,000	✓	✓	✓	✓	✓	✓	✓
Christoph Vitzthum	2010	yes	yes	411,000	✓	✓	✓	✓	✓	–	✓
Regular employee representatives											
Lars Bergqvist	1991			–	✓	✓	✓	✓	✓	✓	✓
Karl G. Sivertsson	2009			–	✓	✓	✓	✓	✓	✓	✓
Karl-Johan Andersson	2011			–	✓	✓	✓	✓	✓	–	✓

¹⁾ Statutory Board meeting.

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 for agreements signed as of July 1, 2010, the total amount of pay during a period of notice and severance pay may not exceed a sum corresponding to two years of fixed salary. The Board of Directors follows up and evaluates application of the remuneration program applicable for senior executives. The term “other senior executives” pertains to the executives who, in addition to the CEO, comprise Group Management. A specification of salaries and other remuneration paid to Board members, the CEO and senior executives is presented in Note 5, Personnel expenses on p. 70.

NOMINATION COMMITTEE 2011

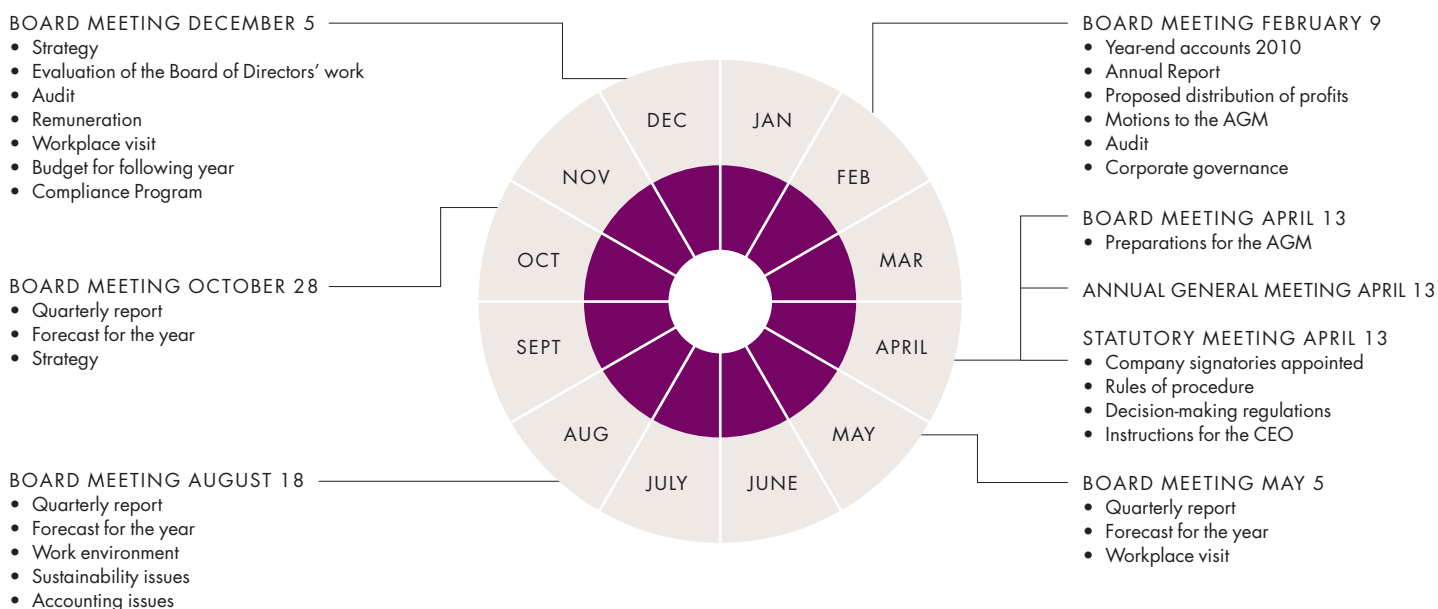
At the AGM on April 13, 2011, Viveca Ax:son Johnson (Chairman of the Board of Nordstjernan AB), Thomas Ehlin (Director of Corporate Governance, Nordea Funds) and Thomas Eriksson (President of Swedbank Robur AB) were elected members of the Nomination Committee, with Viveca Ax:son Johnson as chair. Chairman of the Board Tomas Billing is a co-opted member of the Nomination Committee, but has no voting right. No remuneration was paid to members of the Nomination Committee.

NOMINATION COMMITTEE’S PROPOSALS

The NCC Nomination Committee proposes that the 2012 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 and Christoph Vitzthum. Marcus Storch has declined re-election following 14 years on the NCC Board. The Nomination Committee proposes the election of Olof Johansson and Sven-Olof Johansson as new members of the Board. The Nomination Committee proposes Tomas Billing as Chairman of the 2012 AGM.

A report on the Nomination Committee’s work and motions ahead of the 2012 AGM is presented on NCC’s website www.ncc.se under the “Corporate Governance” tab.

THE BOARD OF DIRECTORS’ WORKING YEAR 2011 – IN ADDITION TO STANDING POINTS ON THE AGENDA SUCH AS BUSINESS PLANS, INVESTMENTS AND DIVESTMENTS, AS WELL AS FUNDING



Board of Directors' report on *internal control*

The Board of Directors' responsibility for internal control is regulated in the Swedish Companies Act and in the Swedish Code of Corporate Governance. The Corporate Governance Report must contain disclosures concerning the principal features of the company's internal control and risk-management systems in connection with the financial reporting and the preparation of the consolidated financial statements. Information on this is provided in this section.

5

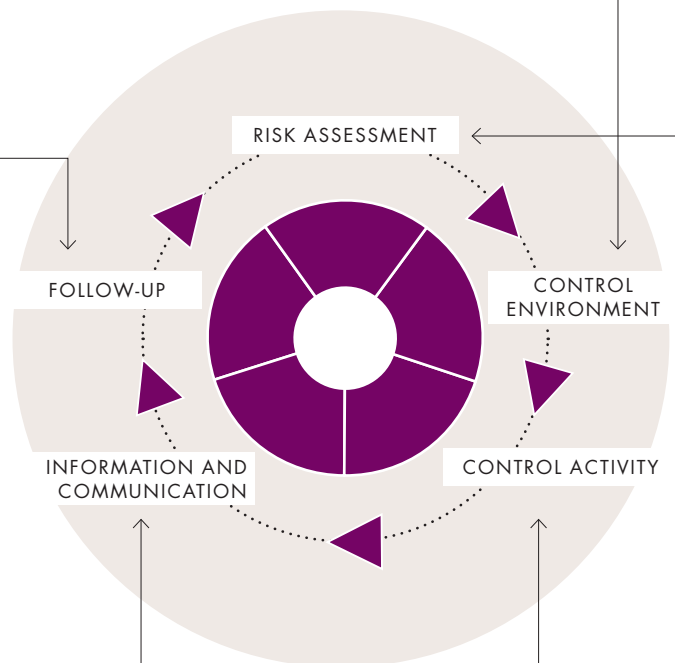
FOLLOW-UP

Follow-ups to safeguard the quality of the internal controls are conducted in various ways within NCC. NCC has developed a system (framework) for documented self-evaluation of internal controls. Self-assessments are performed regularly for NCC's business areas and Group offices and comprise a component for the Board of Directors' assessment of the internal control.

Operational control systems, the very basis of NCC's operations, are evaluated through audits of the operations, following which any shortcomings are rectified. 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.

In view of the follow-ups conducted via the operational audits and through the financial control and controller organization, the Board is of the opinion that there is no need for a special internal examination function, except for the operational audits.

As part of its audit of the financial statements and the administration, NCC's auditor, PricewaterhouseCoopers AB, also examines a selection of NCC's controls. The Board of Directors receives the auditors' reports as well as meeting the auditors twice annually, including one without the presence of executive management. In addition, the Chairman of the Board has direct contact with the auditors on a number of occasions during the year. Prior to these meetings, views from the audit of the business areas and subsidiaries have been presented to the Board meetings held in the particular business area/subsidiary or to the respective business area management. Actions must be taken concerning the views that arise and these actions must be followed up systematically within the particular unit. NCC's auditor also reviews the company's nine-month report.



4

INFORMATION AND COMMUNICATION

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). The information also contains methodology, instructions and supporting documentation in the form of checklists etc. as well as overall time schedules. Starnet Ekonomi is a living regulatory system that is updated regularly through the addition of, for example, new regulations concerning IFRS and Nasdaq OMX Stockholm. NCC's Chief Financial Officer has principal responsibility for Starnet Economy, which includes the following:

- Policies and regulations for the valuation and classification of assets, liabilities, revenues and costs.
- Definitions of the terms used within NCC.
- Accounting and reporting instructions.
- Framework for self-evaluation of internal controls.
- The organization of the financial control function.
- Time schedules for audit and reporting occasions, among others.
- Decision-making regulations.
- Attestation instructions.

All financial reporting must comply with the rules and regulations found on Starnet Ekonomi.

Financial reporting occurs in part in the form of figures in the Group-wide reporting system and in part in the form of written comments in accordance with a specially formulated template. Instructions and regulations concerning both written and figure-based reporting are available on Starnet Ekonomi. The rules and regulations are updated regularly under the auspices of the Chief Financial Officer. In addition, regular training programs and conferences are arranged for management and financial control personnel in respect of joint principles concerning the requirements to which the internal control is subject. This is within the Chief Financial Officer's sphere of responsibility.

The status of the internal control set-up is reported annually at a meeting of the NCC AB Board. Such reporting also occurs at business area level.

2

CONTROL ENVIRONMENT

The Board has overall responsibility for the internal control of financial reporting. Each year, the Board establishes rules of procedure for the Board's work and an instruction concerning the division of work between the Board and the Chief Executive Officer. According to this instruction, the President and CEO is responsible for the internal control and for contributing to an efficient control environment. According to the Companies Act, the Board is obligated to establish an Audit Committee. If the Board finds it more appropriate, the entire Board of Directors may fulfill the duties of the Audit Committee, the method applied in NCC's case, since three independent Board members have accounting competencies. The fact that the Board is relatively small also facilitates this work.

The NCC Group is a decentralized international organization with business areas structured in a corporate format based on rules concerning the companies' governance in accordance with company law. At Board meetings, the CEO and, where applicable, subsidiary presidents present the matters that require treatment by the Board. Operational management of the Group is based on decision-making regulations within the NCC Group that are adopted annually by the Board. The decision-making regulations stipulate the matters that require the Board's approval or confirmation. In turn, this is reflected in the corresponding decision-making regulations and attestation regulations applying for the subsidiaries. The control environment, organization, decision-making paths, authorities and responsibilities that are documented and communicated in control documents, as well as internal policies, guidelines and manuals, form the basis for the internal control pertaining to financial reporting.

For more information concerning control and governance at NCC, visit the Group's website www.ncc.se, where such documents as the Articles of Association and the Code of Conduct are available.

AUDITORS' STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of NCC AB,
Corp. Reg. No. 556034-5174

It is the Board of Directors that is responsible for the 2011 Corporate Governance Report on pp. 100–105 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. This means that our statutory review of the Corporate Governance Report has a different orientation and a significantly more limited scope than the orientation and scope of an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practices in Sweden.

In our opinion, a Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and consolidated accounts.

Stockholm March 2, 2012

PricewaterhouseCoopers AB

Håkan Malmström
Authorized Public Accountant
Auditor-in-charge

Ulf Westerberg
Authorized Public Accountant

RISK-ASSESSMENT AND RISK-MANAGEMENT 1

NCC applies a risk-assessment and risk-management method for ensuring that the risks to which the company is exposed, and that can impact the internal control and financial statements, are addressed within the processes that have been established. The material risks that have to be taken into account include market risks, operating risks and the risk of errors in financial recognition. With respect to the latter, systematic and documented updates occur once annually. The material risks that have to be considered mainly comprise the risk of errors in percentage-of-completion profit recognition and items based on assessments and estimates, such as valuations of land held for future development and ongoing property-development, goodwill and provisions.

Within NCC, risks are followed up in several different ways, including via:

- **Monthly meetings** with the president and financial manager of each particular business area. These meetings are always attended by the CEO and the 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. Forecasts are formulated and are checked on three occasions: in connection with the quarters ending March, June and September, and in the following-year budget in November. The meetings also address tenders, investments and sales, in accordance with the decision-making regulations. Investments and divestments of real estate exceeding SEK 150 M must be approved by NCC AB's Board. All investments exceeding SEK 50 M must be approved by NCC AB's CEO.
- **Major tenders** to be submitted by the business area (exceeding SEK 300 M) must be approved by NCC AB's CEO. Tenders exceeding SEK 500 M must be endorsed by NCC AB's Board.
- NCC AB's Board receives monthly **financial reports** and NCC's current financial status is presented at each Board meeting.

Financial risk positions, such as interest rate, credit, liquidity, exchange rate and refinancing risks, are managed by the specialist function, NCC Corporate Finance. NCC's **finance policy** stipulates that NCC Corporate Finance must always be consulted and, in cases where Corporate Finance sees fit, that it must manage financial matters.

3

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 for the companies and business areas. The purpose of the control activities is to ensure the efficiency of the Group's processes and that the internal controls are adequate.

For the business operations, operational control systems form the basis for the control structure established and these focus on stages in the business operations, such as investment decisions, assessment of tenders and permission to start up projects, which occur in part via the IT systems that support the various operational processes and in part through appropriately designed manual controls intended to prevent, discover and correct faults and nonconformities. NCC attaches considerable weight to the follow-up of projects.

In addition, a strong focus is placed on ensuring the correctness of the business transactions included in the financial reporting. For a number of years, NCC has had a shared service center, NCC Business Services (NBS), which manages most of the transactions of the Nordic operations. A demand imposed on NBS is that its processes must include control activities that manage identified risks in a manner that is efficient for NCC in relation to the cost incurred. NBS systematically and continuously develops its processes.

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. Member of the Stena Sphere Advisory Board. Previous experience: President of Hufvudstaden AB and Monark Bodyguard AB, among other positions. Shareholding in NCC AB: 20,600 Series A shares and 75,400 Series B shares.



ANTONIA AX:SON JOHNSON

Born 1943. Board member since 1999. Chairman of the Board of Axel Johnson AB and the Axel and Margaret Ax:son Johnson Foundation. Deputy Chairman of the Board of Nordstjernan AB. Member of the Board of Axel Johnson Inc., Axfast AB, Axfood AB, Mekonomen AB and the Axel and Margaret Ax:son Johnson Foundation for Public Benefit. Shareholding in NCC AB: 167,400 Series A shares and 72,400 Series B shares via private companies.



ULF HOLMLUND

Born 1947. Board member since 2004. 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: President of W Capital Management AB (2001–2005) and Vice President of Investor AB (1996–2001), among other positions. Shareholding in NCC AB: 3,400 Series B shares.



MARCUS STORCH

Born 1942. Board member since 1998. Chairman of the Nobel Foundation and the Min Stora Dag Foundation. Deputy Chairman 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 Services. Previous experience: VP Wärtsilä Power Plants (2006–2009), President of Wärtsilä Propulsion (2002–2006), CFO at Wärtsilä Oyj Abp, Ship Power (1999–2002), among other positions. Shareholding in NCC AB: 0

The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2011. For updated information about shareholdings, see the Group's www.ncc.se website, under investor relations/The NCC share, which includes information from the Swedish Financial Supervisory Authority's insider register.

EMPLOYEE REPRESENTATIVES



LARS BERGQVIST

Born 1951. Construction engineer. Board member since 1991. Employed since 1975. Shop steward at NCC. Employee representative of Ledarna (Swedish Association of Supervisors). Other assignments: President of Byggcheferna (union of construction managers). Shareholding in NCC AB: 1,140 Series A shares and 200 Series B shares (including related-party holdings).



KARL G. SIVERTSSON

Born 1961. Carpenter. Board member since 2010. Employed since 1986. Shop steward at NCC. Employee representative of Svenska Byggnadsarbetareförbundet (Swedish Building Workers' Union). Other assignments: Section Head of the Swedish Building Workers' Union in Jämtland-Härjedalen. Shareholding in NCC AB: 0.



KARL-JOHAN ANDERSSON

Born 1964. Paver. Board member since 2011. Employed since 1984. Shop steward at NCC. Employee representative of SEKO (Union for Employees in the Service and Communication Sectors). Other assignments: Member of SEKO's Road and Rail Department in Skåne. Senior shop steward of the paving section in Skåne. Shareholding in NCC AB: 0.



LIS KARLEHEM

Born 1963. Systems manager. Deputy Board member since 2009. Employed since 1999. Employee representative of Unionen (formerly SF, Swedish Industrial Salaried Employees' Association). Systems manager at IT Sverige. Shareholding in NCC AB: 0.



MATS JOHANSSON

Born 1955. Carpenter. Deputy Board member since 2011. Employed since 1977. Construction carpenter and shop steward at NCC, as well as chief safety officer. Employee representative of Svenska Byggnadsarbetareförbundet (Swedish Building Workers Union). Other assignments: Regular Board member of Byggnadsarbetareförbundet in the Småland/Blekinge region. Shareholding in NCC AB: 100 Series B shares.



HÅKAN BROMAN

Born 1962. General Counsel at NCC AB. NCC AB's Board Secretary since 2009. Shareholding in NCC AB: 500 Series B shares.

SECRETARY OF THE BOARD

AUDITORS

PRICEWATERHOUSECOOPERS AB

HÅKAN MALMSTRÖM

Auditor-in-charge. Born 1965. Other significant assignments: Auditor of Gambro AB, Karo Bio AB, Nordstjärnan AB and Saab AB.

ULF WESTERBERG

Born 1959. Other significant assignments: Auditor of Home Properties AB, Landshypotek AB och Proventus AB.

Group Management



PETER WÅGSTRÖM

Born 1964. President and CEO of NCC since 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 Fabegge) (1998–2004) and various positions in Skanska's real estate operations (1991–1998), among other positions. Shareholding in NCC AB: 8,360 Series B shares (including related-party holdings) and 16,758 call options on Series B shares.



TOMAS CARLSSON

Born 1965. President of NCC Construction Sweden since 2007. Employed by NCC since 1991. Previous experience: Regional Manager at NCC Construction Sweden Western Region (2005–2006), Head of NCC Roads' New Markets (Poland, Baltic countries and St. Petersburg) 2000–2005, Production Manager at Skanska 1999–2000 (Southern Link), Supervisor at NCC Industry (Ballast) 1997–1999, various positions in NCC's civil engineering operations (1991–1996), among other positions. Shareholding in NCC AB: 4,000 Series B shares.



TORBEN BIILMANN

Born 1956. President of NCC Construction Denmark since 2006. Employed by NCC since 1984 (what was then Rasmussen & 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), various management positions in NCC Construction Denmark since 1990, among other positions. Shareholding in NCC AB: 0.



HARRI SAVOLAINEN

Born 1971. President of NCC Construction Finland since February 1, 2012. Employed by NCC since 2001. Previous experience: Regional Manager of NCC's residential construction in Helsinki and various executive positions at NCC Construction Finland since 2001. Shareholding in NCC AB: 800 Series B shares.



PETER GJÖRUP

Born 1959. President of NCC Construction Norway since 2007. Employed by NCC since 1984. Previous experience: Manager of Norrland Region in NCC Construction Sweden, among other positions in both civil engineering and building. Shareholding in NCC AB: 53 Series A shares, 2,000 series B shares and 12,568 call options on Series B shares.



GÖRAN LANDGREN

Born 1956. President of NCC Roads since 2006. Employed by NCC since 1981. Previous experience: Deputy President of NCC Construction Sweden with responsibility for marketing, business development and subsidiaries (2004–2006) and various positions in building and civil engineering operations at NCC (1981–2001). Employed by Peab as Head of the Civil Engineering Division (2001–2003). Shareholding in NCC AB: 500 Series B shares (including related-party holdings).

Changes in Group Management during 2011–2012:

Annica Gerentz vacated the position as SVP Corporate Communications on October 10, 2011.

Since October 10, 2011, Ulf Thorné has served as acting SVP Corporate Communications and reports directly to the CEO.

Timo U. Korhonen was President of NCC Construction Finland up to February 1, 2012 when he was succeeded by Harri Savolainen.

The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2011. 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.

**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: 6,284 call options on Series B shares.

**JOACHIM HALLENGREN**

Born 1964. President of NCC Property Development since 2009. Employed by NCC since 1995. Previous experience: Head of NCC Property Development's Swedish operations (2007–2009), Regional Manager NCC Property Development Western Sweden (2004–2007), Regional Manager NCC Property Development Southern Sweden (2003–2004), various positions within NCC's Property Development operations (1995–2003), among other positions. Shareholding in NCC AB: 0.

**HÅKAN BROMAN**

Born 1962. General Counsel in NCC AB since 2009. Employed by NCC since 2000. Previous experience: corporate lawyer at NCC International Projects and NCC Property Development (2000–2008), corporate lawyer at ABB/Daimler Chrysler Transportation (1996–2000), lawyer at Ekelunds advokatbyrå (1993–1996) and positions in Swedish court system (1991–1993), among other positions; active in the European International Contractors (EIC) (2001–2010) and Member of the Board (2008–2010). Shareholding in NCC AB: 500 Series B shares.

OTHER SENIOR EXECUTIVES***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 Tönnervikgruppen and KPMG (1984–1992). Shareholding in NCC AB: 3,000 Series B shares.

**MATS PETERSSON**

Born 1961. Senior Vice President Human Resources since 2007, Personnel Manager in NCC Construction Sweden since 2005. Employed by NCC since 2005. Previous experience: personnel manager at Manpower (1999–2005), personnel manager at SSP Restaurants and at Eurest (1993–1999). Shareholding in NCC AB: 1,000 Series B shares and 3,143 call options on Series B shares.

**CHRISTINA LINDBÄCK**

Born 1963. Senior Vice President Environmental Affairs since November 8, 2010. Previous experience includes Quality and Environmental Manager, Ragn-Sells AB, 2002–2010, Assistant Undersecretary, Acting Permanent Undersecretary of State, Deputy Assistant Undersecretary, etc. at the Ministry of the Environment (1991–2002). Other assignments: Chairman of the Board of Miljömärkning Sverige AB, Nordic Swan Ecolabel, Board member of MISTRA, (foundation for strategic environmental research), among other positions. Shareholding in NCC AB: 0.

**GREG NORDQVIST**

Born 1955. Senior Vice President Strategy and Mergers & Acquisitions (M&A). Employed by NCC since 1996. Previous experience includes Head of M&A at NCC AB 1996–2011, responsibility for M&A at Price Waterhouse 1991–1996, president/owner of a group of companies active in machine sales and service 1986–1993. Shareholding in NCC AB: 0.

* Reports directly to the Chief Executive Officer.

The NCC share

NCC's shares were initially listed on the Stockholm Stock Exchange in 1988, under the Nordstjernan name. The shares are traded on Nasdaq OMX Stockholm/Large Cap.

SHARE PERFORMANCE AND TRADING

During 2011, trends on stock markets worldwide were characterized by uncertainty and major fluctuation. Financial problems, primarily in Europe, led to market turmoil and marked the performance of Nasdaq OMX Stockholm, where the general index declined 17 percent. The price of Series B NCC shares decreased 18 percent, which may be compared with the OMX sector index, which decreased 19 percent. The year-end price of the NCC share corresponded to market capitalization of SEK 13.1 billion.

During the year, a total of about 214 million (178) NCC shares were traded in a total of 582,840 (334,540) completed transactions at a total value of SEK 29.1 billion (22.3). Nasdaq OMX Stockholm accounted for 82 percent (99) of trading in Series A NCC shares. For Series B shares, Nasdaq OMX Stockholm accounted for 59 percent (70) of trading, which means that other marketplaces¹⁾ accounted for 41 percent (30). The turnover rates for Series A NCC shares were 12 percent in total and 10 percent on Nasdaq OMX Stockholm. The turnover rates for Series B shares were 272 percent in total and 160 percent on Nasdaq OMX Stockholm. The turnover rate for Nasdaq OMX Stockholm as a whole was 96 percent and that for the Large Cap list was 101 percent.

OWNERSHIP STRUCTURE

Nordstjernan AB is the largest NCC shareholder. During the year, the fourth AP Fund and AFA Insurance joined the list of the ten largest shareholders. The proportion of foreign shareholders declined to 17 percent (27) 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

NCC had no treasury shares at year-end. The previous holding of 21,138 treasury Series B shares was sold during the year.

In 1996, holders of Series A shares were provided with the opportunity to convert their Series A shares to B shares. During 2011, slightly more than 169,100 shares were converted. A total of 32.7 million shares have been converted since 1996. Written requests regarding conversion must be submitted to the Board of Directors.

DIVIDEND AND DIVIDEND POLICY

NCC's dividend policy is to distribute at least half of profit after taxes as dividends. The Board of Directors proposes a dividend of SEK 10.00 (10.00) per share for 2011. The proposed dividend amounts to SEK 1,084 M (1,084), corresponding to 83 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 2011 was approximately minus 11 percent (plus 30) for Series B NCC shares. The Nasdaq OMX Stockholm average, according to Six Return Index, was minus 14 percent (plus 27).

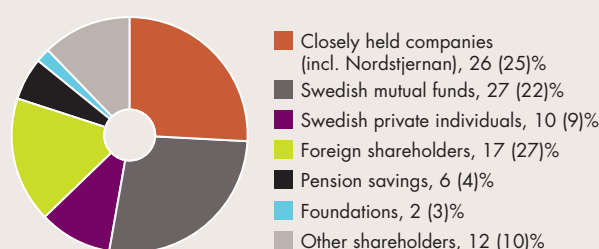
THE NCC SHARE IN 2011

	Series A shares	Series B shares
Total number of shares	31,133,825	77,301,997
Voting rights	10 votes	1 vote
Total share turnover, including late entries	3,805,055	210,471,000
– of which, on Nasdaq OMX Stockholm	3,135,800	123,582,200
Total value of share turnover, SEK billion	0.5	28.6
– of which, on Nasdaq OMX Stockholm	0.4	16.5
Turnover rate, %		
– all marketplaces	12	272
– of which, on Nasdaq OMX Stockholm	10	160
Share price at start of year, SEK	147.20	147.80
Share price at year-end, SEK	121.50	121.00
Highest price paid, SEK	185.30	185.50
Lowest price paid, SEK	91.15	90.10
Beta value ¹⁾	1.13	1.19
Paid-out dividend, SEK	10.00	10.00
Total return, %	-11	-11

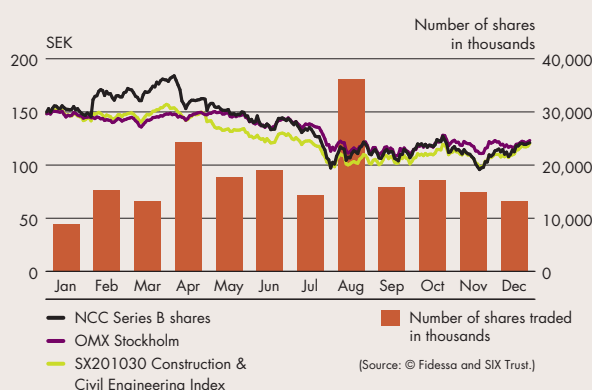
¹⁾ RAW, based on daily observations.

SHAREHOLDER CATEGORIES, PERCENTAGE OF SHARE CAPITAL

The share of foreign ownership of NCC declined from 27 to 17 percent in 2011. Swedish mutual funds increased their holdings, as did pension funds.



SHARE PRICE TREND IN 2011



FIVE-YEAR TREND IN NCC SHARES

	2007	2008	2009	2010	2011
Market price at year-end, NCC B share, SEK	139.00	49.50	118.25	147.80	121.00
Market capitalization, SEK M	14,999	5,209	12,809	16,005	13,136
Earnings per share, SEK ¹⁾	20.73	16.69	11,63 ⁴⁾	14.05	12.08
Ordinary dividend, SEK	11.00	4.00	6.00	10.00	10.00 ²⁾
Extraordinary dividend, SEK	10.00	–	–	–	–
Dividend yield, %	15.1	8.1	5.1	6.8	8.3
Total return, % ³⁾	–16	–49	147 ⁴⁾	30	–11
Number of shares at year-end (millions)	108.4	108.4	108.4	108.4	108.4

Key figures per share are presented in the Multi-year review on p. 98.

¹⁾ After tax and full dilution.

²⁾ Proposed dividend.

³⁾ Share performance and dividend paid in relation to the price of NCC's share at the beginning of the year.

⁴⁾ Not restated according to IFRIC 15.

DISTRIBUTION OF SHARES BY HOLDING, DECEMBER 31 2011

	No. of share-holders	Percentage of total no. of share-holders	No. of shares	Percentage of share capital
1–500	25,570	73.6	4,510,982	4.2
501–1,000	4,894	14.1	4,091,141	3.8
1,001–10,000	3,765	10.8	10,319,635	9.5
10,001–100,000	387	1.1	11,415,067	10.5
100,001–1,000,000	114	0.3	37,014,972	34.1
1,000,001–	10	0.1	41,084,025	37.9
Total	34,740	100.0	108,435,822	100.0

(Source: Euroclear Sweden AB.)

SERIES A AND B SHARES

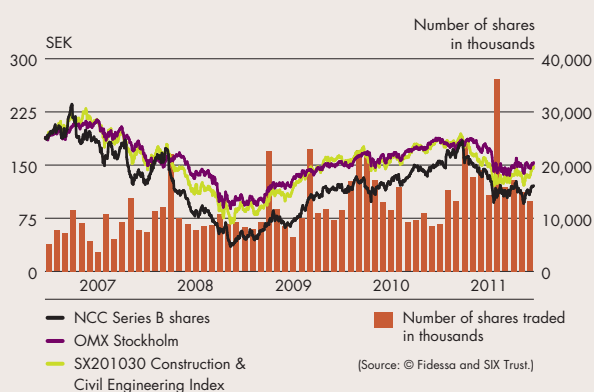
	No. of Series A shares	No. of Series B shares	Total Series A and Series B shares
No. of shares on Dec. 31, 1999	63,111,682	45,324,140	108,435,822
Conversion of Series A to Series B shares 2000–2010	–31,808,757	31,808,757	
Share buybacks 2000–2003		–6,035,392	–6,035,392
Sale of treasury shares 2005–2007		6,014,254	6,014,254
Number of shares at December 31, 2010	31,302,925	77,111,759	108,414,684
Conversion of Series A to Series B shares 2011	–169,100	169,100	
Sale of treasury shares 2011		21,138	
Number of shares at December 31, 2011	31,133,825	77,301,997	108,435,822
Number of voting rights	311,338,250	77,301,997	388,640,247
Percentage of voting rights	80	20	100
Percentage of share capital	29	71	100
Closing price Dec. 31, 2011, SEK	121.50	121.00	
Market capitalization, SEK M	3,783	9,353	13,136

OWNERSHIP STRUCTURE AT DECEMBER 31, 2011

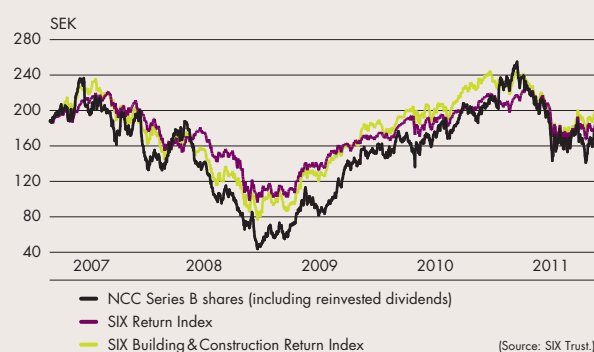
	No. of Series A shares	No. of Series B shares	Percentage of	
			Share capital	Voting rights
Nordstjernan AB	25,000,000		23.1	64.3
Swedbank Robur funds	2,151,781	4,963,673	6.6	6.8
Lannebo funds		5,513,500	5.1	1.4
Nordea funds		4,499,630	4.2	1.2
SEB funds		4,031,765	3.7	1.0
SHB funds		2,119,512	2.0	0.5
Norwegian Government		2,014,033	1.9	0.5
Fourth AP Fund		1,957,364	1.8	0.5
Skandia Liv	940,070	759,900	1.6	2.6
AFA Försäkring		1,613,800	1.5	0.4
Total ten largest shareholders	28,091,851	27,473,177	51.5	79.2
Other shareholders in Sweden	2,759,641	32,147,724	33.8	16.0
Shareholders outside Sweden	282,333	17,681,096	14.7	4.8
Total number of shares	31,133,825	77,301,997	100.0	100.0

(Source: Euroclear Sweden AB.)

SHARE-PRICE TREND AND TURNOVER, 2007–2011



TOTAL RETURN, 2007–2011



Financial information/*contacts*

NCC will publish financial information regarding the 2012 fiscal year on the following dates:

April 4	Annual General Meeting
April 27	Interim report, January–March
August 16	Interim report, January–June
October 26	Interim report, January–September
January 2013	Year-end report 2012

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.

The price performance of NCC's Series A and B shares, updated every 15th minute of each day of trading, is presented under the "Investor Relations" tab, as are relevant financial figures. Press releases issued by the Group, NCC AB, and local press releases from the various countries are available on the website. These releases are sorted by year, and a search function is also available.

NCC's financial information can be ordered either by using the order form available on the www.ncc.se website, by e-mailing ir@ncc.se, writing to NCC AB, SE-170 80 Solna, Sweden, 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 4, 2012. Venue: Grand Hôtel, Vinterträdgården, Royals entré, Stallgatan 6, Stockholm, Sweden. Notification can be made by post to the following address: NCC AB, Lisbeth Karlsson, SE-170 80, Solna, Sweden; or by the NCC Group's Internet website www.ncc.se; or by telephone to +46 8 585 522 61; fax to +46 8 624 00 95; or e-mail to lisbeth.m.karlsson@ncc.se. Notifications should include name, personal identification number (corporate registration number), address, telephone number and registered shareholding.

Registration at the Meeting will begin at 3:30 p.m. The official notification of the Annual General Meeting is available on the NCC Group's website, www.ncc.se, and was published in Post- and Inrikestidningar on March 1, 2012. Confirmation that the official notification had been issued was announced the same day in Dagens Nyheter and Svenska Dagbladet.

NCC AB (publ) Corp. Reg. No: 556034-5174.

Registered Head Office: Solna.

Addresses of the companies included in the NCC Group are available at www.ncc.se.

SHAREHOLDER INFORMATION ON NCC.SE

All financial information concerning the NCC Group and everything that concerns you as a NCC shareholder is available on NCC's website under the Investor Relations tab.

SHARE-PRICE INFORMATION.

Share-price information with a 15-minute delay is available and it will also be possible to see the total return (including reinvested dividends) and compare the performance of the NCC share with that of Nordic competitors.

LIST OF ANALYSTS.

Here, you will find a list of the analysts who monitor NCC regularly.

SHAREHOLDER SERVICE.

From our Shareholder Service, you can subscribe for the information you would like to receive – and also decide the format in which you will receive it, on paper or by e-mail.

MORE INFORMATION/ CONTACT PERSON.

Johan Bergman
IR Manager
Tel: +46 8 585 523 53
e-mail: ir@ncc.se

Definitions/glossary

FINANCIAL DEFINITIONS

Average interest rate: Nominal interest weighted by interest-bearing liabilities outstanding on the balance-sheet date.

Average period of fixed interest: The remaining period of fixed interest weighted by interest-bearing liabilities outstanding.

Average shareholders' equity: Average of the balances at January 1, March 31, June 30, September 30 and December 31.

Capital employed: Total assets less interest-free liabilities including deferred tax liabilities. Average capital employed is calculated as the average of the balances at January 1, March 31, June 30, September 30 and December 31.

Capital turnover rate: Net sales divided by average capital employed.

Debt/equity ratio: Net indebtedness divided by shareholders' equity.

Dividend yield: The dividend as a percentage of the market price at year-end.

Earnings per share, after taxes: Net profit for the year attributable to NCC shareholders divided by the weighted number of shares during the year in question.

Equity/assets ratio: Shareholders' equity as a percentage of total assets.

Exchange-rate difference: Exchange-rate changes attributable to movements in various exchange rates when receivables and liabilities in foreign currencies are translated into SEK.

Exchange-rate effect: The impact of changes in various exchange rates on current reporting in NCC's consolidated accounts on translation into SEK.

Interest-coverage ratio: Profit after financial items plus financial expense divided by financial expense.

Net indebtedness: Interest-bearing liabilities and provisions less financial assets including cash and cash equivalents.

Net investments: Closing balance less opening balance plus depreciation and impairment losses less write-ups pertaining to fixed assets and properties classed as current assets.

Net margin: Profit after net financial items as a percentage of net sales.

Net sales: The net sales of construction operations are reported in accordance with the percentage-of-completion principle. These revenues are reported in pace with the gradual completion of construction projects within the Group. In the Parent Company, net sales correspond to income-recognized sales from completed projects. Within other operations, net sales correspond to invoicing for the year.

Operating margin: Operating profit as a percentage of net sales.

Operating net: Result from property management before depreciation.

Order backlog: Value at the end of the year of the remaining non-worked-up project revenues for projects received, including proprietary projects for sale that have not been completed.

Orders received: Value of received projects and changes in existing projects during the period concerned. Proprietary projects for sale, if a decision to initiate the assignment has been taken, are also included among assignments received, as are finished properties included in inventory.

P/E ratio: Market price of the shares at year-end, divided by earnings per share after taxes.

Profit margin: Profit after financial items as a percentage of net sales.

Repurchase of company shares (treasury shares) in share data: Treasury shares have been excluded from calculations of key figures based on the number of shares outstanding.

Return on capital employed: Profit after financial items including results from participations in associated companies following the reversal of interest expense in relation to average capital employed.

Return on equity: Net profit for the year according to the income statement excluding minority share as a percentage of average shareholders' equity.

Return on total capital: Profit after financial items including result from participations in associated companies plus financial expense as a percentage of average total assets.

Share of risk-bearing capital: The total of shareholders' equity and deferred tax liabilities as a percentage of total assets.

Total return: Share-price performance during the year plus dividend paid divided by share price at the beginning of the year.

SECTOR-RELATED DEFINITIONS

Aggregates: Rock materials resulting from the disintegration of rock through crushing; also called macadam.

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.

Detailed development plan: Municipal plan for the use of land in a certain area, which is legally binding and can form the foundation for the granting of building permits.

Development right: Estimated possibility to develop a site. With respect to housing, a development right corresponds to an apartment or semi-detached or detached house. Either ownership of a site or an option on ownership of the site concerned is a prerequisite for being granted access to a development right. For commercial properties, development rights are measured in square meters.

Function contract: Usually a multi-year contract in which the customer imposes functional requirements rather than detailed requirements concerning materials and design.

General plan: Municipal plan for the use of land in a certain area, which is not legally binding and normally necessitates being followed up and defined in greater detail in detailed development plans.

Leasing rate: The percentage of anticipated rental revenues that corresponds to signed leases (also called leasing rate based on revenues).

NCC Partnering: A cooperation format applied in the construction and civil engineering industry, whereby the client, consultants and contractor establish open and trusting cooperation at an early stage of the process based on shared goals, joint activities and joint financial targets in order to optimize the project.

Platforms: Group-wide standardized technical solutions. Have been developed for everything from sports arenas, offices, logistics facilities and bridges to single-family and multi-family housing.

Properties: In descriptions of operations, "properties" refers to buildings, housing or land.

Proprietary project: When NCC, for its own development purposes, acquires land, designs a project, conducts construction work and then sells the project. Pertains to both housing projects and commercial property projects.

Required yield: The yield required by a purchaser in connection with the sale of property and housing projects. Operating revenues less operating and maintenance expenses (operating net) divided by the investment value.

VDC: Virtual Design and Construction.



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