

We build for people




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The Annual Report is accessible at [www.veidekke.biz](http://www.veidekke.biz)



Annual Report 2001

## A Measure of Success

There it stands in all its finery, brand new and inviting. Of course we are proud the day a building or structure is officially opened, but that is not when we measure our success. A building is for people. When we see it benefiting and giving value and pleasure to the people using it, that is when we know we have succeeded. All the work we did in 2001 was guided by this basic philosophy. At the same time, we had to focus on our immediate challenges. Our financial results for 2001 were disappointing. The reason for this is to be found both in a weak market and in our own ability to create a profitable operation. We are therefore still quite a long way from our target of a 20 per cent return on equity capital, but this target stands firm and our main strategy is clear: stricter project control, a more professional carry-through of projects and a more pro-active approach to the market. That will demand a great deal of us, not least the ability to think innovatively. But we will never forget that we are building for people and that the quality will first become visible after the confetti has been cleared away.



Liseberg Park, the largest amusement park in Scandinavia, is continuously being renewed. In 2001, Veidekke played an active part in that renewal.

# Key Figures

	2001	2000	1999	1998	1997
<b>OPERATIONS*</b>					
Turnover	10 561.8	8 005.0	6 486.8	5 645.0	4 960.8
Operating profit	243.0	263.9	328.3	287.8	248.6
Profit before taxation	135.3	185.0	295.3	282.3	270.4
Ordinary profit for the year <sup>1)</sup>	88.0	127.6	203.3	201.4	193.5
Orders-on-hand, construction	7 177	5 833	3 210	2 682	2 710
<b>PROFITABILITY</b>					
Operating profit margin (%) <sup>2)</sup>	2.3	3.3	5.1	5.1	5.0
Gross profit margin (%) <sup>3)</sup>	1.3	2.3	4.6	5.0	5.5
Return on total assets (%) <sup>4)</sup>	3.8	5.3	11.5	11.7	13.0
Return on working capital (%) <sup>5)</sup>	7.3	10.2	24.5	26.8	29.4
Return on equity (%) <sup>6)</sup>	6.6	10.8	20.4	23.1	26.5
<b>CAPITAL ADEQUACY *</b>					
Total assets	6 307.4	6 427.0	3 565.5	3 213.4	2 495.0
Total shareholders' equity <sup>7)</sup>	1 348.7	1 320.6	1 050.0	944.0	798.2
Equity ratio (%) <sup>8)</sup>	21.4	20.5	29.4	29.4	32.0
Gross investments	451.0	1 634.8	526.0	589.7	321.1
<b>LIQUIDITY</b>					
Liquidity 31 December *	474.4	832.0	278.4	369.1	400.4
Current ratio <sup>9)</sup>	1.18	1.24	1.05	0.96	1.13
Quick ratio <sup>10)</sup>	0.73	0.87	0.68	0.60	0.78
Net interest-bearing liabilities <sup>11)</sup>	-1 346.6	-1 319.2	-206.8	-32.4	232.3
<b>SHARES**</b>					
Market price 31 December (NOK)	51.00	57.00	74.50	45.00	64.50
Earnings per share (NOK) <sup>12)</sup>	2.58	4.79	8.41	8.10	7.91
Market price/earnings (P/E)	19.8	11.9	8.7	5.4	8.0
Cash flow per share (NOK) <sup>13)</sup>	20.26	20.18	19.15	16.78	15.22
Market price/cash flow	2.5	2.8	3.8	2.6	4.2
Dividends per share (NOK)	2.00	2.00	2.75	2.50	2.38
Outstanding shares (average million)	26.9	25.2	22.8	22.8	22.8
<b>EMPLOYEES</b>					
Average numbers of employees in the Nordic countries	6 353	5 021	4 175	4 077	3 176
Wages and social benefits *	2 437	1 950	1 556	1 375	1 163

\* Figures in NOK million

\*\* The figures have been adjusted for the share split (1:2) in 2000.

For definitions, see page 38

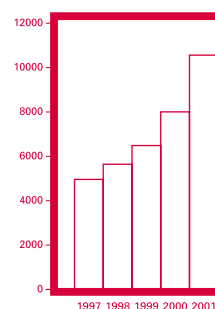
## Publication dates for interim reports

1st quarter: 7 May  
2nd quarter: 29 August  
3rd quarter: 31 October

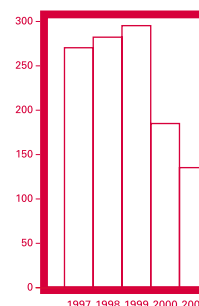
- The Annual General Meeting will be held on 7 May.
- The shares will be quoted ex dividend on 8 May.
- Distribution of dividends to shareholders on 28 May.

Investor Relations, telephone + 47 21 05 77 22.  
Internet: [www.veidekke.no](http://www.veidekke.no)  
The Annual Report is accessible at [www.veidekke.biz](http://www.veidekke.biz)  
Financial information about Veidekke may also be obtained at [www.huginonline.com/Norway/VEI](http://www.huginonline.com/Norway/VEI)

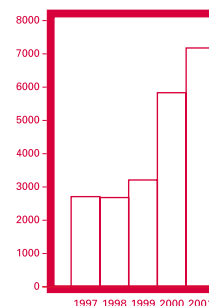
Turnover  
NOK million



Profit before Taxation  
NOK million



Orders-on-hand  
Construction  
NOK million



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# This is Veidekke

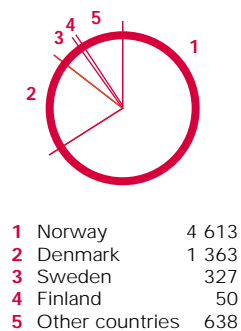
Turnover



Veidekke is one of Scandinavia's leading construction and property development companies. It is the largest in its field in Norway; the fourth largest in Denmark; and in Sweden it has operations in the Gothenburg and Stockholm area.

Veidekke is listed on the Oslo Stock Exchange. It has a dispersed ownership structure where the emphasis is on institutional owners. A special feature of the company is its broad employee participation. Veidekke employees own 16.5 per cent of the shares in the company.

Number of Employees  
Average



## Objectives

Our overall ambition is clear. We will continue to develop our position as one of the leading construction and property development companies in Scandinavia. In addition to this, we have set targets for financial results and for health, safety and environment (HSE):

- We will achieve a return on equity capital of 20 per cent, which indicates a profit margin of between 4 and 7 per cent, depending on the particular business area
- We will work towards a sickness absence rate of less than 5 per cent
- For lost-time injuries, our long-term goal is an injury-free workplace. Our short-term goal is an injury rate of less than 5 by the end of 2003
- We will contribute in practice to sustainable development

## Vision

We will build a better future for people in all stages of life.

## Business concept

We create value through designing, building and managing projects in partnership with customers who inspire growth and development.

## Pledge to our customers

We will build in partnership, think innovatively and create value.

## Basic values

Four qualities will be characteristic of all employees at Veidekke: professional, honest, enthusiastic and ground-breaking.

# The Year 2001

First year of operation as a Scandinavian company

- Norway: NOK 7.2 billion
- Denmark: NOK 2.2 billion
- Sweden: NOK 1.0 billion

Increase in turnover from NOK 8.0 billion to NOK 10.6 billion

- NOK 2 billion derives from companies acquired in 2000

Pre-tax profit of NOK 170 million before a non-recurring write-down of goodwill relating to the acquired Böhler companies

Third and fourth quarters show a clear underlying improvement in earnings

The year was characterised by restructuring, plus consolidation and integration of acquired companies

Equity ratio rose from 20.5 to 21.4 per cent

Orders-on-hand rose by 23 per cent

- From NOK 5.8 billion to NOK 7.2 billion
- Good coverage in all divisions

The year showed that our acquisition of Danish contractors H. Hoffmann & Sønner A/S was an investment that more than fulfils our expectations

In the course of 2001, Veidekke set up a good contracting company in Stockholm. With Veidekke Bostad & Fastighet AB in Stockholm and Veidekke Construction AB (Vecon) in Gothenburg, Veidekke is well positioned for growth and development in the Swedish market

# Priority for 2002 – a sharper Focus

Veidekke has every chance of recovering its profitability in 2002 as a result of determined efforts to consolidate and reorganise throughout 2001 and healthy orders-in-hand in all parts of the Group.

This will make room for further development of Veidekke as a Scandinavian company and will give our shareholders the return on their investment they wish to see. Priority will be given to two areas in the time ahead:

- **Ensuring profitability in each individual project**
- **Rendering the assets of the Group visible**

The basis for the value created by Veidekke is to be found in the more than 1000 projects in progress at any given time. These are projects that have either been developed in partnership with our customers or have been awarded to us in competition with other tenders. They also include the many development projects that are managed by the Property Division.

The most important challenge lies in ensuring that the customer and Veidekke have the same goals for the project, agree on how the project is to be carried out and have the same expectations of the finished product. In this way, the customer gets the product they want and Veidekke carries out a project of both quality and profitability which it can be proud of.

Priority must be given to the individual project. A vital part of this is organisation: the right person in the right place, proximity to our customers, optimum utilisation of knowledge and experience, and a shared understanding of Veidekke's goals and strategies.

## **Rendering assets visible**


Good management is essential if we are to bring out the best in the company, and it is a prerequisite for further growth and development in Scandinavia. However, it is also important for Veidekke to give more priority to rendering visible the underlying assets in the company and the potential that lies in an integrated Scandinavian organisation.

Veidekke's position and potential in the different markets must be made clear. Additionally, work must be done in parts of the Industry Division by selling off units or establishing owner-related integration with industrial or financial investors. Higher priority will also be given to ongoing contact with the financial and investor communities.





Veidekke has now completed its first full year as a Scandinavian contractor. It was a year full of challenges, but it was also a year in which the Group laid a strong foundation for further exciting developments.

  
Terje R. Venold  
President and CEO

## A true Scandinavian

The market was reasonably good throughout most of 2001. Many people are probably therefore wondering why 2001 was a relatively weak year for much of the industry and, in particular, for a number of leading contractors. The reason is largely because of a somewhat surprisingly high growth in costs over the past two years, particularly in the areas around the largest cities in Scandinavia where the level of activity was also highest. For us however, it is important to establish that the main reasons for the weak result are problems we are familiar with, problems we took major steps to deal with in the second half of last year.

For the past two years, we have been working with the specific aim of becoming a fully-fledged Scandinavian contractor. And now, at the beginning of 2002, having the experience of our first year behind us, we can say with confidence that Veidekke is in a position to fully live up to the requirements of a Scandinavian contractor. Veidekke is a large company now, but I am convinced that we have not only kept but also enhanced a strong common corporate culture. In spite of cultural differences between the Scandinavian countries, we are an enterprise with an agreed understanding and acceptance of common objectives and values. Our organisation is highly motivated; it has a good business structure and it is well positioned to cover a Scandinavian market. Add to that a historically high and healthy volume of orders-on-hand and we have all the ingredients for success.

### A different kind of contractor

Part of Veidekke's uniqueness is our ability to interact across disciplinary and organisational borders. This interaction has helped us over the past few years to develop new skills, new products and services, greater customer proximity and new forms of cooperation with both public and private customers.

Few contractors have such a large number of negotiated contracts as Veidekke. In close partnership with our customers and different technical units in Veidekke, we develop projects and negotiate prices and delivery terms. In this way, we reach solutions that also benefit our customers' customers – and perhaps that is the most important measure of success.

*"I wish to emphasise both that we are not satisfied with the financial results, and the fact that I feel nevertheless that we are now well equipped for the years ahead."*

We have developed new types of housing, such as homes for young people through Startbo and sheltered housing through Veidekke Publico. We have set up new technical units with participants from different parts of the Group; our company in Stockholm is an example of this. We have been awarded new contracts by following Norwegian customers to other markets; our contracts for KLP Eiendom and Steen & Strøm in Copenhagen are examples of this.

Veidekke's foundation as a Scandinavian contractor is its strong national units. Units with the main focus on the customer, local roots and technical strength. Units which also develop and share experience, skills and capacity.

But, if we are to succeed in creating the complete Scandinavian contractor, every part of the Group must meet the financial targets. This means continued focus on the individual project, greater productivity in the production process, optimum efficiency through our purchases and effective utilisation of our financial capacity. We achieved substantial improvements in these areas in 2001, and we see that in the second half of the year we also managed to achieve a considerable rise in underlying earnings.

The Board of Directors and the management still have a joint challenge in rationalising and increasing the efficiency of the company's financial situation. The most important thing is to continue the work of finding co-investors, or to sell off some of our operations which lie outside our core business as contractors and property developers.

The overriding task is to create value and render it visible for the benefit of our shareholders. Motivation for this task lies in the fact that 16.5 per cent of the company's shares are owned by its employees. Many of us have used our savings and then some to invest in our own workplace. That investment is just as important to us as it is to all the other shareholders in Veidekke.





At Gleborg north of Uddevalla, Veidekke has built two double bridges, which help to direct the traffic away from the built-up area and make the E6 highway and the road to Liseberg both quicker and safer.



Veidekke has built and fitted out a new cinema and a new annex at the foot of the 125-metre-high Liseberg Tower.





# The Road to Pleasure

Leisure, liberty, lots of fun ... The name Liseberg has special associations – not only in Gothenburg, but also throughout Scandinavia. In 2001, Veidekke helped to make the amusement park even more amusing. At the foot of the Liseberg Tower – the Park's landmark – where everyone queues to go up to the top of the tower and see the park and the city from the air, our Swedish subsidiary Vecon has built and fitted out a three-dimensional cinema called Maxxima and an annex that houses, among other things, a new restaurant. We have also built a walkway from Liseberg Park to the nearby Universeum Science Centre. In this way we have helped to make the area more attractive. For many thousands of Norwegians, Liseberg is a regular stop on the E6 highway. To the north of Uddevalla, Veidekke has built two double bridges to give Norwegians and other road users quicker access to Liseberg and destinations further south in Sweden and Europe.



Liseberg, Scandinavia's largest amusement park, is continuously undergoing renewal. In 2001, Veidekke took an active part in this renewal.



With a record-high volume of orders-on-hand, Veidekke has a much enhanced foundation for further growth and development.

2001 was Veidekke's first full year as a Scandinavian company, after several years of growth and major acquisitions. Now, with a record-high volume of orders-on-hand, Veidekke has a much enhanced foundation for further growth and development. However, the financial results for 2001 are not in line with the company's objectives. Pre-tax profit stood at NOK 170.3 million before a non-recurring write-down of NOK 35 million of goodwill relating to the Böhler companies.

#### GROUP DEVELOPMENTS

Veidekke achieved a consolidated pre-tax profit for 2001 of NOK 170.3 million before a non-recurring NOK 35 million write-down of the goodwill relating to its acquisitions of Böhler Entreprenør AS and Böhler Vedlikehold, compared with NOK 185.0 million in 2000. The profit was also reduced by NOK 30 million in costs for the winding-up of operations in Tromsø and NOK 30 million in costs relating to the down-phasing and winding up of line-building operations in Africa. The profit for the year before minority shareholders was NOK 88.0 million, as against NOK 127.6 million for 2000.

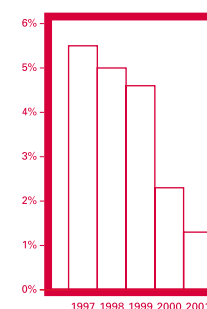
The Board of Directors is not satisfied with the profit for the year, but views the coming year with greater optimism. The Board of Directors will therefore propose the distribution of a dividend of NOK 2.00 per share for 2001, which is the same as the dividend for the previous year.

The building and construction market in Scandinavia remained relatively high throughout 2001, although economic activity was weaker in all of the Scandinavian countries. It was primarily the building and construction market in Sweden that showed a lower rate of growth throughout the second half of 2001, but with continuing high volumes. In Norway, an improvement could be seen in the heavy construction market in the course of the year, after a prolonged period of low demand.

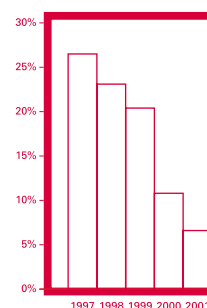
Turnover amounted to NOK 10,562 million as against NOK 8,005 million the year before. The increase in turnover can be ascribed mainly to the fact that the turnover figures for H. Hoffmann & Sønner A/S in Denmark and Br. Reme AS in Kristiansand which were not included in the accounts until the fourth quarter 2000, both are included in the accounts for the whole of 2001.

The year under review was characterised by consolidation and integration of the acquired companies. Following a period of weak project margins in parts of the Regional Construction Division, it was also necessary to invest substantial resources in the work of restoring profitability. It was moreover important to build up the company's position in

Profit Margin %



Equity Ratio %



**Christian Bruusgaard**  
Chairman of the Board  
Partner in law firm  
Thommesen Krefling  
Greve Lund AS



**Helge B. Andresen**  
Supreme Court Attorney



**Håkon Langballe**  
Director  
Norsk Hydro ASA



**Ole T. Krogsgaard**  
Director  
OTK Holding A/S

Sweden, particularly in Stockholm and achieve a closer integration with Hoffmann in Denmark, where the figures show an improvement compared with 2000.

The Property Division saw a considerable improvement in the results of its operations in the course of 2001. This was due both to a good housing market, particularly in the first half of the year, and to focusing investment on attractive projects in the right market segments. From the start, Veidekke's investments in property development have had a long-term perspective, not least in view of the potential for synergy gains that lies inherent in interaction with the Building Division. It is therefore gratifying to see that this strategy is making such a positive contribution.

In the Industry Division, the results for asphalt operations were noticeably better than in 2000 and Bautas' plant hire operations also showed a clear improvement.

The Board of Directors was particularly pleased to note the substantial growth in Veidekke's order books, in spite of a slightly weaker market. This increase can be related, among other things, to the company's long-term strategy of developing projects in partnership with customers. At the end of the year, orders-on-hand for building and heavy construction totalled NOK 7,177 million, 34% of which referred to projects outside Norway. This is a total increase of 23%. The Property Division also has extensive property on hand for residential and non-residential projects, which represent significant earnings potential in coming years.

**Veidekke has focused its investments on attractive projects in the right market segments**

In June and August 2001 respectively, Kolo Veidekke a.s and Veidekke's heavy construction division were inspected by the Norwegian Competition Authority for the purpose of proving or disproving suspicions of violations of the competition laws in the form of a possible price collusion between the largest companies in both segments. The results of the Competition Authority's investigations are not expected until the early summer. The Board of Directors has no knowledge of what these suspicions are based on. There are many players in both business areas and competition is extremely keen. To the Board's knowledge, there is nothing going on in Veidekke that constitutes a violation of current competition regulations. However, the increased focus on the legal aspects has led the company to take specific steps to ensure greater knowledge and better understanding of the competition laws in force at any time.

### FINANCIAL DEVELOPMENT

Veidekke had a total turnover in 2001 of NOK 10,562 million (NOK 8,005 million). The Group's operating profit before depreciation (EBITDA) was NOK 718.1 million (NOK 651.8 million). The operating profit after depreciation (EBIT) was NOK 243.0 million (NOK 263.9 million). Total depreciation and amortisation for the Group was NOK 475.1 million, of which NOK 361.2 million was ordinary depreciation and NOK 113.9 million was amortisation of goodwill.



**Kristian Omsland**  
Managing director  
OMS Eiendom AS

**Peder Chr. Løvenskiold**  
Managing director  
Anthon B. Nilsen AS

**Hilde Aasheim**  
Financial Director  
Elkem Aluminium ANS

## Board of Directors' Report

The consolidated profit before tax was NOK 135.3 million (NOK 185.0 million) after a non-recurring write-down of goodwill for the Böhler companies of NOK 35 million.

The profit before tax and minority shareholders was NOK 69.3 million (NOK 120.6 million). Earnings per share were NOK 2.58 (NOK 4.79). Before the non-recurring write-down of goodwill, earnings per share were NOK 3.88. Cash flow per share was NOK 20.26 (NOK 20.18) and return on equity was 6.6% (10.8%).

### CAPITAL STRUCTURE

Veidekke's substantial corporate acquisitions in recent years and continued investment in property development have added considerably to the Group's liabilities. The work of strengthening the Group's capital structure was therefore given high priority in 2001 and this will continue in 2002. This includes reducing working capital, moderating investments and finding co-investors in Plant Hire and Recycling. For this reason, an agreement of intent has been signed on the sale of 70% of our weather protection business with effect from the second quarter 2002. This sale will increase liquid assets by NOK 150 million and it will be effected at book value. Veidekke will furthermore cooperate to a greater extent than before with other players in the property development field.

Investments in 2001 amounted to NOK 451 million (NOK 1.635 million). Of this, NOK 38.8 million referred to acquisitions of companies. Capital tied up in property development projects stood at NOK 1,204 million (NOK 954 million). The risk involved in these projects is regarded as low, due to the brisk demand for dwellings and the extent of advance sales before building is commenced.

**The work of strengthening the capital structure has been given high priority**

Sales of fixed assets amounted NOK 208.2 million (NOK 140.3 million). Net cash flow from operations was NOK 239.7 million (NOK 299.1 million).

Net interest-bearing liabilities were NOK 1,346.6 million (NOK 1,319.2 million). Capital tied up in property development has increased, but has been reduced in the other divisions. Net interest-bearing liabilities were reduced by NOK 458.4 million from the third to fourth quarter. The Group's total assets at the end of the year were NOK 6,307 million (NOK 6,427 million). Total equity capital was NOK 1,349 million (NOK 1,321 million), which gives an equity ratio of 21.4% (20.5%).

At the end of 2001, Veidekke had committed, unused borrowing facilities totalling NOK 875 million (NOK 750 million). The company's borrowing facilities are deemed to be satisfactory.

With reference to Section 3.3 of the Accounting Act, the Board of Directors confirms that the basis for continued operations is present. The annual accounts for 2001 were drawn up in accordance with this.

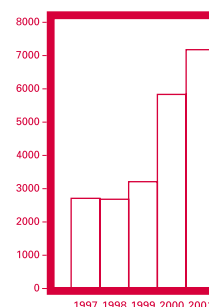
### BUSINESS AREAS

#### Regional Construction

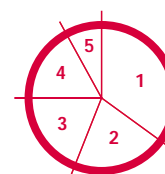
This division is responsible for Veidekke's regional building and construction operations in Norway.

In 2001, Regional Construction achieved a turnover of NOK 4,041 million (NOK 3,521 million), which corresponds to a growth of 14.8%. This gave a loss before tax of NOK 14.8 million (NOK +77.9 million) after the deduction of a non-recurring write-down of the goodwill relating to acquired companies Böhler Entreprenør AS and Böhler Vedlikehold. The division's profit margin was -0.4%, compared with 2.2% in 2000, which is unacceptably low.

Orders-on-hand  
Construction  
NOK million



Areas of Activity  
Share of Turnover



1	Regional Construction	35%
2	Hoffmann	19%
3	Heavy Construction/ International	17%
4	Industry	21%
5	Property	8%

In view of the fact that the acquired Böhler companies have not achieved the anticipated results, the Board of Directors resolved to write down the goodwill relating to this acquisition by NOK 35 million.

The division underwent a change of management in 2001. The new management is focusing on strengthening quality in the building processes, closer cooperation with customers and better project margins. The final winding up of operations in Tromsø cost the division NOK 30 million in 2001.

The building market as a whole remained relatively stable throughout 2001. Commencement of new non-residential buildings declined slightly, while there was an increase in the number of dwellings started on.

At the end of the year, the order books for the division showed a total of NOK 3,480 million, compared with NOK 3,219 million a year earlier. This is an increase of 8.1%. Contracts developed in partnership with clients constitute 60% of orders-on-hand.

### Hoffmann

This division comprises the Group's construction activities in Denmark through H. Hoffmann & Sønner A/S (Hoffmann).

Hoffmann had a turnover for 2001 of NOK 2,157 million (NOK 540 million). Its pre-tax profit amounted to NOK 24.1 million (NOK 12.0 million).

**We focus on increased quality in the building process**

The figures for 2000 are for the fourth quarter only, since Hoffmann was not integrated into the Group until the fourth quarter 2000. The profit margin was 2.2% before a deduction for owner costs (goodwill and financial expenses) totalling NOK 22.5 million.

The work of strengthening customer orientation has been central to Hoffmann's activities and efforts are being made to build up expertise in the field of partnering with the company's largest customers. Progress has also been made in property development and Hoffmann is now on the point of starting up a number of residential and non-residential projects for the Group's own account in collaboration with the Property Division. Also worth mentioning is a project in the centre of Copenhagen, that has a development potential of 340 condominiums. At the end of January, Hoffmann signed a contract with Norwegian insurance company KLP on the construction of an office building in Ørestad outside Copenhagen for DKK 167 million with an option for a further DKK 75 million.

The building and construction market in Denmark remained relatively stable in 2001, but household economy and industrial investment showed a more negative trend than anticipated throughout the year.



**Steinar Krogstad**  
Carpenter  
Employee representative



**Ove Ågedal**  
Project Developer  
Employee representative



**Jan R. Kopstad**  
Senior Shop Steward (Group)  
Employee representative



## Board of Directors' Report

At the end of the year, Hoffman had orders-on-hand amounting to NOK 1,503 million (NOK 1,357 million).

The Board of Directors is pleased to note that Hoffmann is progressing more favourably than predicted.

### Heavy Construction/International Division

This work of this division includes major and/or complex heavy construction and industrial projects in Scandinavia, Veidekke's contracting operations in Sweden and international operations.

In 2001, this division showed a turnover of NOK 1,893 million (NOK 1,780 million), which gave a pre-tax loss of NOK 27.1 million (NOK +21.1 million). This negative figure is mainly due to a lower turnover than budgeted resulting from a drop in volume in the heavy construction market and costs of NOK 30 million resulting from the closure of line-building operations in Africa, Norcil AS. Norcil was taken over by Veidekke in 1996 and presented positive results up to and including 1999. After a year of negative results, poor prospects and breach of trust in the management, the company has now been wound up.

The heavy construction market in Norway picked up noticeably towards the end of 2001. A number of projects in both transportation engineering and industry were put out for tender. We also have a number of interesting projects in Sweden and Denmark that are being processed in partnership with our local units. This development contributed to a substantial improvement in the division's order situation towards the end of the year. At the end of the year, orders-on-hand stood at NOK 2,194 million (NOK 1,257 million). Swedish operations were responsible for NOK 561 million (NOK 157 million) of these orders.

Veidekke's contracting operations in Sweden are the responsibility of its subsidiaries Veidekke Construction AB (Vecon) in Gothenburg and Veidekke Stockholm AB in

### Substantial improvement in the heavy construction division's order situation towards the end of the year

Stockholm. In 2001, these companies had a total turnover of NOK 353 million. The favourable trend for Vecon's activities in the west of Sweden continues. Vecon has been awarded several major transport and commu-

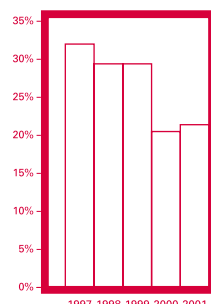
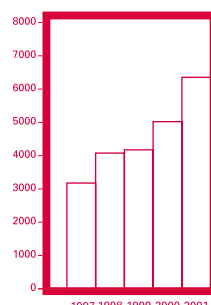
nications contracts. The company has also increased its building capacity and expertise. In Veidekke Stockholm AB a new managing director was appointed last autumn, and the company added considerably to its order books in the course of the autumn. The Stockholm company is still in the development stages and represented a cost item of approximately NOK 10 million in 2001.

International operations show a good underlying trend. Veidekke's subsidiary in Tanzania, Noremco, increased its orders-on-hand in the course of the year and continues to achieve good profits. As regards the hydropower project Bujagali in Uganda, the World Bank resolved at its board meeting in December to back the project. Guarantees from the participating countries' guarantee institutes for the private part of the financing have not yet been secured.

### Industry Division

The Industry Division comprises the following business area: Asphalt/aggregates (Kolo Veidekke), Plant Hire (Bautas), Weather Protection (Nordic Shelter Solutions) and Recycling (Veidekke Gjenvinning)

This division had a turnover for 2001 of NOK 2,416 million (NOK 2,268 million) and a pre-tax profit of NOK 61.0 million (NOK 50.2 million).

Equity Ratio  
%Number of Employees  
in the Nordic Countries  
Average

Kolo Veidekke, which is responsible for the production of asphalt, crushed stone and gravel, had a turnover of NOK 1,110 million in 2001 (NOK 1,096 million). The demand for asphalt in the Norwegian market fell by 10% in 2001 compared with the year before, while the market for crushed stone and gravel remained virtually stable in the same period. Kolo Veidekke has also entered the market for the operation and maintenance of the public road network and has contracts for the Public Roads Administration and the Municipality of Oslo. This market is expected to grow considerably for private contractors in the years ahead.

Bautas' plant hire operations showed a turnover of NOK 767 million (NOK 654 million) in 2001. This company has consolidated its position as the leading company in this field in Norway and has also strengthened its position in central Sweden, among other things by taking over SKM Byggmaskiner in Skåne.

The Group's activity in the field of weatherproof coverings through Nordic Shelter Solutions has mainly taken place in Sweden, Denmark and Finland and is under development in Norway. Nordic Shelter Solutions' head office is in Finland. Its turnover for 2001 was NOK 298 million (NOK 269 million). As part of its efforts to increase concentration on its core business, Veidekke reached a conditional agreement in December 2001 with the intent of selling the company by the end of the first quarter of 2002, the plan being to set up a new company of which Veidekke will have a 30% share.

**There is a growing market  
for operation and maintenance  
of public roads**

Veidekke Gjenvinning had a turnover of NOK 241 million (NOK 195 million) in 2001. It acquired a number of local recycling enterprises in the course of the year, as part of its strategy to become a nation-wide company offering complete systems for the management of building, heavy construction and industrial waste.

### Property Division

This division's operations include the development of residential and non-residential projects for Veidekke's own account in Norway, Sweden and Denmark. Its turnover for 2001 was NOK 857 million (NOK 186 million), of which NOK 47.0 million (NOK 55.8 million) was rental revenues and management fees. The remaining turnover pertains to sales of non-residential properties and dwellings. Pre-tax profit was NOK 110.0 million (NOK 30.3 million), which derives mainly from sales of dwellings built for Veidekke's own account.

In spite of somewhat lower sales of property towards the end of the year in our markets, the division achieved a very good result for 2001. This can be ascribed both to a very favourable housing market, particularly in the first half of the year, and to Veidekke's selective focus on good projects.

During the year, the Property Division strengthened its operations and purchased sites in order to secure new development potential. One of its most important development projects is Sjølyststranda at Skøyen in Oslo, where area development planning has been in progress for the past year. Veidekke and OBOS will take over this property on 1 August this year and start demolition as soon as the previous owners, Norway Trade Fairs, have vacated the area. Here, approximately 500 new flats are planned, along with about 50,000 square metres intended for non-residential purposes.

At the end of the year, Veidekke had 680 (560) dwellings under construction for its own account. Of these, 460 have been sold (386). The company had three completed, unsold dwellings at the end of the year.

In Denmark, the first stage of an almost fully let office building project is under construction for Veidekke's own account in Århus and sites have been purchased in Copenhagen for housing and business premises.

### ORGANISATION AND SKILLS DEVELOPMENT

In 2001, Veidekke averaged 6,353 employees (5,021) in the Nordic Countries. Of these, 4,129 (3,353) were craftsmen and production workers and 2,224 (1,668) were administrative and technical personnel. The increase in number is mainly due to the inclusion in the statistics of the employees at Hoffmann in Denmark from 1 January 2001 onwards. In 2001, Veidekke had 162 persons (141) on apprenticeship contracts in its building, heavy construction and asphalt divisions in Norway.

The "On-Site Learning" project continues to be an important contributor to our recruitment of skilled workers. Veidekke works with the building industry, public employment services and schools in providing an alternative form of vocational training more closely linked with the building site.

### HEALTH, SAFETY AND ENVIRONMENT

The Board of Directors has registered an unfortunate, negative trend in the injury and absence rates for 2001, in spite of the considerable efforts that continued last year to increase the focus on and understanding of safety at the workplace. These efforts will be intensified in 2002.

The number of lost-time injuries in Veidekke's Norwegian operations showed an upward trend throughout the year, giving an injury rate (lost-time injuries per million man-hours) at the end of the year of 12.3, compared with 11.8 at the end of 2000. The injury rate was highest after the second quarter at 13.3, which means that a fall has been registered in the second half of the year. The injury rates in Veidekke's Swedish and Danish operations were 14.9 and 24.1 respectively in 2001.

In Norway, the sickness absence rate for all employees was 6.4% (6.1%), while absence for our craftsmen increased from 7.9% to 8.5%. Here, too, the absence rate was highest after the second quarter, when a figure of 8.8% was registered. In Sweden, the sickness absence rate was 2.9% in 2001 and for the Danish division it was 5.2%. The lower absence rates in Sweden and Denmark are due partly to the fact that the principles applied to the calculation of absence in these countries are different from those used in Norway.

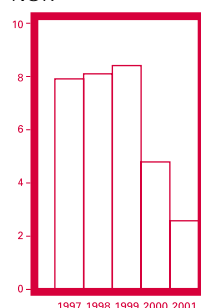
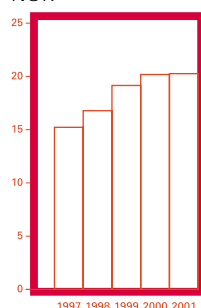
Veidekke had no significant material damage during the year.

### EXTERNAL ENVIRONMENT

Veidekke views environmental considerations as a major challenge throughout the life of its projects – from planning, designing and production via management, operation and maintenance to demolition, segregation and recycling. Veidekke has resolved to contribute to sustainable development by making environmental protection an integrated part of its daily operations. This includes minimising and managing the pollution and waste generated by its own activities and implementing measures to recover resources from waste. Consideration for the environment is incorporated in the company's quality system.

### SHAREHOLDERS AND STOCK MARKET

The number of Veidekke's shareholders at the end of the year was 3,737 (3,452). Its largest shareholders were Folketrygdfondet (12.4%), OBOS Forretningsbygg (11.3%) and Storebrand Livsforsikring (11.0%). Great importance is attached to involving the employees on the owner side. A total of 1,884 employees hold just over 16.5% of the company's shares. The price of a Veidekke share varied between NOK 38 and 60 in 2001.

Earnings per Share  
NOKCash-flow per Share  
NOK**DISTRIBUTION OF THE PROFIT FOR THE YEAR**

The accounts for the parent company, Veidekke ASA, show a loss for the year of NOK 35.7 million, as against a profit of NOK 44 million the previous year. The Board of Directors will propose to the Annual General Meeting on 7 May 2002 that the loss be covered as follows:

	NOK million
Allocated to dividend	54.1
Transferred to other equity	-89.8
Profit for the year	-35.7

The parent company's distributable reserves amount to NOK 711.8 million (NOK 772.8 million).

**PROSPECTS**

The recession in the international economy in 2001 and the general uncertainty following the attacks in the USA also affected the Scandinavian countries. This was particularly noticeable in Sweden, but economic growth was also slower than expected in Denmark and Norway. In the case of the building and construction industry, this was reflected in a more reserved attitude in the housing market and the commencement of fewer non-residential buildings.

However, the economic picture at the beginning of this year seems to indicate that the overall effects of last year's international recession on the building and construction industry were relatively limited. The prognoses for this year point in the direction of a certain growth in the Scandinavian building and construction markets, with residential building and public construction work as the most important driving forces. High utilisation of capacity in Norway can put pressure on costs.

Veidekke's financial figures for 2001 as a whole were not satisfactory. However, steps were taken to strengthen the company's operational organisation and its financial controls and follow-up, and unprofitable operations were wound up. Special emphasis will be given in the work ahead to sharpening Veidekke's competitive edge as a 'solution-oriented' contractor with a strong focus on customers. Veidekke's order books are fuller than ever before and its market position in the Scandinavia countries has been strengthened. The company will continue to pursue its plan for freeing up capital through sales of non-strategic operations.

Veidekke should therefore be well positioned for an upturn in profitability in 2002, as regards both volume of work and earnings.

Oslo, 27 February 2002

Christian Bruusgaard  
Chairman of the Board

Helge B. Andresen

Jan R. Kopstad

Ole T. Krogsgaard

Steinar Krogstad

Håkon Langballe

Peder Chr. Løvenskiold

Kristian Omsland

Ove Ågedal

Hilde Aasheim

Terje R. Venold  
President and CEO

## Profit and Loss Account

<b>GROUP</b>	<b>Note</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
(Figures in NOK million)				
<b>Turnover</b>	1, 2, 27, 28, 31	<b>10 561.8</b>	8 005.0	6 486.8
Subcontractors		<b>-4 099.5</b>	-3 005.2	-2 108.1
Cost of materials		<b>-2 452.4</b>	-1 864.2	-1 813.4
Wages	3, 18, 26	<b>-2 437.0</b>	-1 949.9	-1 555.6
Other operating expenses		<b>-854.8</b>	-533.9	-433.1
Depreciation goodwill	6, 7	<b>-78.9</b>	-69.1	-31.7
Write-down goodwill	6, 7	<b>-35.0</b>	-	-
Other depreciation	7	<b>-361.2</b>	-318.8	-216.6
<b>Total operating costs</b>		<b>-10 318.8</b>	-7 741.1	-6 158.5
<b>Operating profit</b>		<b>243.0</b>	263.9	328.3
Financial income/expenses	5	<b>-107.7</b>	-78.9	-33.0
<b>Profit before taxation</b>		<b>135.3</b>	185.0	295.3
Taxation	17	<b>-47.3</b>	-57.4	-92.0
<b>Profit for the year</b>		<b>88.0</b>	127.6	203.3
Minority interests' share		<b>18.7</b>	7.0	7.9
<b>Earnings per share (NOK)</b>		<b>2.58</b>	4.79	8.41

## Balance Sheet

### GROUP

At 31 December	Note	2001	2000	1999
(Figures in NOK million)				

### ASSETS

#### Fixed assets

Goodwill	6, 7	584.1	646.4	254.3
Buildings/land	7	339.1	383.7	229.7
Machinery, etc.	7	1 338.2	1 411.0	807.1
Long-term receivables, etc.	9, 18	207.9	213.3	180.2
<b>Total fixed assets</b>		<b>2 469.3</b>	<b>2 654.4</b>	<b>1 471.3</b>

#### Current assets

Non-residential projects	10	427.2	450.4	338.0
Residential projects	11	776.8	503.2	266.4
Stocks	12	252.7	192.3	135.1
Debtors	13	1 829.4	1 721.6	1 019.5
Other short-term receivables		77.6	73.1	56.8
Liquid assets	14	474.4	832.0	278.4
<b>Total current assets</b>		<b>3 838.1</b>	<b>3 772.6</b>	<b>2 094.2</b>

<b>Total assets</b>		<b>6 307.4</b>	<b>6 427.0</b>	<b>3 565.5</b>
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### SHAREHOLDERS' EQUITY AND LIABILITIES

#### Shareholders' equity

Share capital	16	67.6	66.5	57.0
Other shareholders' equity		1 172.1	1 167.4	920.4
Minority interests		109.0	86.7	72.6
<b>Total shareholders' equity</b>	15	<b>1 348.7</b>	<b>1 320.6</b>	<b>1 050.0</b>

#### Long-term liabilities

Pension obligations	18	70.1	65.4	37.8
Deferred taxes	17	136.8	183.8	108.8
Debts to credit-issuing institutions, etc.	19	1 403.4	1 739.0	344.2
Other long-term liabilities		93.4	82.5	26.8
<b>Total long-term liabilities</b>		<b>1 703.7</b>	<b>2 070.7</b>	<b>517.6</b>

#### Current liabilities

Debts to credit-issuing institutions, etc.	20	442.3	439.0	297.0
Creditors	21	1 813.2	1 773.9	1 174.0
Unpaid government charges	22	471.3	428.8	256.7
Payable taxes and dividends	23	146.0	125.7	151.2
Other short-term debts	24	382.2	268.3	119.0
<b>Total short-term liabilities</b>		<b>3 255.0</b>	<b>3 035.7</b>	<b>1 997.9</b>

<b>Total shareholders' equity and liabilities</b>	25, 28	<b>6 307.4</b>	<b>6 427.0</b>	<b>3 565.5</b>
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## Cash Flow Statement

GROUP	Note 29	2001	2000	1999
(Figures in NOK million)				
<b>OPERATING ACTIVITIES</b>				
Profit before taxation		135.3	185.0	295.3
Tax paid		-93.5	-80.9	-81.7
Depreciation		475.1	387.9	248.3
Gain on sale of fixed assets		-74.1	-43.4	-26.5
Pensions, difference cost/paid		23.1	-3.0	1.0
Other differences profit/payment		-	-2.1	3.0
<b>Generated from operating activities</b>		<b>465.9</b>	<b>443.5</b>	<b>439.4</b>
Change in non-residential and residential projects		-250.4	-234.6	-7.0
Change in debtors		-105.9	-26.7	-165.2
Change in other current assets		-58.6	19.5	-11.9
Change in creditors		34.7	111.0	149.4
Change in other operating debts		154.0	-13.6	-77.6
<b>Net cash flow from operating activities (A)</b>		<b>239.7</b>	<b>299.1</b>	<b>327.1</b>
<b>INVESTMENT ACTIVITIES</b>				
Purchase of property, plant and equipment		-412.2	-635.8	-459.8
Proceeds from sale of property, plant and equipment		208.2	140.3	69.9
Purchase of companies		-21.3	-468.9	-27.7
Other investments		5.8	-17.4	6.8
<b>Net cash flow from investment activities (B)</b>		<b>-219.5</b>	<b>-981.8</b>	<b>-410.8</b>
<b>FINANCING ACTIVITIES</b>				
New long-term borrowing		45.5	1 057.3	296.1
Repayments long-term debts		-387.9	-13.8	-14.7
New short-term borrowing		106.6	118.4	60.9
Repayments short-term debts		-109.6	-61.8	-253.5
Share issue		18.8	191.2	-
Addition minority interest		4.2	7.9	1.6
Dividends paid		-55.4	-62.9	-97.4
<b>Net cash flow from financing activities (C)</b>		<b>-377.8</b>	<b>1 236.3</b>	<b>-7.0</b>
<b>NET CHANGE IN LIQUID ASSETS (A+B+C)</b>		<b>-357.6</b>	<b>553.6</b>	<b>-90.7</b>
Liquid assets at 1 January		832.0	278.4	369.1
Liquid assets at 31 December		474.4	832.0	278.4

## Consolidation

### Consolidated accounts

The consolidated accounts include the parent company, subsidiaries and joint venture operations and give the Group's profit/loss and financial position as collective statements.

### Subsidiaries

Subsidiaries are companies in which Veidekke has a controlling interest. The subsidiaries' profit and loss accounts and balance sheets are included in their entirety in the Consolidated Accounts. The minority interests' share of the profit or loss for the year and shareholders' equity is shown as separate items in the accounts.

Shares purchased in subsidiaries are dealt with according to the purchase value method of accounting, by which the cost price of the shares is set off against the book value of the shareholders' equity in the subsidiary at the time of purchase. Added or reduced values resulting from the purchase are assigned to identifiable assets or liabilities. Added value that cannot be assigned to identifiable assets and liabilities is entered in the Balance Sheet as goodwill. Depreciation of added value and goodwill is entered in the Profit and Loss Account.

### Joint venture operations

Some of Veidekke's operations are run as joint ventures with other companies. This kind of general partnership applies to building and construction, asphalt operations and property, and includes working partnerships, joint and several liability companies and public limited companies. In working partnerships, construction contracts are completed with other contractors.

A joint venture operation is one in which two or more parties manage the operation together and

- the operation is within the normal operating areas of the partner
- the operation is jointly managed by the partners

Joint venture operations account for part of Veidekke's overall activities, and Veidekke participates actively in these ventures. Financial investments, etc. do not constitute joint venture operations. Joint venture control means that no single partner has a controlling interest, and that important decisions are made together.

Veidekke uses the gross method (proportional consolidation) for joint venture operations. When using the gross method, the relevant proportion of the joint venture account is included, and each line of the Profit and Loss Account and Balance Sheet is incorporated. Activities in working partnerships and joint and several liability companies are included in the parent company's accounts, while activities in public limited companies are consolidated in the Group accounts. The acquisition method of accounting is used for the purchase of a share in a joint venture operation.

### Conversion of foreign companies

Balance Sheet items relating to foreign companies are converted at the exchange rate applying on the date of the Balance Sheet, while Profit and Loss Account items are converted at average exchange rates for the year. Conversion differences for foreign subsidiaries are entered against the Group's shareholders' equity, while conversion differences for foreign joint ventures, etc. are entered in the Profit and Loss Account.

### Internal transactions

All internal transactions between consolidated units have been eliminated. This applies to internal trading, interest, dividends and internal gains. It also applies to internal receivables and liabilities, in addition to share and capital investment.

## Recording Income

### Projects

Veidekke operates mainly as contractors on projects lasting from a few months to three – four years. Invoicing is done monthly (payment net 30 days) and usually as the contract activity progresses. However, other payment plans are sometimes used.

For projects, income is entered in step with the completion of the work, based on the estimated final profit for the project. This means that the accumulated share of the estimated final profit is charged to income based on the percentage of completion. The percentage of completion is equal to accrued costs as a percentage of total estimated costs. In the case of projects that are expected to show a loss, the estimated loss is entered in its entirety as a cost. Provisions are made for guarantee work and other uncertainties. The guarantee period is normally three years. Additional claims are entered as income once the outcome is certain.

### Non-residential projects

Non-residential projects involve the development and construction of non-residential buildings for sale for Veidekke's own account. Veidekke acquires land and properties for the development and erection of non-residential buildings. The completed buildings are sold when an acceptable price can be obtained. This may mean that Veidekke keeps the buildings for a while, leasing them temporarily until they are sold. Costs incurred on land, buildings under construction and completed buildings are entered in the balance sheet under Non-residential projects. Non-residential buildings for Veidekke's own account are entered as income when they are sold, i.e. when the building is handed over.

## Accounting Policies

### Residential projects

Residential projects involve the building of houses for sale for Veidekke's own account. A housing project consists of many units and sales take place before, during and after construction of the houses. These projects are entered as income in step with sales and the construction of the houses, based on the estimated final profit for the project. No income is entered until at least 30% of the houses in the project has been sold and built. Provision is made for uncertainty, work under guarantee, etc. In the case of projects that are expected to show a loss, the whole loss is charged to profit. Costs incurred on units not entered as income and on land for development are entered in the balance sheet under "Residential projects".

### Sales of fixed assets

Gains on sales of machinery, buildings and other fixed assets are entered as turnover.

### Other Accounting Policies

#### Pensions

Veidekke has both defined-benefit pension schemes and defined-contribution pension schemes for its employees. Employees' pension rights under the defined-benefit pension schemes are charged to expenses as they are earned and net pension commitments/pension funds are entered in the Balance Sheet. An actuarial calculation is made annually of pension expenses and pension commitments, taking into account anticipated wage growth based on linear accumulation. "Pension funds" includes premium funds and Veidekke's share of the insurance company's funds (premium reserves). "Pension expenses" includes the present value of the year's pension earnings, plus interest on commitments, less return on pension funds.

For the defined-contribution pension schemes the contributions are charged to expenses as they are paid. No commitments are entered in the Balance Sheet for these schemes.

#### Taxes

This year's tax expenses consist of payable tax and change in deferred tax. Payable tax is fixed on the basis of the year's taxable profit. Deferred tax is a provision for future payable tax, calculated on timing differences between accounts and tax. The reason why timing differences arise is that some of the items in the Profit and Loss Account are treated differently for accounting purposes and for tax purposes. Deferred tax is calculated in nominal amounts.

#### Depreciation

Depreciation is based on the economic life of the fixed assets.

#### Development costs

Costs relating to research and development of technology are charged to expenses.

#### Receivables and debts

Receivables and debts that relate to production are classified as current assets and short-term liabilities. Debts to credit-issuing institutions etc. which are taken up to finance fixed assets (investments) are classified as long-term liabilities, while loans taken up to finance working capital (current assets) are classified as short-term liabilities. Other receivables and debts which are not due for more than a year, are classified as fixed assets and long-term liabilities. Receivables are entered in the Balance Sheet at their nominal value less provision for bad debts. Receivables and debts in foreign currency are converted to the exchange rate on the date of the Balance Sheet.

#### Stocks

Stocks are assessed at full cost price or net realisable value, whichever is lower.

(Figures in NOK million)

**1. Segment Analysis**

Profit and Loss Account	Regional Construction			Hoffmann			Heavy Constr./International		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
Turnover	4 041.1	3 520.9	2 950.6	2 157.0	540.0		1 893.3	1 779.8	1 952.3
Operating costs	-3 997.0	-3 414.2	-2 815.5	-2 092.9	-520.8		-1 838.9	-1 684.5	-1 791.3
Depreciation	-90.0	-41.2	-23.1	-34.9	-10.8		-62.9	-60.4	-56.3
Operating profit	-45.9	65.5	112.0	29.2	8.4		-8.5	34.9	104.7
Net financial items	31.1	12.4	7.6	-5.1	3.6		-18.6	-13.8	-18.4
Profit before taxation	-14.8	77.9	119.6	24.1	12.0		-27.1	21.1	86.3
<b>Balance Sheet at 31 December</b>									
Fixed assets	406.8	485.2	286.6	251.8	262.2		246.6	303.4	206.4
Current assets	489.9	568.0	499.2	533.9	535.6		440.3	424.1	482.1
Liquid assets	434.2	322.1	556.2	112.5	258.3				15.6
Total assets	1 330.9	1 375.3	1 342.0	898.2	1 056.1		686.9	727.5	704.1
Shareholders' equity	281.4	294.1	352.7	189.9	225.8		145.2	155.6	185.1
Long-term liabilities	419.2	613.5	108.3	200.8	129.2		197.9	300.4	46.7
Short-term liabilities	630.3	467.7	881.0	507.5	701.1		343.8	271.5	472.3
Total shareholders' equity and liabilities	1 330.9	1 375.3	1 342.0	898.2	1 056.1		686.9	727.5	704.1
Gross investments	42.1	249.2	183.2	29.2	261.3		38.4	167.4	115.9

Profit and Loss Account	Industry			Property			Other Activities/Eliminations		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
Turnover	2 416.0	2 268.3	1 563.5	856.5	186.1	327.6	-802.1	-290.1	-307.2
Operating costs	-1 981.4	-1 858.7	-1 305.9	-701.1	-121.6	-266.3	767.6	246.6	268.8
Depreciation	-278.5	-267.4	-161.5	-8.8	-8.1	-7.4			
Operating profit	156.1	142.2	96.1	146.6	56.4	53.9	-34.5	-43.5	-38.4
Net financial items	-95.1	-92.0	-34.9	-36.6	-26.1	-24.2	16.6	37.0	36.9
Profit before taxation	61.0	50.2	61.2	110.0	30.3	29.7	-17.9	-6.5	-1.5
<b>Balance Sheet at 31 December</b>									
Fixed assets	1 471.9	1 477.6	884.1	92.2	126.0	94.2			
Current assets	438.3	467.6	351.0	1 461.3	945.3	619.9			-136.4
Liquid assets							-72.3	251.6	-293.4
Total assets	1 910.2	1 945.2	1 235.1	1 553.5	1 071.3	714.1	-72.3	251.6	-429.8
Shareholders' equity	403.8	416.0	324.6	328.4	229.1	187.6			
Long-term liabilities	702.1	848.1	493.1	88.8	49.2	172.7	94.9	130.3	-303.2
Short-term liabilities	804.3	681.1	417.4	1 136.3	793.0	353.8	-167.2	121.3	-126.6
Total shareholders' equity and liabilities	1 910.2	1 945.2	1 235.1	1 553.5	1 071.3	714.1	-72.3	251.6	-429.8
Gross investments	340.1	929.1	223.8	1.2	27.8	3.1			

Profit and Loss Account	Group		
	2001	2000	1999
Turnover	10 561.8	8 005.0	6 486.8
Operating costs	-9 843.7	-7 353.2	-5 910.2
Depreciation	-475.1	-387.9	-248.3
Operating profit	243.0	263.9	328.3
Net financial items	-107.7	-78.9	-33.0
Profit before taxation	135.3	185.0	295.3
<b>Balance Sheet at 31 December</b>			
Fixed assets	2 469.3	2 654.4	1 471.3
Current assets	3 363.7	2 940.6	1 815.8
Liquid assets	474.4	832.0	278.4
Total assets	6 307.4	6 427.0	3 565.5
Shareholders' equity	1 348.7	1 320.6	1 050.0
Long-term liabilities	1 703.7	2 070.7	517.6
Short-term liabilities	3 255.0	3 035.7	1 997.9
Total shareholders' equity and liabilities	6 307.4	6 427.0	3 565.5
Gross investments	451.0	1 634.8	526.0

**Criteria for division of areas of activity**

The areas of activity are divided into business areas, each of which has risks and earnings different from the others. This conforms to the grouping Veidekke uses for internal control and reporting purposes.

**Presentation of areas of activity**

The effect on profit of cash flow from the projects constitutes a substantial part of net financial items. For that reason, the pre-tax profit or loss gives a more correct picture of the earnings of the areas of activity than the operating profit or loss does. Financial items and the pre-tax profit or loss are therefore shown in addition to the operating profit or loss, and complete Balance Sheets are also given for each area of activity.

**Sharing of items that are not directly assignable**

Costs that are not directly assignable are shared in proportion to turnover. Shareholders' equity, liquid assets and interest-bearing liabilities are shared in proportion to total assets.

## Notes to the Accounts

### Non-distributed items

Some consolidated items are not shared between the areas of activity. The same applies to a number of financial items. Non-distributed items are shown under "Other activities/ Elimination".

### Inter-divisional transactions

There are relatively few sales between the divisions, but some contracts are carried out jointly by different entities. Internal sales and collaboration take place on commercial terms.

### Distribution of turnover by geographical market

NOK 3,374 million (NOK 1,480 million in 2000 and NOK 426 million in 1999) of the Group's total turnover derives from operations outside Norway. International operations thus represent 32% (18% in 2000 and 6.6% in 1999) of the Group's total turnover.

Turnover	Regional Construction			Hoffmann			Heavy Constr./International		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
Norway	4 041.1	3 520.9	2 950.6				1 192.2	1 295.9	1 526.3
Other Nordic countries				2 094.2	526.0		523.1	241.9	136.0
Africa				62.8	14.0		172.1	234.2	220.0
Other countries							5.9	7.8	70.0
<b>Total</b>	<b>4 041.1</b>	<b>3 520.9</b>	<b>2 950.6</b>	<b>2 157.0</b>	<b>540.0</b>		<b>1 893.3</b>	<b>1 779.8</b>	<b>1 952.3</b>

Turnover	Industry			Property			Other Activities			Group		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Norway	1 943.2	1 823.3	1 563.5	813.3	174.9	327.6	-802.1	-290.1	-307.2	7 187.7	6 524.9	6 060.8
Other Nordic countries	472.8	445.0		43.2	11.2					3 133.3	1 224.1	136.0
Africa										234.9	248.2	220.0
Other countries										5.9	7.8	70.0
<b>Total</b>	<b>2 416.0</b>	<b>2 268.3</b>	<b>1 563.5</b>	<b>856.5</b>	<b>186.1</b>	<b>327.6</b>	<b>-802.1</b>	<b>-290.1</b>	<b>-307.2</b>	<b>10 561.8</b>	<b>8 005.0</b>	<b>6 486.8</b>

Orders-on-hand	Regional Construction			Hoffmann			Heavy Constr./International			Total		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Total	3 480	3 219	2 272	1 503	1 357		2 194	1 257	938	7 177	5 833	3 210
Of which due for completion within 12 months	2 945	2 683	1 715	1 289	1 120		1 565	879	771	5 799	4 682	2 486

## 2. Gains on Sales of fixed Assets

	2001	2000	1999
Buildings, land	31.1	3.4	5.6
Machinery, etc.	43.0	12.4	20.9
Operations	7.5	27.6	
<b>Total gains on sales</b>	<b>81.6</b>	<b>43.4</b>	<b>26.5</b>

Gains on sales of fixed assets are included in Turnover.

Sales of operations in 2000 refer to ready-mix concrete operations.

## 3. Employees

Average number of employees	2001	2000	1999
Nordic countries	6 353	5 021	4 175
Africa	638	810	1 951
<b>Total</b>	<b>6 991</b>	<b>5 831</b>	<b>6 126</b>
<b>Number of employees at 31 December</b>	<b>2001</b>		
Nordic countries	6 269		
Africa	564		
<b>Total</b>	<b>6 833</b>		

## 4. Shares to Employees

	2001	2000	1999
Shares sold to employees (number of shares)	125 187	126 000	611 458
Share issue, employees (number of shares)	449 081		
Discount to employees on sales			4.9
Discount to employees on issue	4.5		
Contributions to Foundation	0.5	1.4	7.0

Veidekke has established a foundation, which purchases Veidekke shares in the market and resells them to the employees at a discount. Veidekke pays a contribution to the foundation and this is charged to the Profit and Loss Account. As of 2001, Veidekke has granted loans amounting to NOK 67.2 million to members of the corporate management and to key personnel for the purchase of shares in Veidekke (about 300 persons). These loans are partly interest-free and secured by mortgages on the shares.

In 2001, Veidekke again offered shares to employees at a price of NOK 42 per share (market price NOK 52). The discount given on the issue amounted to NOK 4.5 million, which was not charged to the Profit and Loss Account.

## 5. Financial Income and financial Expenses

	2001	2000	1999
Interest received	127.9	53.1	57.2
Other financial income	46.5	13.2	3.3
<b>Financial income</b>	<b>174.4</b>	<b>66.3</b>	<b>60.5</b>
Interest charges	-241.3	-140.9	-89.4
Other financial expenses	-40.8	-4.3	-4.1
<b>Financial expenses</b>	<b>-282.1</b>	<b>-145.2</b>	<b>-93.5</b>
<b>Financial income/financial expenses</b>	<b>-107.7</b>	<b>-78.9</b>	<b>-33.0</b>

## 6. Goodwill 2001

Purchase of operations	Depreciation	In Balance Sheet at 31 December
H. Hoffmann & Sønner	9.0	93.7
Br. Reme	6.8	74.3
Stavdal	7.4	69.2
Værbeskyttelse	6.5	47.1
Bøhler *	42.1	41.2
Block Berge Bygg	4.3	40.4
Kynningsrud Fundamentering	3.5	30.1
Wilhelmsen & Sønner	4.2	28.2
HG Asfalt	3.2	20.8
Selmer Bostäder	1.9	16.4
Burud Pukk & Grus	0.4	10.9
Seby	4.8	9.7
UNI-Bygg	1.9	9.7
Dokken & Østdal	1.5	9.4
Kongsvinger Asfalt	1.2	7.8
Norske Stålbygg	1.8	7.4
Nedrebø Maskin	0.8	7.4
Trafikk & Anlegg	1.6	7.4
Valdresbygg	1.2	5.8
Other operations	9.8	47.2
<b>Total</b>	<b>113.9</b>	<b>584.1</b>

\*) Depreciation includes a write-down of NOK 35 million

## 7. Goodwill, Property and Machinery, etc.

	Cost 1 January	Additions	Disposals	Accum. depre- ciation	Book value 31 Dec.	Depre- ciation for year	Depre- ciation rate in %
Goodwill *	791.4	54.0	31.8	229.5	584.1	113.9	8-20
Property	470.3	14.9	77.9	63.8	339.1	9.8	2-5
Machinery, etc.	2 485.7	382.1	229.8	1 304.2	1 338.2	351.4	10-25
<b>Total</b>	<b>3 747.4</b>	<b>451.0</b>	<b>339.5</b>	<b>1 597.5</b>	<b>2 261.4</b>	<b>475.1</b>	

\*) Depreciation of goodwill includes a write-down of NOK 35 million

## Investments and sales (sales price)

	2001		2000		1999		1998		1997	
	Inv.	Sales	Inv.	Sales	Inv.	Sales	Inv.	Sales	Inv.	Sales
Goodwill	54.0		498.1	64.5	101.7		127.1		62.0	
Property	14.9	72.9	172.2	13.6	102.1	12.3	35.3	8.0	4.1	
Machinery, etc.	382.1	135.3	964.5	62.2	322.2	57.6	427.3	26.6	255.0	22.5
<b>Total</b>	<b>451.0</b>	<b>208.2</b>	<b>1 634.8</b>	<b>140.3</b>	<b>526.0</b>	<b>69.9</b>	<b>589.7</b>	<b>34.6</b>	<b>321.1</b>	<b>22.5</b>

## 8. Purchase of Operations 2001

Operations	Location	Purchase date	Price
SKM Byggmaskiner	Malmö, Sweden	08.10	19.0
Burud Pukk & Grus	Hokksund	01.09	16.5
Nedrebø Maskin	Rogaland	08.01	13.3
Brubakk	Oslo	01.01	4.6
Pål & Grund	Västerås, Sweden	15.06	4.3
Other operations			7.1
<b>Total</b>			<b>64.8</b>

## 9. Long-term Receivables, etc.

	2001	2000	1999
Loans to employees	81.5	75.9	69.9
Loans to customers, etc.	33.0	44.3	34.6
Deferred tax assets	29.9	10.8	0.7
Net pension funds	27.3	46.4	36.6
Miscellaneous shares	19.3	18.1	14.8
Other receivables	16.9	17.8	23.6
<b>Long-term receivables, etc.</b>	<b>207.9</b>	<b>213.3</b>	<b>180.2</b>



## Notes to the Accounts

### 10. Non-residential Projects

Non-residential projects involve the development and construction of non-residential buildings for sale for Veidekke's own account. Costs incurred in respect of land, buildings under construction and completed non-residential buildings for sale are entered under this item in the Balance Sheet.

Non-residential projects at 31 December 2001	Location	Land for development	Under development	Completed buildings	Total
Lørenskog Sentrum Vest	Lørenskog		106.7		106.7
Berskau Bo- og Servicesenter	Drammen			70.2	70.2
Verkstedveien	Harstad			52.9	52.9
Økern Næringstorg	Oslo		44.8		44.8
Porsgrunn Næringspark	Porsgrunn			20.7	20.7
Berghagan	Ski		19.6		19.6
Miscellaneous projects	Denmark	15.3			15.3
Other projects	Norway	62.4	15.6	19.0	97.0
<b>Entered into Balance Sheet, total</b>		<b>77.7</b>	<b>186.7</b>	<b>162.8</b>	<b>427.2</b>
			<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>Gain on sale of non-residential projects</b>			<b>-1.0</b>	<b>20.6</b>	<b>20.5</b>

### 11. Residential Projects

Residential projects involve housing erected for sale for Veidekke's own account. Costs incurred in respect of land for development and housing under construction are entered under this item in the Balance Sheet.

Residential projects	2001	2000	1999
Land for development	132.2	119.3	186.5
Projects under construction	644.6	383.9	79.9
<b>Entered in Balance Sheet, total</b>	<b>776.8</b>	<b>503.2</b>	<b>266.4</b>

Residential projects at 31 December 2001	Location	Land for development	Under development	Total
Bergheim Terrasse	Trondheim		112.3	112.3
Vestre Voksen	Oslo		98.1	98.1
Konowgate	Oslo	41.9		41.9
Bekkestua	Bærum		34.2	34.2
Gamle Bygdevei	Oslo		31.4	31.4
Flatåsen	Drøbak		23.4	23.4
Borgundveien	Ålesund		19.3	19.3
Rådhusgaten	Drammen	17.0		17.0
Miscellaneous projects	Stockholm		241.9	241.9
Miscellaneous projects	Denmark	9.3	14.0	23.3
Other projects	Norway	64.0	70.0	134.0
<b>Entered in Balance Sheet, total</b>		<b>132.2</b>	<b>644.6</b>	<b>776.8</b>

Veidekke has signed a contract along with OBOS (a large housing cooperative) to purchase the property belonging to the Norway Trade Fairs at Skøyen in Oslo. This property will be taken over in the 3rd quarter 2002. Veidekke's share of the purchase price is approximately NOK 240 million, depending on degree of utilisation. Plans for the property include the building of 250 dwellings and 25,000 square meters for non-residential purposes (Veidekke's share).

### 12. Stocks

Stocks comprise project stocks and the Industry Division's stocks. The first consists of materials, spare parts, tools, etc., and the second of crushed stone and aggregates for asphalt and tools, etc. for plant hire operations.

### 13. Debtors

	2001	2000	1999
Book debtors	1 639.1	1 560.4	1 096.8
Provision for bad debts	-33.8	-33.9	-30.6
Due from customers	116.1	112.6	128.5
Completed, not invoiced	647.5	447.2	183.4
Invoiced, not completed	-539.5	-364.7	-358.6
<b>Debtors</b>	<b>1 829.4</b>	<b>1 721.6</b>	<b>1 019.5</b>

### 14. Liquid Assets

	2001	2000	1999
Bank deposits	467.5	686.2	265.2
Short-term investments	6.9	145.8	13.2
<b>Liquid assets</b>	<b>474.4</b>	<b>832.0</b>	<b>278.4</b>

**15. Reconciliation of Shareholders' Equity**

	Majority	2001 Minority	Total	2000 Total	1999 Total
Shareholders' equity at 1 January	1 233.9	86.7	1 320.6	1 050.0	944.0
Share issue	18.8		18.8	191.2	
Profit for the year	69.3	18.7	88.0	127.6	203.3
Dividends	-54.1	-0.3	-54.4	-55.2	-98.9
Addition minority interests		4.9	4.9	9.1	1.6
Currency adjustment	-28.2	-1.0	-29.2	-2.1	
<b>Shareholders' equity at 31 December</b>	<b>1 239.7</b>	<b>109.0</b>	<b>1 348.7</b>	<b>1 320.6</b>	<b>1 050.0</b>

Most of the minority interests refer to Kolo Veidekke a.s, of which Veidekke owns 80%. The issue in 2001 was a rights issue directed at Veidekke's employees.

**16. Number of Shares, Shareholders, etc.**

Veidekke ASA's largest shareholders at 31 December 2001	Number of shares	Ownership share in %
Folketrygdfondet	3 360 000	12.4
OBOS Forretningsbygg	2 665 398	11.3
Storebrand Livsforsikring	2 975 921	11.0
Nordea Fondene	1 494 824	6.2
Avansefondene	1 637 163	5.9
Nordea Equity Holding	1 297 100	4.8
Kjell Ulrichsen and family	805 770	3.0
KLP Forsikring	816 933	2.2
Firstnordic Fondene	526 400	1.9
Odin Norge	481 608	1.8
Tine Pensjonskasse	475 000	1.8
Vital Forsikring	525 912	1.6
Bergtor AS	350 000	1.3
Fondsfinans Forvaltning	300 800	1.1
Bjarne Kynningsrud AS	297 700	1.1
Sparebankenes sikringsfond	187 000	0.7
<b>Total 16 largest shareholders</b>	<b>18 197 529</b>	<b>68.1</b>
Employees	4 472 216	16.5
Other shareholders	4 369 209	15.4
<b>Total</b>	<b>27 038 954</b>	<b>100.0</b>

Total number of shareholders is 3,737. The shares have a nominal value of NOK 2.50 each.

**Shares owned by key personnel at 31 December 2001**

	Number of shares
<b>Board of Directors</b>	
Helge B. Andresen	31 598
Christian Bruusgaard <sup>1)</sup>	23 817
Peder Chr. Løvenskiold <sup>3)</sup>	19 400
Kristian Omsland <sup>2) 3)</sup>	10 000
Steinar Krogstad	2 243
Ove Ågedal	1 775
Jan R. Kopstad	1 030
<b>Number of shares owned by the Board of Directors</b>	<b>89 863</b>
<b>President and CEO</b>	
Terje R. Venold <sup>3)</sup>	<b>75 323</b>
<b>Members of the Corporate Management</b>	
Torkel Backelin	76 229
Eigil Flaathen	51 075
Ole Arnfinn Opsahl	51 049
Leif E. Johansen <sup>3)</sup>	46 455
Dag Andresen	44 055
Pål P. Syse	20 206
Kai Krüger Henriksen	12 842
Arne Giske	10 000
Jørgen Huno Rasmussen	4 000
<b>Number of shares owned by the Corporate Management</b>	<b>315 911</b>
<b>Total</b>	<b>481 097</b>

1) Chairman of the Board

2) Has an ad hoc option of 20,000 Veidekke shares at a redemption price of NOK 65.00.

The option period runs for two years from 31 May 2000 and the exercise price is NOK 7.00.

3) Including shares owned by closely associated parties and companies.

## Notes to the Accounts

### 17. Taxation and deferred Tax

<b>Taxation</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	
Tax payable	113.4	63.1	90.8	
Change in deferred tax	-66.1	-5.7	1.2	
<b>Total</b>	<b>47.3</b>	<b>57.4</b>	<b>92.0</b>	

<b>Deviation in taxation</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	
28% of profit before taxation	37.9	28.0%	51.8	28.0%
Actual taxation	47.3	35.0%	57.4	31.0%
<b>Deviation</b>	<b>-9.4</b>	<b>-7.0%</b>	<b>-5.6</b>	<b>-3.0%</b>
<b>Deviation in taxation is due to</b>				
Non-deductible costs	-2.5	-3.0	-3.1	
Depreciation of goodwill	-12.0	-11.0	-5.2	
Adjustment of opening value of shares sold		4.8		
Other items	5.1	3.6	-1.0	
<b>Total</b>	<b>-9.4</b>	<b>-5.6</b>	<b>-9.3</b>	

<b>Deferred tax</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	
Short-term items	161.5	271.3	100.7	
Accelerated depreciation	282.8	334.9	229.3	
Gain and loss account	67.2	50.9	26.8	
Other long-term items	-23.0	-0.8	31.8	
<b>Basis deferred tax (timing differences)</b>	<b>488.5</b>	<b>656.3</b>	<b>388.6</b>	
<b>Deferred tax (28%)</b>	<b>136.8</b>	<b>183.8</b>	<b>108.8</b>	

### 18. Pensions

Veidekke ASA and some of its subsidiaries have defined-benefit pension schemes for their employees, which are covered in a life assurance company. Most of Veidekke's companies in Norway are also bound by agreed early retirement schemes. Subsidiary H. Hoffmann & Sønner A/S in Denmark and a subsidiary in Sweden have defined-contribution pension schemes for their employees. 3,065 current employees and 634 pensioners are covered by defined-benefit pension schemes.

	<b>2001</b>					<b>2000</b>	<b>1999</b>
	<b>Veidekke ASA</b>		<b>Kolo</b>	<b>Other</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
	<b>Secured</b>	<b>Unsecured</b>	<b>Veidekke a.s</b>	<b>companies</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<b>Pension expenses</b>							
Earned during year (present value)	-20.1	-8.5	-6.0	-27.4	-62.0	-43.5	-32.1
Interest on commitments	-19.0	-3.0	-5.2	-5.2	-32.4	-29.8	-24.7
Return on funds	20.5		5.3	3.4	29.2	31.0	25.0
Deviation in estimate entered in Profit and Loss Account	-2.2	-1.0	-0.7	-0.8	-4.7	-1.8	-4.8
<b>Pension expenses</b>	<b>-20.8</b>	<b>-12.5</b>	<b>-6.6</b>	<b>-30.0</b>	<b>-69.9</b>	<b>-44.1</b>	<b>-36.6</b>
<b>Entered in Balance Sheet</b>							
Pension funds	272.9		71.4	53.9	398.2	426.4	348.4
Pension commitments (present value)	-306.8	-52.3	-83.6	-90.3	-533.0	-491.1	-406.7
Net funds/commitments	-33.9	-52.3	-12.2	-36.4	-134.8	-64.7	-58.3
Deviation in estimate not entered in Profit and Loss Account	56.1	17.7	11.3	6.9	92.0	45.7	57.1
<b>Net funds/commitments entered in Balance Sheet</b>	<b>22.2</b>	<b>-34.6</b>	<b>-0.9</b>	<b>-29.5</b>	<b>-42.8</b>	<b>-19.0</b>	<b>-1.2</b>

At end 2001, net pension funds/commitments amounted to NOK - 42.8 million, of which NOK 27.3 million has been entered under long-term receivables, while NOK 70.1 million has been entered under long-term liabilities. Pension commitments and earnings for the year include employer's contributions.

Each year deviations occur between the estimated and actual return on pension funds and between estimated and actual pension commitments. Deviations are entered in the Balance Sheet up to a limit of 10% of whichever is highest of pension funds and pension commitments. When accumulated deviations exceed this limit, the surplus is entered in the Profit and Loss Account over the remaining accumulation period.

<b>Financial assumptions</b>	<b>%</b>
Return on pension funds	8.0
Discount rate	7.0
Annual wage growth	3.3
Annual basic pension rate adjustment	3.3
Annual adjustment of pensions being paid	2.5

**19. Long-term Debts to credit-issuing Institutions, etc.**

Long-term debts	2001	2000	1999
Long-term drawings on committed borrowing facilities	942.5	1 175.0	
Other loans	460.9	564.0	344.2
<b>Debts to credit-issuing institutions</b>	<b>1 403.4</b>	<b>1 739.0</b>	<b>344.2</b>

Veidekke has committed borrowing facilities totalling NOK 1,818 million in Nordea. Of these, NOK 868 million represents instalment loans with a maturity of three to five years. NOK 950 million refers to a committed borrowing facility, which is reduced by the amount outstanding at any time in short-term bonds. Veidekke has a short-term bond programme totalling NOK 450 million.

Veidekke's credit facilities in Nordea expire on 2 October 2005. These facilities, which are based on a negative mortgage declaration, are conditional on Veidekke's financial key figures (covenants) and on limitations on guarantees and security, sale of significant assets without consent and own account risks in residential and non-residential projects. Veidekke meets all of the conditions set out in the loan agreement and has satisfactory freedom of action.

Currency risk relating to Veidekke's subsidiaries abroad is limited to financing assets in the same currencies, primarily through currency swaps.

At the end of 2001, 65% of Veidekke's net interest-bearing liabilities were linked to long-term fixed interest-rate agreements. The remaining liabilities follow the general trend in money market rates.

Maturity/repayment structure	2002	2003	2004	2005	After 2005
Reduction of NOK 1,818 million committed borrowing facility	182.5	210.0	175.0	1 250.0	
Other loans	47.0	38.0	303.2	23.3	49.5
<b>Total</b>	<b>229.5</b>	<b>248.0</b>	<b>478.2</b>	<b>1 273.3</b>	<b>49.5</b>

Key figures	2001	2000	1999
Unused borrowing facilities	875.0	750.0	325.0
Weighted fixed interest rate at 31 December	7.1%	7.2%	7.0%

**20. Short-term Debts to credit-issuing Institutions, etc.**

Short-term debts	2001	2000	1999
Bank overdraft	12.5	74.5	15.0
Debt-instrumented loans and building loans linked with property development	415.6	349.5	232.0
Other loans	14.2	15.0	50.0
<b>Debt to credit-issuing institutions</b>	<b>442.3</b>	<b>439.0</b>	<b>297.0</b>

Maturity/repayment structure	2002	2003	2004	2005	After 2005
Bank overdraft	12.5				
Debt-instrumented loans and building loans linked with property development	144.6	49.6	3.3	3.3	214.8
Other loans	10.7	1.3	1.3	0.5	0.4
<b>Total</b>	<b>167.8</b>	<b>50.9</b>	<b>4.6</b>	<b>3.8</b>	<b>215.2</b>

**21. Creditors**

Included under 'Creditors' are accrued costs and provision for work under guarantee, etc.

**22. Unpaid Government Charges**

Unpaid government charges consist of unpaid VAT, withheld tax, social security contributions, holiday pay, etc.

**23. Tax payable and Dividends**

	2001	2000	1999
Tax payable	91.6	70.6	88.4
Allocated to dividends	54.4	55.1	62.8
<b>Tax payable and dividends</b>	<b>146.0</b>	<b>125.7</b>	<b>151.2</b>

## Notes to the Accounts

### 24. Other short-term Liabilities

	2001	2000	1999
Advance payment from customers	267.2	172.1	47.6
Other liabilities	115.0	96.2	71.4
<b>Other short-term liabilities</b>	<b>382.2</b>	<b>268.3</b>	<b>119.0</b>

### 25. Mortgages, Guarantees and joint and several Liabilities

<b>Mortgages</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Book liabilities secured by mortgages, etc.	426.6	383.9	270.2
Book value of mortgaged buildings/land	503.1	440.6	389.0
<b>Guarantees</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Guarantees to employees			0.1
Guarantees to associated companies	1.9	11.4	26.3
Other guarantees	4.1	6.6	13.2
<b>Total guarantees</b>	<b>6.0</b>	<b>18.0</b>	<b>39.6</b>

The Group has issued negative mortgage declarations for loans and guarantees.

#### Guarantees furnished by Veidekke ASA to subsidiaries

	2001	2000	1999
Total	1 089.2	977.4	693.4
of which joint and several liability for subsidiaries' withdrawals from Group account	722.5	687.2	515.4

As a result of its participation in partnerships and joint ventures, Veidekke could become liable for other participants' inability to fulfil their obligations. However, Veidekke cannot be called to account until the company in question actually fails to fulfil its obligations.

### 26. Payments to Key Personnel

In 2001, the Group auditors received NOK 7.2 million for auditing and NOK 2.3 million for consultancy services.

Payments to members of the Board of Directors totalled NOK 1.0 million and the salary paid to the President and CEO was NOK 2.2 million.

The President and CEO's contract of employment can be terminated by either party giving 12 months' notice. On termination of this contract the President and CEO is also guaranteed a salary for a further 12 months. A reduction corresponding to the salary and emoluments received by the President and CEO is made in the salary guarantee.

Veidekke has granted loans for the purchase of Veidekke shares to the President and CEO and members of the corporate management totalling NOK 10.5 million at 31 December 2001. This amount is shared between President and CEO Terje R. Venold (NOK 2.8 million) and the following members of the corporate management: Torkel Backelin (NOK 2.2 million), Ole Arnfinn Opsahl (NOK 1.3 million), Dag Andresen (NOK 1.1 million), Eigil Flaathen (NOK 0.9 million), Leif E. Johansen (NOK 0.8 million), Kai Krüger Henriksen (NOK 0.5 million), Arne Giske (NOK 0.5 million) and Pål P. Syse (NOK 0.4 million). These loans are partly interest free and secured by mortgage on the shares. The President and CEO also has an ordinary loan of NOK 3.8 million, of which NOK 2.5 million is a temporary house-building loan, ref. Note 30.

### 27. Projects in Progress

<b>Taken to income on projects in progress</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Accumulated income	6 252	5 904	2 961
Accumulated contributions	438	306	210
<b>Loss-bringing projects in progress *</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Remaining turnover	61	83	75

\* Provision has been made in the accounts for the estimated loss on these projects.

### 28. Uncertainty and Conditional Outcome

Crediting projects to the accounts as they proceed entails some uncertainty, since the figures are based on estimates and evaluations. For ongoing projects, uncertainty is linked with progress, disputes, work under guarantee, final prognoses, etc. The final profit or loss on a project may therefore differ from the anticipated outcome. There is also the possibility of disputes arising that have to be settled by arbitration or in a court of law. At the end of 2001, Veidekke was not involved in any major disputes or other uncertainties that will significantly affect future results.

## 29. Cash Flow Statement

### Purchase of Companies

In 2001, Veidekke purchased companies, which have given net cash outlay of NOK 21.3 million (NOK 468.9 million in 2000 and NOK 27.7 million in 1999). The following figures were entered in the Group Balance Sheet for these purchases:

	2001	2000	1999
Liquid assets	5.4	419.4	21.3
Other current assets	15.9	883.0	22.3
Fixed assets	38.8	999.0	66.2
Debts to credit-issuing institutions	-6.3	-85.4	
Operating debts	-7.0	-823.9	-33.0
Payable/deferred tax	-1.3	-80.7	-9.3
Long-term liabilities	-18.8	-372.4	-18.5
Cost price for purchases	26.7	939.0	49.0
Credit for purchases		-50.7	
Liquid assets taken over	-5.4	-419.4	-21.3
<b>Net cash outlay</b>	<b>21.3</b>	<b>468.9</b>	<b>27.7</b>

### Goodwill, property and machinery, etc.

	2001	2000	1999
<b>Investments</b>			
Entered in accounts *	451.0	1 634.8	526.0
Purchase of subsidiaries	-38.8	-999.0	-66.2
<b>Cash outlay</b>	<b>412.2</b>	<b>635.8</b>	<b>459.8</b>

\* See note 7 – Goodwill, property and machinery, etc.

## 30. Transactions with closely associated Parties

Veidekke's Chairman of the Board, Christian Bruusgaard, owns 37% and is chairman of the board of Filtbygg AS. In 1999, Filtbygg AS commissioned Veidekke to build a residential and service centre in Drammen. The terms of this contract are competitive and the price was NOK 50.3 million. The building was completed in April 2001.

The president and CEO has taken over at market value parts of a property in Vestfold, which Veidekke is developing for residential purposes. Veidekke is providing an ordinary loan for the erection of the house until transfer of title can take place.

## 31. Pro Forma Accounts

<b>Profit and Loss Account</b>	<b>2000</b>	<b>1999</b>
Turnover	9 795.0	10 065.0
Operating profit/loss	229.4	392.0
Net financial items	-101.4	-117.4
Profit before taxation	128.0	274.6
Taxation	-45.2	-92.9
Profit for the year	82.8	181.7
Of which minority interests	7.0	7.9
Earnings per share (NOK)	3.01	7.48

Veidekke undertook major acquisitions of enterprises in 2000. For this reason, pro forma accounts were drawn up for 1999 and 2000. No pro forma accounts were drawn up for last year, as no major acquisitions were undertaken in 2001.

The pro forma accounts show the effect of purchases and sales of operations during 2000. This provides more relevant figures for comparison in the future. Corrections have been made in the pro forma figures as if the purchases and sales took place on 1 January 1999. Companies that were acquired in 2000 are thus included in full in the figures, while operations that were sold in 2000 have been taken out. Consideration has been given in the calculation to financing costs for the purchases and sales, and for depreciation of added values. An interest rate of 7% has been applied. Restructuring costs etc. have been assigned at cost. There is more uncertainty attached to pro forma figures than to historical accounting figures.



## Profit and Loss Account

<b>VEIDEKKE ASA</b>	<b>Note</b>	<b>2001</b>	<b>2000</b>
(Figures in NOK million)			
<b>Turnover</b>		<b>4 076.5</b>	<b>3 826.3</b>
Subcontractors		-2 180.6	-1 930.6
Cost of materials		-707.1	-685.2
Wages	18, A	-991.2	-969.2
Other operating expenses	B	-190.0	-185.5
Depreciation	D	-88.0	-59.5
Total operating costs		-4 156.9	-3 830.0
<b>Operating profit</b>		<b>-80.4</b>	<b>-3.7</b>
Financial income	C	189.2	119.6
Financial expenses		-176.7	-78.1
<b>Profit before taxation</b>		<b>-67.9</b>	<b>37.8</b>
Taxation	G	32.2	6.2
<b>Profit for the year</b>		<b>-35.7</b>	<b>44.0</b>
<b>Transfers</b>			
Dividends		54.1	53.2
Other shareholders' equity		-89.8	-9.2
<b>Total</b>		<b>-35.7</b>	<b>44.0</b>

## Balance Sheet

### VEIDEKKE ASA

At 31 December

(Figures in NOK million)

	Note	2001	2000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	D	18.9	50.0
Buildings/land	D	37.9	67.3
Machinery, etc.	D	96.1	143.6
Shares in subsidiaries	E	1 417.7	1 457.5
Shares in joint venture companies		8.1	8.6
Long-term receivables, group companies		284.5	335.2
Long-term receivables, etc.		131.5	149.4
<b>Total fixed assets</b>		<b>1 994.7</b>	<b>2 211.6</b>
<b>Current assets</b>			
Non-residential projects		18.1	53.3
Residential projects		9.3	36.5
Stocks	12	51.4	49.0
Debtors		466.7	497.2
Short-term receivables, group companies		255.5	240.1
Other short-term receivables		6.8	7.0
Liquid assets		751.2	550.9
<b>Total current assets</b>		<b>1 559.0</b>	<b>1 434.0</b>
<b>Total assets</b>		<b>3 553.7</b>	<b>3 645.6</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		67.6	66.5
Share premium reserve		218.0	200.3
Reserve for valuation differences		4.3	4.3
Other shareholders' equity		723.2	813.0
<b>Total shareholders' equity</b>	F	<b>1 013.1</b>	<b>1 084.1</b>
<b>Long-term liabilities</b>			
Pension obligations	18	34.7	32.8
Deferred taxes	G	60.2	95.6
Debts to credit-issuing institutions, etc.		941.5	1 210.0
<b>Total long-term liabilities</b>		<b>1 036.4</b>	<b>1 338.4</b>
<b>Current liabilities</b>			
Debts to credit-issuing institutions, etc.		17.6	5.1
Creditors	21	933.9	873.1
Unpaid government charges	22	181.6	157.3
Payable taxes and dividends	H	61.4	53.3
Short-term debt, group companies		153.8	62.4
Other short-term debts		155.9	71.9
<b>Total current liabilities</b>		<b>1 504.2</b>	<b>1 223.1</b>
<b>Total shareholders' equity and liabilities</b>		<b>3 553.7</b>	<b>3 645.6</b>

## Cash Flow Statement

<b>VEIDEKKE ASA</b>	<b>2001</b>	<b>2000</b>
(Figures in NOK million)		
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	-67.9	37.8
Tax paid	3.6	-44.8
Depreciation	88.0	59.5
Gain on sale of fixed assets	-34.7	-7.1
Pensions, difference cost/paid	18.8	-5.5
<b>Generated from operating activities</b>	<b>7.8</b>	<b>39.9</b>
Change in non-residential and residential projects	62.4	-4.4
Change in debtors	30.5	24.3
Change in other current assets	-17.6	-10.6
Change in creditors	60.8	32.6
Change in other operating debts	199.7	-20.3
<b>Net cash flow from operating activities (A)</b>	<b>343.6</b>	<b>61.5</b>
<b>INVESTMENT ACTIVITIES</b>		
Purchase of property, plant and equipment	-25.2	-116.0
Proceeds from sale of property, plant and equipment	79.9	12.7
Other investments	92.0	-1 160.5
<b>Net cash flow from investment activities (B)</b>	<b>146.7</b>	<b>-1 263.8</b>
<b>FINANCING ACTIVITIES</b>		
New long-term borrowing	-	1 187.2
Repayments long-term debts	-268.5	-14.6
New short-term borrowing	12.5	-
Repayments short-term debts	-	-52.6
Share issue	18.8	191.2
Dividends paid	-52.8	-62.8
<b>Net cash flow from financing activities (C)</b>	<b>-290.0</b>	<b>1 248.4</b>
<b>NET CHANGE IN LIQUID ASSETS (A+B+C)</b>	<b>200.3</b>	<b>46.1</b>
Liquid assets at 1 January	550.9	504.8
Liquid assets at 31 December	751.2	550.9

**VEIDEKKE ASA**

The accounting policies on pages 21 and 22 and part of the notes for the Group, also apply to the parent company.

**A. Number of Employees**

	2001	2000
Average number of employees	2 434	2 504
Number of employees at 31 December	2 317	2 562

**B. Remuneration to the Auditors**

In 2001 remuneration to the company's auditors amounted to NOK 1.3 million for auditing fees and NOK 0.5 million for consultancy fees.

**C. Financial Income and financial Expenses**

Financial income includes dividends and contributions paid from subsidiaries to the parent company amounting to NOK 34.6 million (NOK 44.5 million).

**D. Goodwill, Property and Machinery, etc.**

	Cost 1 January	Additions	Disposals	Accum. depre- ciation	Book value 31 Dec.	Depre- ciation for year	Depre- ciation rate in %
Goodwill	50.0			31.1	18.9	31.1	8-20
Property	105.1		49.3	17.9	37.9	1.8	2-5
Machinery, etc.	311.2	25.2	29.0	211.3	96.1	55.1	10-25
<b>Total</b>	<b>466.3</b>	<b>25.2</b>	<b>78.3</b>	<b>260.3</b>	<b>152.9</b>	<b>88.0</b>	

**E. Shares in Subsidiaries**

Company	Location	Ownership share %	Value in Balance Sheet*
Hoffmann & Sønner A/S	Copenhagen	100	393.0
Stavdal ASA	Oslo	100	279.7
Kolo Veidekke as	Oslo	80	190.1
Br. Reme AS **	Kristiansand	85	128.9
Nordic Shelter Solutions AB	Gothenburg	100	88.4
Vecon Byggfornyelse AS	Oslo	100	72.3
Block Berge Bygg AS	Klepp	100	64.3
Kynningsrud Fundamentering AS	Fredrikstad	79	23.6
UNI Bygg AS **	Harstad	70	20.7
Norske Stålbygg AS	Sandefjord	100	17.8
Trafikk & Anlegg AS **	Skien	70	17.5
Veidekke Gjenvinning AS	Oslo	100	17.0
Seby AS **	Skedsmo	70	16.0
Vecon AB	Gothenburg	68	13.3
Noremco AS	Oslo	100	12.6
Veidekke Bolig AS	Oslo	100	10.9
Veidekke Stockholm AB	Stockholm	100	9.6
Valdresbygg AS **	Leira	70	9.1
Prosjektutvikling Bergen AS	Bergen	100	6.0
Veidekke Eiendom AS	Oslo	100	5.1
Veidekke Finans AS	Oslo	100	5.0
Bautas AS	Oslo	100	5.0
IPS Ventilasjon AS	Copenhagen	100	4.2
HG Betong Larvik AS	Larvik	100	2.0
Other companies			5.6
<b>Total</b>			<b>1 417.7</b>

\* Book value in the company's accounts at 31 December 2001 (cost method).

\*\* For these companies, Veidekke has agreements to purchase the remaining shares. In the accounts, these companies are treated as if Veidekke has purchased 100% of the shares.

**F. Reconciliation of Shareholders' Equity**

	2001	2000
Shareholders' equity at 1 January	1 084.1	902.1
Share issue	18.8	191.2
Profit for the year	-35.7	44.0
Dividends	-54.1	-53.2
<b>Shareholders' equity at 31 December</b>	<b>1 013.1</b>	<b>1 084.1</b>

## Notes to the Accounts

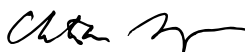
### G. Taxation and deferred Tax

Deviation in taxation	2001		2000	
28% of profit before taxation	-19.0	28%	10.6	28.0%
Actual taxation	-32.2		-6.2	
<b>Deviation</b>	<b>13.2</b>		<b>16.8</b>	
<b>Deviation in taxation is due to</b>				
Non-deductible costs	-1.4		-2.0	
Dividends received	5.0		8.9	
Adjustment of opening value of shares - sale/liquidation of shares			4.8	
Other items	9.6		5.1	
<b>Total</b>	<b>13.2</b>		<b>16.8</b>	
<b>Deferred tax</b>	<b>2001</b>		<b>2000</b>	
Short-term items	171.2		246.3	
Accelerated depreciation	25.3		73.8	
Gain and loss account	31.1		15.1	
Other long-term items	-12.6		6.2	
<b>Basis deferred tax (timing differences)</b>	<b>215.0</b>		<b>341.4</b>	
<b>Deferred tax (28%)</b>	<b>60.2</b>		<b>95.6</b>	

### H. Payable Taxes and Dividends

Accrued taxes payable amount to NOK 7.0 million (0.1 million). Dividends payable amount to NOK 54.4 million (53.2 million).

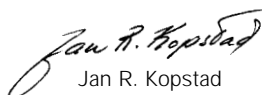
Oslo, 27 February 2002



Christian Bruusgaard  
Chairman of the Board



Helge B. Andresen



Jan R. Kopstad



Ole T. Krøgsgaard



Steinar Krøgsstad



Håkon Langballe



Peder Chr. Løvenskiold



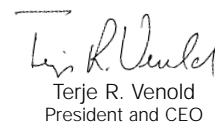
Kristian Omsland



Ove Ågedal



Hilde Aasheim



Terje R. Venold  
President and CEO

**To the Annual Shareholders' Meeting of Veidekke ASA**

We have audited the annual financial statements of Veidekke ASA as of 31 December 2001 showing a loss of NOK 35.7 million for the parent company and a profit of NOK 88.0 million for the Group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The financial statements comprise the profit and loss account, the balance sheet, the income and cash flow statements, the accompanying notes and the Group accounts. These financial statements are the responsibility of the Company's Board of Directors and its President and CEO. Our responsibility is to express an opinion on the financial statements and on other information as required by the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing principles. These principles require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing principles, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

**In our opinion,**

- the financial statements are prepared in accordance with law and regulations and present fairly, in all material respects, the financial position of the Company and of the Group as of 31 December 2001, and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting principles in Norway
- the company's management have fulfilled its duty to properly register and document the accounting information in accordance with law and generally accepted accounting principles in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with law and regulations.

Oslo, 8 March 2002  
ERNST & YOUNG AS

Ernst Alsaker  
State Authorised Public Accountant (Norway)

Eirik Larsson  
State Authorised Public Accountant (Norway)

*Note: This translation from Norwegian has been prepared for information purposes only.*

## Definitions of Key Figures

- <sup>1)</sup> **Ordinary profit for the year:**  
Profit for the year plus extraordinary items less tax on extraordinary items.
- <sup>2)</sup> **Operating profit margin:**  
Operating profit as a percentage of turnover.
- <sup>3)</sup> **Gross profit margin:**  
Profit before taxation as a percentage of turnover.
- <sup>4)</sup> **Return on total assets:**  
Profit before taxation plus financial expenses as a percentage of average total assets.
- <sup>5)</sup> **Return on working capital:**  
Profit before taxation plus financial expenses as a percentage of average total assets less interest-free short-term liabilities and interest-free long-term liabilities.
- <sup>6)</sup> **Return on equity:**  
Profit after taxation as a percentage of average total shareholders' equity.
- <sup>7)</sup> **Total shareholders' equity:**  
Book equity including minority interests.
- <sup>8)</sup> **Equity ratio:**  
Total equity as a percentage of total assets at 31 December.
- <sup>9)</sup> **Current ratio:**  
Current assets divided by short-term liabilities.
- <sup>10)</sup> **Quick ratio:**  
Most liquid current assets divided by short-term liabilities.
- <sup>11)</sup> **Net interest-bearing liabilities:**  
Liquid assets plus interest-bearing receivables from project financing less short-term interest-bearing liabilities less long-term interest-bearing liabilities.
- <sup>12)</sup> **Earnings per share:**  
Ordinary profit for the year divided by the average number of non paid-up shares (fully watered down).
- <sup>13)</sup> **Cash flow per share:**  
Profit before extraordinary items plus ordinary depreciation less payable tax on ordinary profit less minority interests divided by the average number of non paid-up shares.

### Economic trends

The international recession in 2001 had a limited effect on the building, construction and property market in Norway. The same is true of Denmark, while in Sweden the property market in particular suffered a minor setback. The prospects for the building, construction and property market in 2002 look bright in all three Scandinavian countries, although there is still some uncertainty as to whether the international economy, and particularly the American economy, has started on the road to recovery. There is still an imbalance in the household sector in the American economy, in that consumption is higher than savings. If households increase savings to restore the balance, this may lead to a new deterioration of the American and international economy. There is also some uncertainty in the American stock market linked with more Enron-type scandals. This may have the effect of moderating and postponing an upswing in the international economy. The risk relating to changes in the international economy will affect developments in Sweden and Denmark more than those in Norway.

As far as the economy and the building, construction and property market in Norway are concerned, a marked growth in wages and costs is the greatest risk factor. This can contribute to a rise in the interest rate and cuts in public budgets, which may in turn affect profitability in the company and reduce activity.

The high rate of inflation has been the main problem in the Swedish economy recently. A more restrictive monetary and finance policy can moderate domestic demand and weaken the building, construction and property market.

The Danish building, construction and property market shows a relatively flat development this year. The Danish economy is marked by loss of competitive strength due to a weak currency and steep domestic growth in wages. The risk lies mainly in the extent to which measures can be implemented to strengthen competitive ability without weakening domestic demand too much.

### Project risks

The general rule in building and heavy construction projects is that the client is responsible for the technical solution that is chosen, while the contractor's risk is linked with execution. However, Veidekke has a considerable number of projects which have been developed in collaboration with the client, where Veidekke has accepted more responsibility for the technical design (turnkey contracts). It is Veidekke's experience that the realisation of such projects entails few unforeseen circumstances. This is due, among other things, to the thorough analysis that is made of the technical risk before the contract is signed.

It is also Veidekke's experience that amendments and additions will be made to contracts once the project is under way. Payment for these changes or additions is not always clearly described in the contract. Until agreement has been reached on settlement, this can put pressure on liquidity. However, Veidekke has been involved in few disputes and always makes a point of documenting and reporting any deviations, so that agreement can be reached with the customer.

In the case of major, exceptionally demanding projects, it is common to enter into partnership with other contractors with a view, for example, to spreading risks.

### Projects for Veidekke's own account

Activities for Veidekke's own account constitute an increasingly large share of its total project portfolio and most of these activities are connected with house-building. The risk involved here is mainly linked with falls in the housing market. With the prospect of a stable interest rate and a large accumulated demand for houses, there is little indication of a significant fall in prices in the housing market. However, it is unlikely that house prices will continue to rise as steeply as they have been doing in recent years.

Before commencing projects for its own account, Veidekke makes it a condition that a certain number of units have been sold in advance. Most of Veidekke's housing projects are located in a few large cities, and the bulk of them are in the Oslo area where the sites are located in attractive residential areas with a relatively high price level. Veidekke keeps a close watch on developments in the housing market, and the total number of projects under construction at any time never involves more than a limited risk.

### International operations

In 2001, Veidekke's international operations represented about 32 per cent of its total turnover, 2 per cent in Africa and 30 per cent in Scandinavia. Operations in Africa are concentrated mainly in Tanzania, Benin, Uganda and Zambia. The risks involved in operating in Africa are primarily connected with settlement for completed work. Veidekke seeks to minimise this risk by concentrating on development aid projects, projects financed by international financial institutions and contracts for large multinational companies.

The World Bank has resolved to back the Bujagali hydropower project in Uganda, where Veidekke is one of the contractors along with Skanska, among others. However, guarantees have not yet been secured from the participating countries' guarantee institutes.



## Shareholder Policy and Ownership Structure

### Shareholder policy

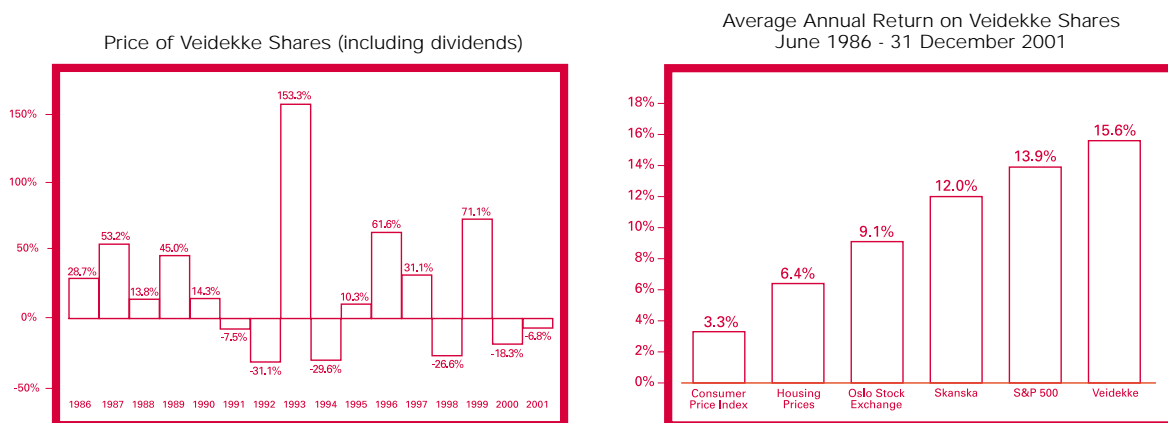
Veidekke is committed to securing for its shareholders a high and stable return on their investment in Veidekke shares. The shareholders' return is a combination of share price and dividends and it should reflect the financial development of the company. The company stresses the importance of providing the market with accurate and relevant information at the right time, so that its shares can be priced as correctly as possible. Existing shareholders will, in principle, be given pre-emption rights whenever the share capital is increased.

### Share prices

Veidekke's shareholders have enjoyed a solid return on their shares since Veidekke was first listed on the stock exchange in 1986. Shareholders have had an average annual return of 15.6 per cent in the form of a higher share price and dividends. Prices on the Oslo Stock Exchange rose by 9.1 per cent during the same period. In 2001, Veidekke's share price fell by 6.8 per cent, while the Oslo Stock Exchange's all-share index fell by 17.2 per cent.

### Dividends

It is Veidekke's aim to pay a competitive dividend. This dividend will be between 30 per cent and 40 per cent of the company's profit for the year. For the last five years, Veidekke has distributed about 33 per cent of its profit for the year in dividends. For the financial year 2001, the Board of Directors recommends a dividend of NOK 2.- per share, the same as in 2000. Dividend per share calculated as a percentage of earnings per share before the non-recurring write-down of goodwill gives a pay-out ratio of 51.6 per cent, which is higher than profit and dividend policy would seem to justify. Nevertheless, the Board of Directors finds it correct to uphold the dividend level when the prospects ahead seem good and the write-down of goodwill has no effect on liquidity. The dividend will be paid on 28 May 2002 to all shareholders who are registered as owners on the date of the Annual General Meeting, 7 May 2002.



### Return on the company's equity capital

It is Veidekke's long-term objective to achieve a return on equity capital of about 20 per cent, but the company has not attained this target in the previous two years. Steps have been taken to improve the company's profitability and the return on equity capital. For 2002 the company's target is 15 per cent.

### Further growth for Veidekke

Since the beginning of the 1980s Veidekke has undergone expansive growth and development. Through both acquisitions and organic growth, Veidekke has moved into place as Norway's leading contractor with a significant position in Denmark and in Sweden. In the year ahead, priority will be given to profitability and freeing up further capital. Growth will mainly be organic.

### Trading in Veidekke shares

Veidekke shares were first listed on the Oslo Stock Exchange's main list in June 1986. They are sold in blocks of 200. In 2001, 8.1 million Veidekke shares were traded on the Oslo Stock Exchange, where the turnover rate was 30 per cent. The company works continuously to maintain satisfactory liquidity in its shares. This is done primarily through ongoing information to the stock market and investors.

## Shareholder Policy and Ownership Structure

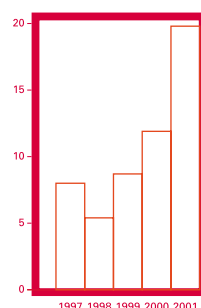
### Ownership structure

At 31 December 2001, Veidekke had 3,737 shareholders. The company's largest shareholders are Folketrygdfondet (12.4 per cent), OBOS Forretningsbygg (11.3 per cent) and Storebrand Livsforsikring AS (11.0 per cent). All in all, 1,884 employees hold shares in the company and their total ownership share is 16.5 per cent.

### Largest shareholders as at 31 December 2001

Name	Ownership share %
Folketrygdfondet	12.4
OBOS Forretningsbygg	11.3
Storebrand Livsforsikring	11.0
Nordea Fondene	6.2
Avansefondene	5.9
Nordea Equity Holding	4.8
Kjell Ulrichsen and family	3.0
KLP Forsikring	2.2
Firstnordic Fondene	1.9
Odin Norge	1.8
Tine Pensjonskasse	1.8
Vital Forsikring	1.6
Bergtor AS	1.3
Fondsfinans Forvaltning	1.1
Bj. Kynningsrud AS	1.1

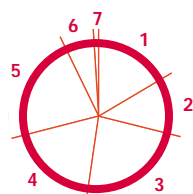
Price/Earnings (P/E)



### Share distribution as at 31 December 2001

Shareholding From	To	Number of shareholders	Number of shares	%
1 -	100	839	35 348	0.13
101 -	1 000	1 816	738 977	2.73
1 001 -	10 000	886	2 667 031	9.86
10 001 -	100 000	170	5 163 986	19.11
100 001 -		26	18 433 612	68.17
<b>Total</b>		<b>3 737</b>	<b>27 038 954</b>	<b>100.00</b>

Shareholders



1	Employees	16.5%
2	State companies	12.4%
3	Credit Institutions and Unit Trusts	23.4%
4	Insurance companies and private pension funds	18.7%
5	Private companies	21.8%
6	Individuals	6.2%
7	Foreign Investors	1.0%

### Employee-owners

It is an advantage for Veidekke as a company, and thus for all of its shareholders, if its employees have a substantial ownership share in the company. The value of a contracting company depends very much on its structure and its employees. The involvement of its employees as shareholders is therefore an important and positive element in the development of the company. It is Veidekke's aim to see at least half of its employees holding shares in the company with a total ownership share of close on 15 per cent. It is desirable that people in senior management positions each hold a significant number of shares.

Veidekke endeavours at all times to pave the way for greater employee participation. Each year it gives employees the opportunity to purchase shares in the company at a discount on the market price. Veidekke also offers about 300 key employees financial assistance to purchase shares in the company.

In March 2001, the company effected an issue of shares directed at all employees. 924 employees subscribed for 449,081 shares at a price of NOK 42 per share.

## Shareholder Policy and Ownership Structure

Form of issue	Amount paid NOK million	No. of shares after increase (1,000)	Share capital after increase NOK million	Adjustment factor
1986 Dispersion issue, price NOK 11.71	25.3	3 053	30.5	0.833
1986 Issue employees, price NOK 10.54	3.1	3 113	31.1	
1988 Bonus issue 5:1		3 736	37.4	
1989 Merger Hesselberg Vei		4 693	46.9	0.998
1989 Dividends shares	0.5	4 746	47.5	
1990 Merger Folke A. Axelson A/S		4 802	48.0	0.999
1990 Dividends shares	0.6	4 861	48.6	
1991 Merger Stoltz Røthing Haugesund A/S		4 912	49.1	
1991 Merger Aker Entreprenør A/S		5 623	56.2	
1995 Issue employees, price NOK 26.24	8.0	5 698	57.0	
1998 Share split 1:2		11 396	57.0	
2000 Share split 1:2		22 791	57.0	0.981
2000 Rights issue 6:1	191.2	26 590	66.5	
2001 Issue employees, price NOK 42.00	19.0	27 039	67.6	

### Share capital

At 31 December 2001, Veidekke's share capital was NOK 67.6 million divided into 27,038,954 shares of NOK 2.50 each. Changes in the company's share capital since it was first listed on the Oslo Stock Exchange are shown in the table above.

### Authorisation to issue shares and purchase own shares

The Annual General Meeting has authorised the Board of Directors to issue up to 4.4 million shares. This authorisation is valid until 1 July 2003. Insofar as this is possible, Veidekke seeks to ensure that any resolutions concerning changes in share capital are passed by the Annual General Meeting. Since 1986, authorisation has been granted for two years at a time. This authorisation has primarily been used in connection with issues of shares to employees and in connection with minor mergers.

The Board of Directors is also authorised to repurchase the company's own shares for a total nominal value of up to a NOK 6.5 million, or just under 10 per cent of the share capital. This authorisation is valid until 31 August 2002. The Board of Directors will propose to the Annual General Meeting that the validity of the authorisation be extended to 31 August 2003. The Board of Directors considers the repurchase of shares in the company as a possible solution if the company's financial situation is strong and there are no interesting investment options in the Group's business areas.

Veidekke share	2001	2000	1999	1998	1997	1996
Market price 31 December	51.00	57.00	74.50	45.00	64.50	50.25
- high	60.00	74.00	77.50	74.25	73.00	51.25
- low	38.00	53.00	49.50	40.00	49.00	33.88
Earnings per share	2.58	4.79	8.41	8.10	7.91	3.39
Price/earnings (P/E)	19.8	11.9	8.7	5.4	8.0	14.5
Cash flow per share	20.26	20.18	19.15	16.78	15.22	10.19
Market price/cash flow	2.5	2.8	3.8	2.6	4.2	5.0
Dividends per share	2.00	2.00	2.75	2.50	2.38	1.38
Payout ratio (%)	77.5 <sup>1)</sup>	41.8	32.1	30.3	29.5	39.8
Earnings yield (%)	3.9	3.5	3.7	5.6	3.7	2.7
Outstanding shares (average, 1,000)	26 870	25 199	22 792	22 792	22 792	22 478
Market value at 31 December (NOK million)	1 379	1 516	1 698	1 026	1 470	1 145
No. of shareholders at 31 December	3 737	3 452	3 353	2 960	2 592	2 430
Amount for adjustment of opening value of shares	-1.20 <sup>2)</sup>	0.40	8.04	1.99	0.86	-1.38

<sup>1)</sup> The payout ratio is 51.6% based on profit before a non-recurring write-down of goodwill.

<sup>2)</sup> Estimate. The final amount is determined by the tax authorities. Norwegian shareholders are notified by the Norwegian Central Securities Depository.

### **Inside information**

Veidekke has incorporated current legislation regarding the handling of confidential information and the rules for reporting share transactions in its routines. Veidekke follows a stricter practice than is required by law in its internal trading rules. In addition to the wider statutory duty to investigate, the company observes the duty to clear primary insiders, in order to ensure more thorough compliance with the duty to investigate. This is in keeping with the recommendations of the Oslo Stock Exchange. Veidekke has also drawn up internal rules which have been made known to all employees in key positions and to senior union representatives. These rules mean that, among other things, employees must show the greatest care at all times when buying and selling shares.

### **Adjustment of the opening value of shares**

Each year an adjustment is made in the opening value of shares, based on the change in Veidekke's retained, taxed capital divided by the number of outstanding Veidekke shares. It is only Norwegian shareholders who have to adjust their cost price by this amount. The adjustment amounts for the last six years are shown in the table above. The amount passes to Norwegian shareholders on 1 January of the following year.

### **Investor relations**

Veidekke considers it important to keep the market regularly informed about the company's progress. Quarterly reports will be issued on the dates given on the inside front cover of this report.

When annual and interim reports are published, Veidekke normally holds presentations for shareholders, brokers, analysts and the press, both in Norway and abroad. The company also maintains regular contact with investors and analysts. Most stock-broking houses at the Oslo Stock Exchange carry out analyses of Veidekke shares.

The company publishes information in Norwegian and English.

### **The Internet**

Veidekke's quarterly reports, analysts' reports and other important press releases are accessible on the Internet at **[www.veidekke.biz](http://www.veidekke.biz)**



The façade of the hotel has been designed to harmonise with the other buildings at the airport.



The Hilton Copenhagen Airport Hotel is a five-star hotel with 382 beautifully furnished rooms. Its aim? To make every guest feel sincerely welcome and well looked after.



Modern Scandinavian art and design have been used throughout the Hilton Copenhagen Airport Hotel and this was taken into account at the planning and building stages.



## Five-star atmosphere

An inviting, friendly and open atmosphere embraces you the minute you set foot in the lobby and it follows you through the dining rooms, lounges and into your room. The Hilton Copenhagen Airport Hotel is not your standard airport hotel. It has an international look, but it is unmistakably Scandinavian. Light flows into the 45-metre-high atrium from all sides.

Down to the smallest detail, the furnishings show that you are in Scandinavia. Veidekke's subsidiary, H. Hoffmann & Sønner, was responsible for this turnkey project, in collaboration with Monberg & Thoresen. For Veidekke, the project has been unusually inspiring. The building was planned for the specific purpose of housing original works of art and doing justice to the best of modern Scandinavian design. However, art and design are only the means. Our overall goal was the same as the hotel's: To make every guest feel sincerely welcome and well looked after.



# Areas of Activity\*

Business Area	Description	Key Figures																
<b>Construction Norway</b> Turnover  See also pages 48-49	Construction and conversion of residential and non-residential buildings, and regional heavy construction throughout the country.	<table><tr><th>NOK million</th><th>2001</th><th>2000</th><th>1999</th></tr><tr><td>Turnover</td><td>4 859.4</td><td>4 187.3</td><td>3 411.3</td></tr><tr><td>Pre-tax profit/loss</td><td>-16.6</td><td>97.5</td><td>147.6</td></tr></table> <table><tr><td>Average number of employees</td><td>2 535</td><td>2 356</td><td>1 922</td></tr></table>	NOK million	2001	2000	1999	Turnover	4 859.4	4 187.3	3 411.3	Pre-tax profit/loss	-16.6	97.5	147.6	Average number of employees	2 535	2 356	1 922
NOK million	2001	2000	1999															
Turnover	4 859.4	4 187.3	3 411.3															
Pre-tax profit/loss	-16.6	97.5	147.6															
Average number of employees	2 535	2 356	1 922															
<b>Construction Denmark</b> Turnover  See also page 51	Construction and rehabilitation of residential and non-residential buildings, and some heavy construction operations throughout the country.  <sup>1)</sup> Figures for 2000 are for the fourth quarter only.	<table><tr><th>NOK million</th><th>2001</th><th>2000<sup>1)</sup></th><th>1999</th></tr><tr><td>Turnover</td><td>2 094.2</td><td>525.3</td><td></td></tr><tr><td>Pre-tax profit/loss</td><td>46.8</td><td>22.4</td><td></td></tr></table> <table><tr><td>Average number of employees</td><td>1 336</td><td>333</td><td></td></tr></table>	NOK million	2001	2000 <sup>1)</sup>	1999	Turnover	2 094.2	525.3		Pre-tax profit/loss	46.8	22.4		Average number of employees	1 336	333	
NOK million	2001	2000 <sup>1)</sup>	1999															
Turnover	2 094.2	525.3																
Pre-tax profit/loss	46.8	22.4																
Average number of employees	1 336	333																
<b>Construction Sweden</b> Turnover  See also page 50	Construction of residential and non-residential buildings and heavy construction, based in Stockholm and Gothenburg.	<table><tr><th>NOK million</th><th>2001</th><th>2000</th><th>1999</th></tr><tr><td>Turnover</td><td>353.0</td><td>166.3</td><td>117.9</td></tr><tr><td>Pre-tax profit/loss</td><td>-11.3</td><td>2.7</td><td>1.4</td></tr></table> <table><tr><td>Average number of employees</td><td>215</td><td>105</td><td>70</td></tr></table>	NOK million	2001	2000	1999	Turnover	353.0	166.3	117.9	Pre-tax profit/loss	-11.3	2.7	1.4	Average number of employees	215	105	70
NOK million	2001	2000	1999															
Turnover	353.0	166.3	117.9															
Pre-tax profit/loss	-11.3	2.7	1.4															
Average number of employees	215	105	70															
<b>Special Projects</b> Turnover  See also pages 52-53	Mobile heavy construction operations in Norway/Scandinavia and overseas.	<table><tr><th>NOK million</th><th>2001</th><th>2000</th><th>1999</th></tr><tr><td>Turnover</td><td>784.8</td><td>961.8</td><td>1 373.7</td></tr><tr><td>Pre-tax profit/loss</td><td>-17.7</td><td>-2.6</td><td>56.9</td></tr></table> <table><tr><td>Average number of employees</td><td>506</td><td>607</td><td>864</td></tr></table>	NOK million	2001	2000	1999	Turnover	784.8	961.8	1 373.7	Pre-tax profit/loss	-17.7	-2.6	56.9	Average number of employees	506	607	864
NOK million	2001	2000	1999															
Turnover	784.8	961.8	1 373.7															
Pre-tax profit/loss	-17.7	-2.6	56.9															
Average number of employees	506	607	864															
<b>Property Scandinavia</b> Turnover  See also pages 54-55	Non-residential property development, special-purpose buildings for public services and housing projects for Veidekke's own account in Norway. Also operations in Stockholm and Copenhagen.	<table><tr><th>NOK million</th><th>2001</th><th>2000</th><th>1999</th></tr><tr><td>Turnover</td><td>856.5</td><td>186.1</td><td>327.6</td></tr><tr><td>Pre-tax profit/loss</td><td>110.0</td><td>30.3</td><td>29.7</td></tr></table> <table><tr><td>Average number of employees</td><td>65</td><td>43</td><td>44</td></tr></table>	NOK million	2001	2000	1999	Turnover	856.5	186.1	327.6	Pre-tax profit/loss	110.0	30.3	29.7	Average number of employees	65	43	44
NOK million	2001	2000	1999															
Turnover	856.5	186.1	327.6															
Pre-tax profit/loss	110.0	30.3	29.7															
Average number of employees	65	43	44															
<b>Industry Scandinavia</b> Turnover  See also pages 56-57	Asphalt, crushed stone and gravel operations, plant hire and recycling.	<table><tr><th>NOK million</th><th>2001</th><th>2000</th><th>1999</th></tr><tr><td>Turnover</td><td>2 416.0</td><td>2 268.3</td><td>1 563.5</td></tr><tr><td>Pre-tax profit/loss</td><td>61.0</td><td>50.2</td><td>61.2</td></tr></table> <table><tr><td>Average number of employees</td><td>1 629</td><td>1 515</td><td>1 207</td></tr></table>	NOK million	2001	2000	1999	Turnover	2 416.0	2 268.3	1 563.5	Pre-tax profit/loss	61.0	50.2	61.2	Average number of employees	1 629	1 515	1 207
NOK million	2001	2000	1999															
Turnover	2 416.0	2 268.3	1 563.5															
Pre-tax profit/loss	61.0	50.2	61.2															
Average number of employees	1 629	1 515	1 207															

\* In Autumn 2001 we reorganised our construction operations, as shown on page 64. The effect of the changes will not be reflected in the accounts until 1 January 2002. This has been taken into account in the table below and in the descriptions on the following pages. The figures for construction operations have been adjusted for three years. For the sake of comparison, reference will be made in the quarterly reports for 2002 to the adjusted figures.

Priority Areas in 2001	Achieved in 2001	Priority Areas in 2002
<ul style="list-style-type: none"> <li>• Focus on improvement processes in projects.</li> <li>• Wind up areas with poor earnings.</li> </ul>	<ul style="list-style-type: none"> <li>• Office in Kristiansand closed. Operations in the South of Norway transferred to Br. Reme AS.</li> <li>• Wound up operations in Tromsø.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on margins.</li> <li>• Focus on productivity.</li> <li>• Be a customer-driven organisation which attaches importance to customers who come back again and again.</li> </ul>
<ul style="list-style-type: none"> <li>• Exploit synergy effects in partnership with operations in Norway.</li> <li>• Increase cooperation with the Property Division.</li> <li>• Build up operations within heavy construction and technical installations.</li> </ul>	<ul style="list-style-type: none"> <li>• New joint department established and first contract signed.</li> <li>• First project for own account in progress.</li> <li>• Built up nation-wide operations within heavy construction and technical installations.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on profitability through strengthened technical expertise and capacity for major turnkey contracts, e.g. in the form of partnering.</li> <li>• Lower accident rate.</li> </ul>
<ul style="list-style-type: none"> <li>• Continue to develop building operations in Stockholm.</li> <li>• Build up operations in Gothenburg (Vecon).</li> </ul>	<ul style="list-style-type: none"> <li>• Work force increased and new managing director appointed for company in Stockholm.</li> <li>• Strengthened building operations in Gothenburg (Vecon).</li> <li>• Manager capacity released for other developmental tasks.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen position in the Stockholm and Gothenburg regions and set up operations in Skåne.</li> <li>• Better interaction with other units in Veidekke.</li> </ul>
<ul style="list-style-type: none"> <li>• Concentrate on mobile heavy construction operations in Scandinavia and overseas.</li> <li>• Continue to develop corporate resource centres with state-of-the-art technology.</li> </ul>	<ul style="list-style-type: none"> <li>• Reorganised operations in line with new business areas.</li> <li>• Two resource centres established: Technical Support and Protection Technology.</li> <li>• Considerable advances in Scandinavian cooperation.</li> </ul>	<ul style="list-style-type: none"> <li>• Adapt the organisation to strategy plans and budgets.</li> <li>• Focus on projects and development of Nordic partnership.</li> </ul>
<ul style="list-style-type: none"> <li>• Increase sales of dwellings.</li> <li>• Improve customer communication.</li> <li>• Area development planning.</li> <li>• Build up operations in Stockholm.</li> <li>• Focus on buildings for public services.</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfactory sales and good earnings.</li> <li>• More focus on customers.</li> <li>• Stronger project base in Stockholm.</li> <li>• Started up in Denmark in close cooperation with Hoffmann.</li> <li>• Completed nursing home in Drammen.</li> </ul>	<ul style="list-style-type: none"> <li>• Start construction on the former exhibition site of Norway Trade Fairs at Skøyen in Oslo.</li> <li>• Maintain high pressure on property sales and market communication.</li> <li>• Focus on tied-up capital.</li> </ul>
<ul style="list-style-type: none"> <li>• Focus on improving efficiency of asphalt operations.</li> <li>• Product development and consolidation of market position in Norway for recycling operations.</li> <li>• Greater focus on operation in Norwegian plant hire operations.</li> <li>• Continue building up plant hire operations in Sweden.</li> </ul>	<ul style="list-style-type: none"> <li>• Successful implementation of improvement programme throughout the organisation.</li> <li>• Operations established in Vestfold and Stavanger region.</li> <li>• Integration of Stavdal completed.</li> <li>• Acquisitions in the Malmö/Skåne district in Sweden.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to focus on profitability in asphalt, crushed stone and gravel operations.</li> <li>• Continue developing nation-wide network to ensure supply of aggregates and complete solutions for customers in recycling.</li> <li>• Establish plant hire operations in Denmark in partnership with Hoffmann.</li> </ul>



This division is responsible for Veidekke's building and regional heavy construction operations in Norway.

Construction Norway was established in the summer of 2001 by merging the former Regional Construction Division with the regional heavy construction operations of the Heavy Construction Division. At the same time, the number of regions in the division were reduced, so that Construction Norway now comprises four regions: East, South, North/West and Heavy Construction. This Division will continue to promote its individual subsidiaries and district offices as the division's operational business units.

In a construction market with a high level of activity, there is a general tendency for margins to come under pressure because growth in income does not keep pace with rising costs. A company's ability to complete contracts is also vulnerable to pressure because



The Rainbow Hotel Opera in Oslo was built as a turnkey contract for Olav Thon Gruppen A/S. It was opened on 10 May 2001.

volumes exceed capacity. Both of these factors affected us in 2001, without our succeeding in dealing with them adequately. We have also found marked differences in earnings between our best and poorest units. The challenge in 2002 will be to maintain satisfactory earnings in the best units, while giving a boost to the weakest units.

### Financial results

According to the new organisational structure, Construction Norway achieved a turnover of NOK 4,859 million (NOK 4,187 million), which corresponds to a growth of 16 per cent. The result before tax was a loss of NOK 16.6 million (profit of NOK 97.5 million), after a non-recurring write-down of goodwill for the acquired Böhler companies amounting to NOK 35 million.



The Sjøsiden project in Horten is a combined shopping centre and residential complex built for Gjensidige NOR Spareforsikring through Sektor Eiendomsutvikling A/S. This project comprises 38 shops and business premises and a total of 46 owner-tenant flats.

This poor result was also due to costs arising from the winding up of our operations in Tromsø, which reduced the division's profit by NOK 30 million. Operations in the Oslo district, which represent a substantial share of the division's total operations, had a weak year in 2001 and this had a noticeable effect on the division's profit.

### Prospects

Over a period of several years, there has been a shift in building activity from non-residential to residential building. This tendency will continue in 2002. Dwellings are traditionally



Four blocks totalling 118 flats are being built on the former site of Myrens Verksted in Oslo for Myren Eiendom AS. The flats will be ready for occupation in the spring of 2002.

more labour-intensive than non-residential buildings and there is a great need for detailed knowledge about the product. In 2002, we will therefore intensify our focus on productivity in our own production, while continuing to gather building expertise in general and expertise on the housing side in particular.

The refurbishment of the well-known Fretheim Hotel in Flåm was carried out by Veidekke as a turnkey contract.



Construction Norway's orders-on-hand totalled NOK 4,089 million at the beginning of 2002. Contracts developed in partnership with our customers represent 60 per cent of the division's order book.

This division comprises the Group's construction operations in Sweden through Veidekke's subsidiaries Veidekke Construction AB (Vecon) in Gothenburg and Veidekke Stockholm AB.

Construction Sweden had a total turnover for 2001 of NOK 353 million. This gave a pre-tax loss of NOK 11.3 million. At the end of the year, the division's order books showed a total of NOK 561 million.

### **Vecon**

Vecon's activities in the west of Sweden continue to prosper. The company was established in 1998 and is today the fifth largest building and construction contractor in the Gothenburg area. Turnover increased in 2001 from NOK 165 million to NOK 216 million. Vecon's profit is regarded as very satisfactory. Vecon was awarded a number of major transport and communications contracts in 2001 and it has also built up its capacity and expertise in the building field. At the end of 2001, Vecon had orders-on-hand for NOK 261 million.



Veidekke Stockholm AB has just commenced construction of 32 flats in a very popular residential area in Saltsjöbaden outside Stockholm.

### **Veidekke Stockholm AB**

2001 was Veidekke Stockholm AB's first full year in operation with a turnover of NOK 137 million. The company's profits are influenced by starting up costs.

In autumn 2001 a new managing director was appointed for Veidekke Stockholm AB and a number of new employees were taken on. Orders-on-hand increased in the course of the autumn, reaching NOK 300 million at the end of the year. This company will be developed further as a profitable building and construction enterprise in the Stockholm area.

### **Prospects**

A growth of about 3 per cent is anticipated in building and construction in 2002. This will be seen in house-building and heavy construction, while the market for private non-residential buildings will fall off.



Veidekke Construction AB, Vecon, was awarded a number of major contracts in transport and communications in 2001, including one for the Public Roads Administration, Region West. Vecon has also added to its expertise and capacity on the building side.

This division comprises H. Hoffmann & Sønner A/S (Hoffmann), which looks after the Group's construction operations in Denmark.

In the first full accounting year after its merger with Veidekke, Hoffmann created synergy through joint human resources development, effective reporting systems, integrated international activities, a new inter-Scandinavian unit for foundation work and quay development, as well as project development and property investment in Denmark.

At the end of the year, we saw an important breakthrough for our Scandinavian partnership in the form of a contract for the construction of a functional office building in Ørestaden near Copenhagen for KLP (a Norwegian mutual insurance company for the municipal sector). The contract sum is approximately NOK 250 million.

#### Financial results

In 2001, Hoffmann achieved a turnover of NOK 2,094 million (NOK 525 million) or a growth of 2 per cent. Pre-tax profit was NOK 46.8 million (NOK 22.4 million). This is the best result in Hoffmann's 138-year-old history. The figures for 2000 are for the fourth quarter only, as Hoffman was not consolidated with Veidekke until the fourth quarter 2000.

Partnering is becoming an increasingly popular form of cooperation in the Danish contracting business.



At the end of the year, orders-on-hand stood at NOK 1,345 million, compared with NOK 1,209 million the year before. This is an increase of 11.2 per cent.

#### Prospects

Hoffmann focuses systematically on organisational development and customer orientation. This is combined in new forms of partnering, which many customers wish to make use of.

Hoffmann is optimistic about developments in the years ahead. The company has a healthy volume of orders and sites that are well situated for project development of both dwellings and office buildings.

This division was established in July 2001 in order to concentrate purely on Veidekke's mobile construction operations.

This was done with a view to improving access to a larger Scandinavian and international market and to utilising capacity and expertise across national borders.

### **Production Scandinavia**

The heavy construction market in Norway improved considerably in the second half of 2001, as tenders were invited for a number of projects in industry and transport and communications. There are also a number of interesting projects in Sweden and Denmark that are worth considering along with the local units. Attention was focused throughout the year on choosing the right projects and on extensive cooperation with the local units in Norway.

Major contracts that were won in 2001 include the Oddernes tunnel for the Public Roads Administration in Kristiansand, the double track for the railway authorities in Sandvika, the E6 highway for the Swedish Public Roads Administration near Svinesund and bridges for the same authorities in Ekshärad. Tenders have also been calculated for a windmill park in Denmark, and a letter of intent has been signed with Statoil for a contract relating to development work near Hammerfest in connection with the Snow-White field.

### **International operations**

Construction operations outside Scandinavia are managed by Veidekke International AS, which is an umbrella company for the operational units Noremco Construction, Hoffmann International and the Bujagali EPC Consortium.

Noremco Construction, which has been operating in East Africa for 20 years, had a turnover of NOK 169 million and a satisfactory profit in 2001.



Concreting work for the British High Commission building project in Dar es Salaam. The first ground was broken in January 2001 and the building will be handed over in August 2002.

Hoffmann International is responsible for road construction in Uganda and Benin, financed by the Danish Agency for Development Cooperation, Danida. The road works in Uganda will be completed in April 2002, while those in Benin, with a contract sum of about DKK 330 million, are due for completion at the end of 2003.



Veidekke was the general contractor for 4 kilometres of the new Folgefonna tunnel. The heavy construction market improved in the second half of the year and Veidekke was awarded contracts for a number of major transport and communications projects.



The Helland Bridges on the E18 highway through Vestfold were awarded Quality Prize 2001 by "Byggeindustrien", the Norwegian building industry's trade journal.

The World Bank decided in December to back the financing of the Bujagali hydropower project in Uganda. Guarantees from the participating countries' guarantee institutes for the private part of the financing have not yet been secured.

### Financial results

According to the new organisational structure, the Special Projects Division had a turnover in 2001 of NOK 785 million (NOK 962 million). This gave a loss before taxation of NOK 17.7 million (NOK -2.6 million). The weak result is mainly due to a fall in turnover resulting from a drop in volume in the heavy construction market and to NOK 30 million in costs relating to the winding up of line-building operations (Norcil) in Africa.

In the autumn of 2001, Veidekke started work on the double railway track between Sandvika and Asker for Norway's National Rail Administration. This contract is worth more than NOK 400 million and the construction period is two and a half years.



The division started this year with orders-on-hand worth NOK 1,107 million.

### Prospects

The positive trend in the heavy construction market in Norway is expected to continue throughout 2002. Investment in private industrial construction and transport and communications is expected to grow this year, giving a total growth in the market of about 5 per cent in 2002. In Sweden, investment in heavy construction is expected to grow by 10 per cent, with most growth in the private sector. In Denmark, the market has fallen since the completion of the major transport and communications projects, but an upswing of 3 per cent is anticipated in investment in heavy construction, primarily in the private part of the market.

Further work in this division will emphasise the importance of interaction with Veidekke's local units, selecting the correct order portfolio and giving priority to improvement measures directed at the way projects are carried out. Emphasis will also be given to developing new business concepts and forming national and international alliances to carry out major projects.



This division is responsible for non-residential property development, special-purpose building for public enterprises and housing.

The division is also responsible for the management, operation and maintenance of its own and other owners' business properties.

### Market conditions

The housing market in Norway remained good for the first half of the year, but grew noticeably weaker in the second half of the year. This incipient weakening was intensified by the terrorist attacks and a general feeling of unrest about the future. Prices remained high, but the number of dwellings sold dropped. The market has picked up again since the beginning of 2002 and, given a stable development in the macroeconomic picture, we believe this will last.

The demand for non-residential sites declined throughout 2001. This tendency has continued into 2002 and no improvement is expected in the short term.

The market in Stockholm also grew weaker in the course of 2001. This applied to both offices and dwellings. Sweden seems to have been harder hit by the recession. Thus we expect no improvement in the short term, but a levelling off this year followed by an upturn again next year.

### Housing

At the end of 2001, Veidekke had 680 dwellings under construction for its own account. Of these, 630 were in Norway and 50 in Sweden. The number of sold dwellings was 460. Of the unsold dwellings only three were completed. This is a sales rate we are satisfied with.



Bergheim Amfi in Trondheim was Veidekke's largest housing project in 2001 for its own account.

The largest housing projects under construction in 2001 were Bergheim Amfi in Trondheim with 130 dwellings, Bekkestua in Bærum near Oslo with 62 dwellings and Vestre Voksen in Oslo with 63 dwellings. In the course of the year, we purchased several sites for development. The largest were a property in Oslo where we are planning to build approximately 280 dwellings and a property in Drammen, which is awaiting planning permission for 120 dwellings.



Among Veidekke's housing projects for its own account are Bekkestua in Bærum with 62 flats and Smedasundet Amfi in Haugesund with 58 flats.



Veidekke is building these semi-detached houses at Mortensrud in Oslo as a joint venture with OBOS.

Many of the dwellings under construction are too expensive for young people. We have therefore been working on a project specially designed for young house-hunters, which we have called "Startbo". The first project of this kind was launched in Trondheim on 12 March 2002, and all 110 dwellings were sold on the first day.

The availability of attractive sites is still relatively good. We are therefore endeavouring to maintain a "site bank" to ensure possibilities of new projects in the years ahead.

Veidekke and OBOS are going to create a new urban district centre on Norway Trade Fairs' former exhibition site at Skøyen in Oslo.



#### **Non-residential projects**

In the course of 2001, we completed a hospital project in Drammen and commenced the construction of a new police station in Haugesund. In view of the relatively weak market, we have not wished to initiate any building that has not been let in advance. The level of building activity has therefore been low.

#### **Goals for 2002**

This year will also see a high level of activity on the housing side. High priority will therefore be given to sales and market communication. We are not expecting prices to fall, but margins are under pressure due to steeply rising contracting costs. It will therefore be important to join forces with the contractor in order to achieve a rational, cost-effective production.

We are due to take over the old exhibition site at Skøyen in Oslo from Norway Trade Fairs on 1 August. Veidekke and OBOS (Norway's largest housing cooperative) are planning to build about 500 flats on this site and about 50,000 square metres will be used for non-residential development. The area development plan is almost complete and framework applications are being drawn up. It is now vital to start demolition and development in the course of this year.

We are still building up our activities in Stockholm, Veidekke Bostad & Fastighet AB, but have already secured a number of building opportunities. The housing market is challenging, but we expect to achieve a positive result for 2002.

Activities in Denmark will continue to bear evidence of the fact that we are still in the start-up stage. We will therefore concentrate on finding good new projects and on getting to know the market, while processing the projects we already have.

This division comprises the business areas asphalt and aggregates, hire of building and construction machinery, and recycling.

In January 2001, Veidekke signed a conditional agreement on the sale of 70 per cent of its weather protection operations, Nordic Shelter Solution AB. When the agreement enters into force, Veidekke will own 30 per cent of the operation, which will then be regarded as a financial investment for the Group.

### Asphalt/aggregates

Kolo Veidekke a.s has about 30 per cent of the market and is the only major, Norwegian-controlled company in its segment. The demand for asphalt in the Norwegian market fell by 10 per cent from 2000 to 2001, while the market for crushed stone and gravel remained virtually unchanged. In spite of the decline in the market, Kolo Veidekke retained the same total asphalt production as in 2000.

The market for operation and maintenance of public road networks by private contractors is expected to grow in the years to come. In 2001, Kolo Veidekke signed a five-year maintenance contract with the Public Roads Administration in Hedmark for a total of NOK 39 million.

Kolo Veidekke consolidated its position in the asphalt market in 2001 by taking over the operations of Nedrebø Maskin in Sandnes and strengthened its crushed stone and gravel operations with the acquisition of Burud Pukkverk, a crushing plant in Hokksund.



Kolo Veidekke has approximately 30 per cent of the Norwegian market for asphalt, crushed stone and gravel.

In June, the Norwegian Competition Authority started an investigation into price determination in the asphalt industry, an enquiry which also included Kolo Veidekke. The results of the investigation are not yet available.

### Plant hire

Plant hire operations in Norway through Bautas showed a considerable growth in profit in 2001. The main reason for this was the completion of its integration with Stavdal ASA, which gave room for a sharper focus on operations. In February, Bautas took over Brubak a.s, a plant hire company in the AF Group and at the same time entered into a long-term contract with the Group on the hire of machinery, equipment and services.



Kolo Veidekke is one of the few companies in the world that have the special expertise needed to lay asphalt cores in rock-fill dams. Asphalt core dams are particularly suitable in areas where earthquake tremors can disturb the dam structure. Here you can see experts from Kolo Veidekke demonstrating how the asphalt core is laid mechanically.



Plant and equipment hire is looked after by Bautas and this includes, for example, personnel lifts.

Operations in Sweden were expanded through the purchase of SKM Byggmaskiner and its depots in Malmö, Helsingborg and Karlskrona and they now cover the three main regions of Sweden:

Gothenburg, Stockholm and Skåne.

### **Recycling**

Veidekke Gjenvinning continued to grow in its third year of operation, among other things by establishing operations in the Stavanger/Sandnes region, Vestfold and Trøndelag. Veidekke Gjenvinning is now in the process of achieving a nation-wide platform for its activities.

ISO certification of these operations was completed at the end of 2000/beginning of 2001. Work is now being done to include the new subsidiaries in this certification.

The demolition of Satellite B at the old Fornebu airport is being carried out with precision by Veidekke's subsidiary, Dokken AS.



### **Results**

The Industry Division achieved a turnover of NOK 2,416 million in 2001 (NOK 2,268 million). This corresponds to a growth of 6.5 per cent. Pre-tax profit was NOK 61.0 million (NOK 50.2 million). The profit for 2000 included a sales gain of NOK 20 million. Taking this into account, the division's profit margin rose from 1.3 per cent in 2000 to 2.5 per cent in 2001. The improvement was mainly in asphalt/aggregates and plant hire.

### **Prospects**

The asphalt market as a whole is expected to remain stable in the years to come, on a level with 2001. Kolo Veidekke will therefore continue to focus on cost efficiency. However, the scheduled reorganisation of the Public Roads Administration can have a wide-ranging effect on the asphalt and maintenance markets.

In plant hire, the focus will continue to be on cost efficiency and improvement of the Norwegian operations. In Sweden, 2002 will be the first year of operation for the newly acquired business in the Malmö/Skåne region and priority will be given to the successful integration of this business. Veidekke will consider establishing plant hire operations in Denmark in cooperation with Hoffmann's construction division.

Further development of recycling operations is planned, based on a nation-wide platform with complete management systems for building, construction and industrial waste. Attention will also be focused on organisational development and coordination of the acquired companies.





Concern for the surrounding neighbourhood was an important consideration when these flats were being planned and built at Grefsen in Oslo.





Preserving the light, the view and the situation was a primary goal during the planning of these two blocks of flats.




## Feeling good

A 'good place to live' is created through harmony between the exterior and the interior. It therefore takes a good deal of thought to build a block of flats in an area traditionally reserved for private houses. Two low blocks of flats at Grefsen in Oslo show that this is possible. The blocks merge with the existing buildings, but still have a modern appearance. Each of the two blocks contains eleven high-quality, easy-to-look-after flats designed for adaptability to lifetime changes, and with a splendid view of the city and fjord to the south. The light floods in even on a winter day and the fittings are of a generally high standard without being ostentatious. Many purchasers clearly felt that this was a 'good place to live' and the flats were all sold in the course of a short time. They were particularly popular among people already living in the area. The flats were built and sold by Veidekke's property division, which had 680 dwellings under construction in 2001.



Adaptability to lifetime changes was something many of the buyers found attractive.





It pays to invest in HSE. Clear-cut attitudes and good results in the field of HSE are important factors in our aspiration to be first choice with our customers, suppliers and employees.

Now that Veidekke has established itself as a Scandinavian company, we will endeavour to keep the same focus on HSE in all three countries and work towards achieving the goals that have been set for the Group:

- The sickness absence rate must be lower than 5 per cent
- For lost-time injuries, Veidekke's long-term goal is an injury-free workplace and its short-term goal is an injury rate (number of injuries per million manhours) of less than 5 by the end of 2003

### Health and work environment

The goal of Veidekke's occupational health service (OHS) is: "More good working years for everyone". This goal underlines Veidekke's wish to provide secure workplaces with a high degree of job satisfaction and good relations between colleagues and between management and skilled workers. The OHS carries out occupational health examinations as part of its efforts to contribute to a good work environment. In 2001, 863 employees were included in these examinations.

In 2001, sickness absence for operations in Norway was 6.4 per cent for all employees as against 6.1 per cent the year before. For skilled craftsmen the absence rate was 8.5 per cent, compared with 7.9 per cent in 2000. This shows that considerable emphasis still has to be given to measures to reduce absence. In 2001, Veidekke introduced a handbook on absence management which, among other things, specifically requires managers to monitor sickness absence systematically and as early as possible in the course of the illness, with a view to making it possible for the patient to return to work quickly. Long-term absence is followed up by the OHS in cooperation with local absence and rehabilitation committees.

The sickness absence figures in Sweden and Denmark are lower than in Norway. This is due primarily to different political guidelines regarding the use of qualifying periods for benefits, and to the fact that people on long-term sick leave are removed from the sickness absence statistics at an earlier stage than in Norway.



It pays to invest in health, safety and environment.

### Safety

Building and construction activities involve the risk of injury. We are aware of this risk and we have launched a zero vision of an injury-free workplace for Veidekke's employees. We will work continuously to ensure that all of our employees and those of our partners return safe and sound from work each day.



In 2001, 863 employees were included in the occupational health examinations. On a scale of 0 (zero job satisfaction) to 7 (top job satisfaction), these employees scored an average of 5.4. Eighty-one per cent scored 4 or higher. This means that the majority of employees very much enjoy working at Veidekke.

- Average age: 41
- Exercise regularly in their free time: 49%
- Smoke every day: 42%
- Impaired lung function, spirometric testing: 35%
- Impaired hearing, adjusted for age: 51%
- Occupational skin disorders: 3%
- Musculo-skeletal problems: 76%
- Sick leave because of musculo-skeletal problems: 15%



“Better planning and facilitation of the work and better follow up and cooperation with the management help to increase job satisfaction,” say Veidekke’s employees.

The injury figures did not show a positive trend in 2001. To further emphasise the managers’ responsibility for an injury-free workplace, the CEO’s ‘Ten Commandments for HSE Management’ were drawn up. These must be practised by managers at all levels and will be an important tool in achieving Veidekke’s zero vision.

For Norwegian operations, the injury rate (number of injuries per million manhours) was 12.3 in 2001 compared with 11.8 in 2000. The injury figures for the other Scandinavian operations are somewhat higher and efforts must be made at all levels if we are to achieve our short-term goal of an injury rate of less than 5 in 2003.

The British High Commission project in Dar es Salaam was awarded Veidekke’s HSE Prize for 2001. The project’s systematic HSE efforts are unique by African standards.



### The HSE Prize

Veidekke introduced its HSE Prize in 1997. In awarding this prize, Veidekke wishes to pay tribute to the creativity and wealth of good ideas that exist in the workplace. The prize is also intended as recognition of employees whose systematic, well-planned efforts promote a good work environment and reduce injuries and absence. Any employee can nominate candidates for the prize.

The prize, a statuette by sculptor Kirsten Kokkin, is presented at Veidekke’s annual conference for senior union representatives.

The HSE Prize for 2001 was awarded to the British High Commission project in Dar es Salaam in Tanzania, where Noremco is building an embassy complex for the EU and a number of European countries. After 600,000 manhours, the project has still not sustained one injury. The jury praises the project’s systematic HSE work, which is unique by African standards, drawing particular attention to extensive courses, good reporting of undesirable incidents, campaigning, weekly meetings and committed teamwork. The jury applauds the project management for its active approach to the HIV/AIDS issue and to the family situation of its employees.

Veidekke believes that environmental considerations represent a challenge throughout the life of a product – from planning via use and maintenance to demolition and recycling.

Environmental requirements are becoming stricter and stricter. This applies in particular to materials and use of resources. We must therefore be aware of how our work affects the environment around us. Veidekke intends to be at the leading edge in certain specific areas and has chosen to focus on waste, energy and choice of materials. At the same time, we will protect the environment by giving more attention to interaction, both internally and externally. Environmental concerns are a natural factor in the quality of our work.

### Environmentally friendly business sector

Veidekke represented by President and CEO Terje R Venold is a member of an Advisory Forum for a More Environmentally Friendly Business Sector, set up on the initiative of the Ministry of Trade and Industry and headed by former Director-General Egil Myklebust. Its terms of reference are to raise awareness of the environmental challenges facing the business sector and help to point to environmental solutions that can have a positive effect on enterprises' long-term competitive strength.

### Quality system

Veidekke's subsidiary Br. Reme AS in Kristiansand is certified under the Environmental Lighthouse project. It is the holder of Certificate No. 200, presented to it by Norway's Minister of Environment. For further information, go to: [www.krkom.no/fyrtaarn](http://www.krkom.no/fyrtaarn)

Veidekke Gjenvinning and five of its subsidiaries were certified in accordance with ISO-14001 in December 2000. To satisfy the requirements of this standard, companies must be able to demonstrate continuous improvement. In December 2001, the companies underwent a very satisfactory audit by an accredited certification body.

### Energy

Veidekke had a total energy consumption of 236 GWh in 2001. The breakdown into energy sources was 23 per cent gas, 56 per cent oil and 21 per cent electricity.

Kolo Veidekke is the most energy-intensive unit in the Group and several measures have been initiated to reduce energy consumption. One example is Warm Asphalt Mix (WAM Foam), developed by Kolo Veidekke in collaboration with Shell Global Solutions.



Using WAM Foam gives a reduction in energy consumption of 28-30 per cent and the same reduction in CO<sub>2</sub> emissions, 50-60 per cent lower dust emissions and no measurable asphalt fumes.

Work is being done to gain acceptance in the market for this method, which means less risk to health and a better work environment.



At Holmenkollen in Oslo, the roller skiing tracks and the shooting range at the national biathlon stadium are paved with environment-friendly Warm Asphalt Mix.

### Environmental vision

- Veidekke will contribute to sustainable development.
- Environmental protection will be integrated into all phases of Veidekke's day-to-day operations.
- Veidekke's active, long-term efforts will turn the company's focus on the environment into a competitive advantage.

### Main guidelines

Veidekke will be responsible and show due care in environmental issues.

- Veidekke will focus on "the external environment" and "the environment for the end user" by setting environmental goals and achieving them.
- Veidekke will not only meet the authorities' environmental requirements but will also be at the leading edge in selected areas.
- Veidekke will increase its knowledge of the environmental impact of its products and activities.



Insulation made from recycled textile waste is better for the environment.

At Sjøla asphalt plant in Trøndelag, where energy efficiency measures were initiated in 2001, energy consumption was reduced by 560,000 kWh or 8 per cent in 2001 compared with 2000.

### Insulation mats

In the course of 2002, Veidekke Gjenvinning hopes to start production of insulation mats made from recycled textiles. 5,000 tonnes of textile waste produces methane gas with the same greenhouse effect as 70,000 tonnes of CO<sub>2</sub> per year or emissions from 25,000 vehicles. The energy needed to produce one square metre of a 15 cm thick insulation mat from textile waste is 4 kWh, while it takes 14 kWh to produce the same mats from mineral wool.

### Biofuels

In Norway, waste wood is normally dumped in landfills or burnt in waste incinerators. In March 2001 in partnership with energy supply company Bio-El AS, Veidekke Gjenvinning established a company called Trondheim Biobrensel AS and built a factory in Trondheim for the production of wood briquettes. Trial production is underway and a production of about 8,000 tonnes is expected during the first year in operation. Raw material from Trondheim Biobrensel can generate about 30 GWh. Since this replaces oil-based heating, it will give an annual reduction of CO<sub>2</sub> emissions of about 10,000 tonnes.

Wood waste is sorted, ground into chips and used as fuel.



### Waste

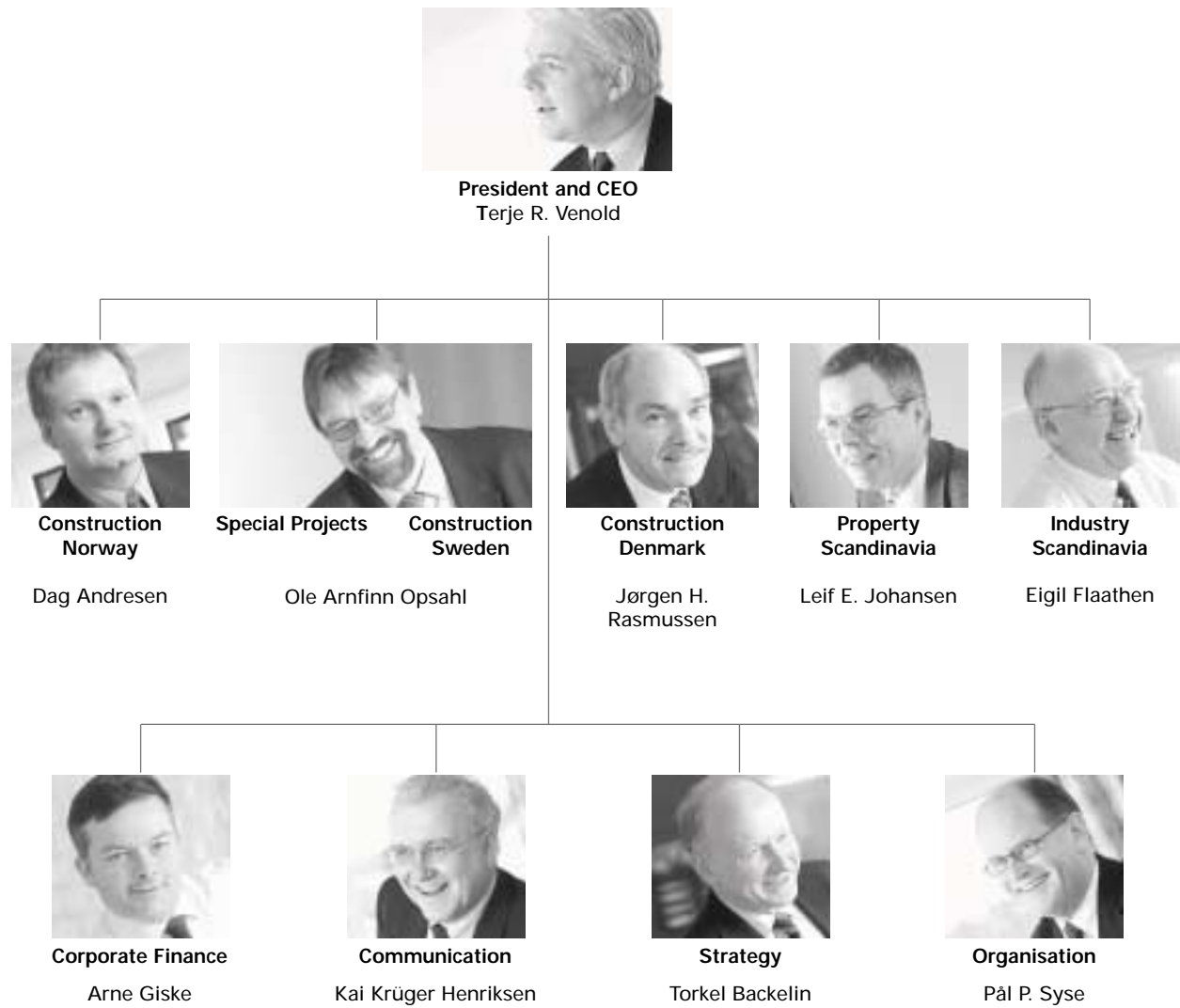
Division Construction Norway has introduced waste management plans and final accounting at all of its large sites. Empirical data for 2001 have been collected from almost fifty building projects. Waste accounts list the generated volume of waste, degree of source separation and costs of waste management. An average newbuilding project generates between 25 and 30 kg of waste per square metre. Unfortunately, we can see no sign so far of any reduction in waste volumes, but steps will be taken to increase separation at source on the projects.

### R&D projects

Veidekke Gjenvinning is leader in the field of heavy building waste recycling in Norway. By perfecting operations at demolition contractors Dokken AS and recycling company BA-Gjenvinning, Veidekke has achieved a recycling rate of 98 per cent. An R&D project entitled RESIBA (short for recycled aggregate in building and heavy construction) has developed some very interesting future-oriented applications for recycled materials. For further information, go to: [www.byggforsk.no/Prosjekter/RESIBA](http://www.byggforsk.no/Prosjekter/RESIBA)

For a number of years the Directorate of Public Construction and Property has been planning a ReUse Centre at Pilestredet Park (the site of the old National Hospital in Oslo) to demonstrate reuse in practice. Veidekke was given the responsibility for the pilot project and the R&D project. The pilot project was handed over on 1 February 2002. The project was launched to show how systematic reuse of materials and components from demolished buildings can represent a resource in new building.

## The Corporate Management Team







The motto at Hilton Copenhagen Airport Hotel is to make sure every guest feels sincerely welcome and well looked after. That was also Veidekke's aim when we planned and completed the project.



When Veidekke built new flats at Grefsen in Oslo, one of its primary goals was to preserve the light, the view and the surroundings.



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