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Publication dates for interim reports in 1997:

1st quarter: 24 April  
2nd quarter: 14 August  
3rd quarter: 30 October

The Annual General Meeting will be held on 24 April 1997

Front page:  
Top: Foreman Aslak Larsen, with carpenter Ronny Sjolie in the background.  
Bottom: Veidekke at work on the double track on the stretch from Såstad to Haug on the Østfold Line for the Norwegian State Railways.

This page:  
Top: Tommy Strøm, iron fixer.  
Bottom: The Grøner building at Fornebuveien 11-13 in Bærum was developed and built by Veidekke, and then sold to an investor group.

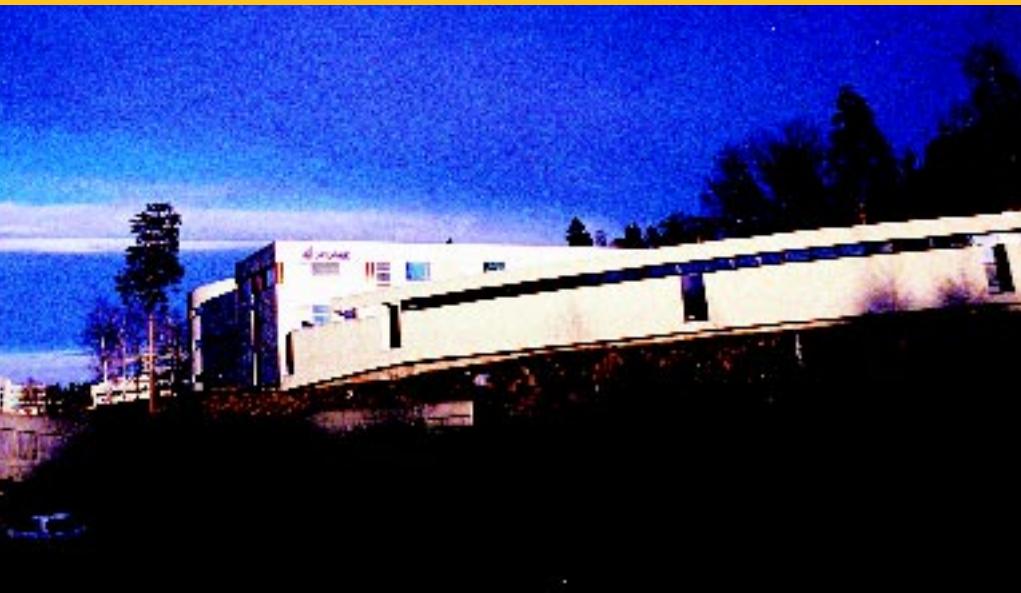
## 1996

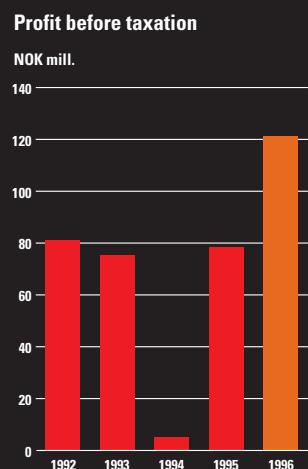
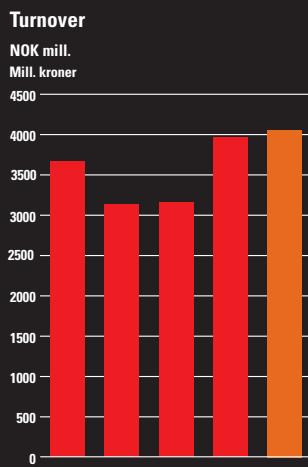
**Veidekke showed a turnover for 1996 of NOK 4,058 million. Its pre-tax profit rose from NOK 78.4 to NOK 121.2 million, which was considerably better than the year before and gave a profit margin of 3 per cent.**

### «Five in '97 - Veidekke towards the year 2000»

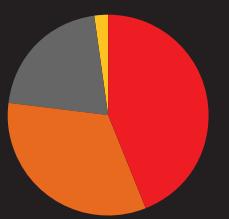
1996 was also marked by Veidekke's process of change and improvement, «Five in '97 - Veidekke towards the year 2000». This process is firmly anchored in the organisation and has emerged with the help of improvement groups and meetings at all levels of the company. The representatives for the hourly and monthly paid employees have been actively involved in the process. Priority has been given to four main areas:

- Management
- Customer relations
- Supply management
- Technical skills





#### Areas of activity 1996



■ Building 44%  
■ Heavy Construction 33%  
■ Asphalt 21%  
■ Property 2%

## VEIDEKKE

The Veidekke Group holds a leading position in the building, heavy construction, asphalt and property markets. Veidekke was founded in 1936 and has been listed on the Oslo Stock Exchange since 1986. Throughout its activities, Veidekke emphasises the importance of controlled growth and a strong focus on profitability through a flexible organisation with decentralised profit responsibility.

### Business philosophy

In partnership with its customers, Veidekke aims to supply products and services to the building, heavy construction and asphalt markets and give its shareholders a high, stable return on their investments over time. We will achieve this by:

- Choosing projects where Veidekke has an advantage by virtue of its expertise
- Long-term customer relations
- Growth in assets based on our own employees
- Cooperation with selected partners

### Objectives

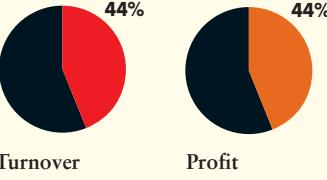
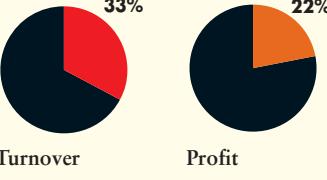
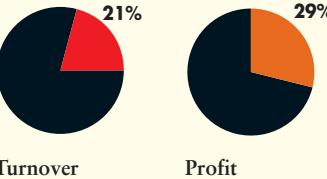
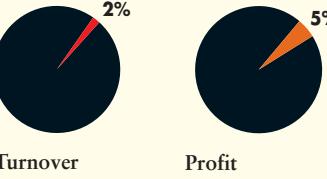
It is Veidekke's aim to be the leading contractor in Norway. From 1997 and onwards the company intends to achieve a profit margin on a level of five per cent, reduce the company's absence rate to under 5 per cent and bring the injury rate down to less than 12 per million working hours.

FIVE-YEAR REVIEW	1996	1995	1994	1993	1992
Turnover*	4,058	3,965	3,162	3,137	3,665
Profit before taxation*	121.2	78.4	5.2	75.2	81.2
Orders-on-hand, Building and Heavy Construction	2,261	1,944	1,731	1,358	1,205
Equity ratio (%)	33.7	29.2	28.7	31.5	28.6
Earnings per share (NOK)	13.83	9.13	-1.25	8.84	8.70
Dividend per share (NOK)	5.50	3.00	2.00	2.75	2.25
Number of employees at 31 December	3,111	2,888	2,785	2,694	2,869
Absence hourly paid (%)	5.4	5.4	4.6	5.2	5.2
Number of lost-time injuries per million working hours	16.3	19.9	18.7	16.1	23.5

\* NOK million

For key figures and definitions, see page 38

# Operations

Operations	Description of operations	Figures	Priority areas in 1996	Achieved in 1996	Priority areas in 1997																				
<b>Building</b> 	Veidekke's Building Division was more selective in its choice of projects in 1996 and focused strongly on profitability in preference to volume. The division showed a profit for the year of NOK 53.6 million. The improvement in profit is a result both of active improvement efforts at each individual building site and of choosing projects where Veidekke has a competitive advantage. Orders-on-hand stood at NOK 1,125 million at 31 December 1996.  See also page 40-43	<p><b>Figures</b></p> <table border="1"> <thead> <tr> <th></th> <th>1996</th> <th>1995</th> <th>1994</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>1,823.2</td> <td>1,951.8</td> <td>1,557.7</td> </tr> <tr> <td>Operating profit</td> <td>28.3</td> <td>10.9</td> <td>-3.9</td> </tr> <tr> <td>Profit before taxation</td> <td>53.6</td> <td>34.5</td> <td>13.0</td> </tr> <tr> <td>Number of employees</td> <td>1,467</td> <td>1,408</td> <td>1,404</td> </tr> </tbody> </table>		1996	1995	1994	Turnover	1,823.2	1,951.8	1,557.7	Operating profit	28.3	10.9	-3.9	Profit before taxation	53.6	34.5	13.0	Number of employees	1,467	1,408	1,404	<ul style="list-style-type: none"> <li>• Build up technical skills and increase transfer of experience between the regions.</li> <li>• Customer orientation and supplier cooperation.</li> <li>• Build up production capacity and expertise on housing market, especially in central parts of the East of Norway.</li> </ul>	<ul style="list-style-type: none"> <li>• Cross-regional cooperation on building projects.</li> <li>• Larger number of contracts developed with customers. New cooperation agreements set up with suppliers.</li> <li>• Purchased Moderne Bygg A/S and integrated it into Region Oslo. Purchased Seby A/S in Romerike.</li> </ul>	<ul style="list-style-type: none"> <li>• Build up specialised skills in selected market areas to increase market advantages.</li> <li>• Expand cooperation with strategic suppliers.</li> <li>• Build up capacity in central parts of the East of Norway region.</li> </ul>
	1996	1995	1994																						
Turnover	1,823.2	1,951.8	1,557.7																						
Operating profit	28.3	10.9	-3.9																						
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Number of employees	1,467	1,408	1,404																						
<b>Heavy Construction</b> 	The activities of the Heavy Construction Division in 1996 bear evidence of the organisational development and productivity improvement work carried out here. Improvement groups with participants from all levels of the organisation were formed at most construction sites. The increase in profits and improvement in orders-on-hand can largely be ascribed to this work and to selectivity in choice of projects. The Heavy Construction Division showed a profit of NOK 27.4 million. Orders-on-hand stood at NOK 1,136 million at 31 December 1996.  See also page 44-47	<table border="1"> <thead> <tr> <th></th> <th>1996</th> <th>1995</th> <th>1994</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>1,389.4</td> <td>1,172.0</td> <td>950.9</td> </tr> <tr> <td>Operating profit</td> <td>20.4</td> <td>1.7</td> <td>-40.1</td> </tr> <tr> <td>Profit before taxation</td> <td>27.4</td> <td>2.9</td> <td>-35.0</td> </tr> <tr> <td>Number of employees</td> <td>931</td> <td>810</td> <td>743</td> </tr> </tbody> </table>		1996	1995	1994	Turnover	1,389.4	1,172.0	950.9	Operating profit	20.4	1.7	-40.1	Profit before taxation	27.4	2.9	-35.0	Number of employees	931	810	743	<ul style="list-style-type: none"> <li>• Improve profits by improving productivity and by being more selective in choice of projects.</li> <li>• Higher margins.</li> <li>• Focus on skills upgrading and organisational development.</li> </ul>	<ul style="list-style-type: none"> <li>• Marked improvement in profit from NOK 2.9 to NOK 27.4 million.</li> <li>• Increase in profit margin from 0.2% to 2.0%.</li> <li>• Active participation throughout company in development process and competence training.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued market selectivity and focus on strategic projects.</li> <li>• Emphasise the Division's competitive advantages.</li> <li>• Continue improvement process with the emphasis on cross-sectional utilisation of the Division's collective resources.</li> </ul>
	1996	1995	1994																						
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Number of employees	931	810	743																						
<b>Asphalt</b> 	Veidekke's Asphalt Division achieved a turnover of NOK 868.6 million in 1996. The increase compared with the year before reflects the acquisitions during the year and the level of activity at Gardermoen airport. In other areas, the level of activity remained fairly stable. The Division showed a profit of NOK 35.4 million, which is better than the year before after an adjustment is made for gains on sales of NOK 11 million in 1995. Orders-on-hand stood at NOK 170 million at the end of the year. Crushed stone and gravel operations also showed a satisfactory result.  See also page 48-51	<table border="1"> <thead> <tr> <th></th> <th>1996</th> <th>1995</th> <th>1994</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>868.6</td> <td>812.2</td> <td>686.9</td> </tr> <tr> <td>Operating profit</td> <td>46.6</td> <td>46.3</td> <td>40.9</td> </tr> <tr> <td>Profit before taxation</td> <td>35.4</td> <td>42.4</td> <td>35.7</td> </tr> <tr> <td>Number of employees</td> <td>645</td> <td>605</td> <td>514</td> </tr> </tbody> </table>		1996	1995	1994	Turnover	868.6	812.2	686.9	Operating profit	46.6	46.3	40.9	Profit before taxation	35.4	42.4	35.7	Number of employees	645	605	514	<ul style="list-style-type: none"> <li>• Asphalt core dams and asphalt paving at airports.</li> <li>• Further development of cold mix technology, including microsurfacing and stabilising with bitumen by milling.</li> <li>• Rationalisation and better utilisation of existing machinery.</li> </ul>	<ul style="list-style-type: none"> <li>• Asphalt core in construction of Dam Urar in Setesdal. Contracts relating to asphalt core technology in China and South Africa.</li> <li>• Contracts for stabilising with bitumen by milling for the Public Roads Administration and microsurfacing contracts for the Civil Aviation Authority. Agreement with Shell and Nynäs to cooperate on technology development.</li> <li>• More efficient operations and cost savings contributed to better results.</li> </ul>	<ul style="list-style-type: none"> <li>• Asphalt paving at Oslo Airport, Gardermoen.</li> <li>• Completion of asphalt core contracts awarded in 1996. Sale of technology to Three Gorges project in China.</li> <li>• Assist Noremc with contracts with an element of asphalt technology in Zanzibar and Tanzania.</li> <li>• Organisational adjustments to achieve further coordination of machinery and operations.</li> </ul>
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<b>Property</b> 	Veidekke sold 11 properties for a total of NOK 190 million in 1996. At the end of the year, Veidekke owned property totalling about 64,000 square metres split between 21 properties. About 21,000 sq.m. of this total floorage is used by Veidekke itself. Revenues from rent amounted to NOK 45.8 million, of which NOK 31.1 million derived from external revenues. The Property Division showed a profit of NOK 6.1 million in 1996.  See also page 52-55	<table border="1"> <thead> <tr> <th></th> <th>1996</th> <th>1995</th> <th>1994</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>62.6</td> <td>63.5</td> <td>49.6</td> </tr> <tr> <td>Operating profit</td> <td>18.3</td> <td>20.3</td> <td>22.9</td> </tr> <tr> <td>Profit before taxation</td> <td>6.1</td> <td>0.8</td> <td>2.6</td> </tr> </tbody> </table>		1996	1995	1994	Turnover	62.6	63.5	49.6	Operating profit	18.3	20.3	22.9	Profit before taxation	6.1	0.8	2.6	<ul style="list-style-type: none"> <li>• Utilise collective network of contacts and expertise.</li> <li>• Improve customer service and market contact.</li> <li>• Release capital by selling properties and reinvest in new development projects.</li> <li>• Maintain high occupancy rate and improve efficiency of management of properties.</li> </ul>	<ul style="list-style-type: none"> <li>• More cooperation between Building and Property divisions.</li> <li>• Skøyen project developed and sold.</li> <li>• 11 properties sold.</li> <li>• Responsibility for management, operation and maintenance of 125,000 sq.m.</li> </ul>	<ul style="list-style-type: none"> <li>• Find new development areas.</li> <li>• Develop products and know-how directed at new markets.</li> <li>• Incorporate experience from management, operation and maintenance in new projects.</li> <li>• Continue to sell property in order to release capital and expertise.</li> </ul>				
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# From Strength to Strength



Terje R. Venold

In many ways 1997 is going to be an important year for Veidekke. As the figures for 1996 show, we are in the progress of achieving the targets we have set ourselves. We have become stronger during the past year in every one of our business areas. A profit margin of 3% is in keeping with the targets we set for 1996. In light of the profit for the year and the company's prospects, the Board of Directors will propose a dividend of NOK 5.50 to the Annual General Meeting, as against NOK 3.00 the year before.

Ever since 1984, when turnover was about NOK 500 million, Veidekke's equity ratio has been in the region of 30%, which is regarded as highly satisfactory for a construction company. Veidekke's sound financial position during this period enabled us to embark on the improvement process we have initiated on an independent basis. The period since 1991, when we acquired Aker Entreprenør, has been a period of consolidation for the company, with a turnover of between NOK 3 and 4 billion. We are now standing at a cross-road: Go for growth or continue at the same level of activity as we have today? In view of our long-range visions and goals, we believe that growth is the most correct choice for the company. However, this must take place on an independent basis and in compliance with the strict requirements we have set for profitability.

## Market still high

As we judge the future market, there are realistic possibilities for growth. There has been a steady rise in the building and heavy construction market in recent years. Projects such as the new Gardermoen airport and other major building projects have contributed to this. Several of these projects will be completed in 1998, but we can see a number of major building and heavy construction projects on the horizon which will help to maintain a high level of activity. One example is the redevelopment of the Fornebu airport, which will offer Veidekke new, exciting challenges as regards both development and production. The competition for contracts is not going to ease off. Our answer to this market scenario is to keep improving ourselves, for example with the help of our development and improvement programme, «Five in '97 - Veidekke towards the year 2000» and to continue to position ourselves for the most interesting jobs.

## The potential lies in organisational development

Growth must never be Veidekke's primary goal, but, in the structural picture we envisage today, growth is bound to result from our visions and profit targets. These developments will necessitate the acquisition of other contractors as well as internal growth. They will also embrace a larger part of the production chain and open up new business areas for Veidekke. If we are to succeed in this, we will have to develop our organisation and organise ourselves in a different way.

We will therefore have to be realistic about our own resources, abilities and possibility of directing the development of the company in a way which enables us to give our owners the return on invested capital they require as we go along.

#### **Development of skills and recruitment guarantee competitive advantages**

It is essential that we are able to recruit the best qualified manpower at all times. An important part of Veidekke's long-range vision is to be a leading company that is attractive to job-seekers. One of the greatest challenges facing us is to be able to compete for the best manpower. In our long-range strategy we therefore focus on competitiveness on the labour market and, in line with this strategy, Veidekke has been maintaining a high intake of apprentices for several years. Another important part of this strategy was to reach a binding agreement on cooperation with the Foundation for Scientific and Industrial Research (SINTEF) and the University of Science and Technology in Trondheim, which we did both for the sake of our own development and in order to participate in the development of our most important research and educational community in the field of building and heavy construction.

#### **Teaming up with the stock market**

The ambitious goals to which we as a Group are publicly committed have been inspiring and they have contributed to the success we have had so far. Nonetheless, further input in the form of human resources and financial resources is required to ensure our continued progress. Our owners expect us to manage our capital so that it gives a competitive return over time. In today's market and in view of Veidekke's sound financial standing, we can see a number of interesting growth areas that will secure a satisfactory level of profitability for the company. Yet the prerequisite for all expansion in Veidekke must be that it generates a satisfactory return on capital and that it builds on the core expertise we possess today. In developing Veidekke, we should and we will be on the same team as our owners.



Terje R. Venold  
President and CEO

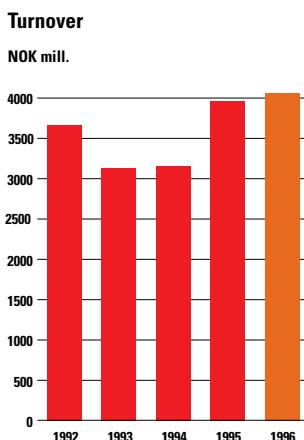
# The Board of Directors' Report

## Main features

Veidekke had a turnover of NOK 4,058 million in 1996, compared with NOK 3,965 million in 1995. This gave a considerably better pre-tax profit than the year before, an increase from NOK 78.4 million to NOK 121.2 million, and marked improvements in both the Building and the Heavy Construction Division.

The Building Division posted a pre-tax profit of NOK 53.6 million (NOK 34.5 million), while the pre-tax profit for Heavy Construction was NOK 27.4 million (NOK 2.9 million). Asphalt showed a profit before tax of NOK 35.4 million (NOK 42.4 million) and this is also an improvement on the year before after an adjustment for gains on sales of NOK 11 million in 1995. Property posted a pre-tax profit of NOK 6.1 million (NOK 0.8 million), of which NOK 2.7 million was a net gain on the sale of properties.

As a result of the growth in all sectors of the Norwegian economy, the building and heavy construction markets showed a positive trend throughout 1996. Growth was noticeable in non-residential building, while the level of heavy construction activity remained unchanged. The commencement of new dwellings fell somewhat, while the prices of existing dwellings rose by an average of 10%. Competition for contracts remained fierce in 1996, particularly in the heavy construction market. International contractors increased their share of the building and heavy construction markets, mainly in the East of Norway, thus intensifying competition for contracts.

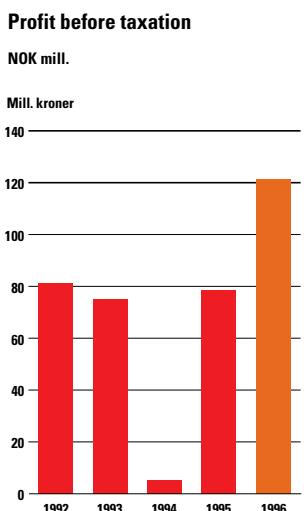


At 31 December 1996, Veidekke's orders-on-hand stood at NOK 2,261 million, compared with NOK 1,944 million a year earlier. Asphalt also had long-term orders for NOK 170 million.

Veidekke's profit after taxes and minority interests was NOK 77.7 million (NOK 50.7 million). Earnings per share were NOK 13.83 (NOK 9.13). The company's equity ratio rose from 29.2% in 1995 to 33.7% in 1996.

In view of the rise in profits and prospects of further improvements in 1997, the Board of Directors will propose a dividend of NOK 5.50 per share (NOK 3.00). This gives a pay-out ratio of 40% (33%).

At the beginning of 1997, Veidekke sold its property development project, Sjølyst Allé, at Skøyen in Oslo. This sale brought in a gain of NOK 90 million, which will be reflected in the accounts for the first quarter of 1997.



**Building**  
At the end of 1996, Veidekke's Building Division achieved a marked upswing in profit as well as an increase in orders-on-hand. Turnover for 1996 was NOK 1,823 million compared with NOK 1,952 million a year earlier. This reduction is in line with the company's strategy of being selective in its choice of new projects and of focusing on profitability rather than volume. The building market as a whole showed a growth of 3% in 1996 compared with 1995.

The profit for Veidekke's Building Division rose to NOK 53.6 million in 1996 (NOK 34.5 million). This is the result of several factors. The most important of these are the development of new product concepts in selected market segments and improvement work at the individual building sites. Work has also been done to wind up unprofitable business areas and build up housebuilding expertise and capacity in the East of Norway region.



Veidekke acquired Moderne Bygg A/S at the beginning of the year. This company is involved in several building projects for its own account in the Oslo area. With effect in the accounts from 1 January 1997, Veidekke has also purchased 70% of the shares in Seby A/S, a company operating in Romerike, north-east of Oslo. By adding this company to the Group, Veidekke has increased its striking power and competitive ability in a market that is expected to grow in the years to come as a result of its vicinity to the new main airport at Gardermoen.

The Building Division consists of a broad-based network of regional and district offices. An important part of the Division's development work is building up its competitive advantages. The first task here is to focus on the Division's customers. Veidekke wishes to be seen as a partner who develops the product along with the customer. This requires not only expertise in production technology, but also knowledge of the functions of the finished building. This expertise is being built up inside the company and in a network with collaborating suppliers and consultants. Research and development tasks relating to product concepts are strategically important. As a result of this work, contracts developed in partnership with our customers now represent about half of the turnover.

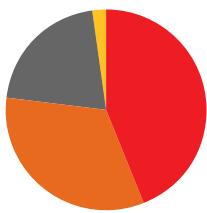
Orders-on-hand developed favourably in 1996 and at the end of the year stood at NOK 1,125 (NOK 1,024 million).

In the course of 1996, Veidekke commenced the construction of 114 dwellings for its own account (101) and by the end of the year 121 dwellings were under construction, spread over four projects. The number of unsold dwellings was 43 (33). Veidekke expects the demand for new dwellings to grow in 1997 and is planning a slightly higher volume for its own account in the Oslo area.

**The Board of Directors of Veidekke ASA.**

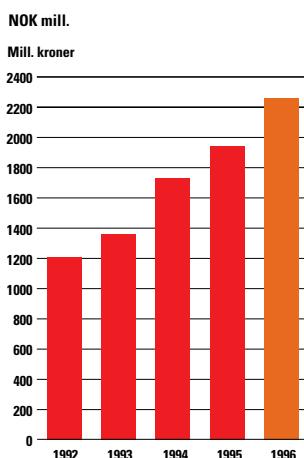
**Left to right: Håkon Langballe, Bjørn H. Madsen, Karsten Houm, Flemming Vejgaard Andersen, Steinar Krogstad, Peder Chr. Løvenskiold, Christian Bruusgaard (Chairman of the Board) and Helge B. Andresen.**

## Areas of activity 1996



Building	44%
Heavy Construction	33%
Asphalt	21%
Property	2%

## Orders-on-hand Building and Heavy Construction



## Heavy Construction

In 1995 and 1996, the Heavy Construction Division followed the plans that had been drawn to recreate profitability after the shortfall in profits in 1994. Expectations were fulfilled in the course of 1996 and a considerable improvement in profit achieved in spite of the negative impact of the North Cape Tunnel.

Seen as a whole, the heavy construction market remained stable in 1996, but the rock and underground tunnelling market was affected by surplus capacity. In other market segments, the Heavy Construction Division held its own in competition with other contractors for major and minor contracts. The goals were profitability rather than volume and selectivity in choice of project based on the company's own competitive advantages.

Turnover for 1996 was NOK 1,389 million (NOK 1,172 million). The increase in turnover reflects the growth in orders-on-hand in 1995 and a good supply of new orders, particularly in the first half of 1996. This volume represents a rational utilisation of the Division's resources and capacity.

The profit for this Division in 1996 was NOK 27.4 million (NOK 2.9 million). This improvement in profit can be ascribed to selectivity in choice of projects, organisational development and improvements in productivity.

The volume of orders-on-hand for the Heavy Construction Division is satisfactory, with an increasing degree of long-term deliveries. At the end of the year, orders-on-hand stood at NOK 1,136 million (NOK 920 million).

Rock conditions at the North Cape Tunnel are very difficult and quite different from the descriptions given in the tender specifications. This tunnelling contract was awarded to Veidekke in April 1995 and the contract price was NOK 187 million. The completion date was set at June 1998 and work is now almost a year behind schedule. As a result of this, Veidekke has taken legal action against the Public Roads Administration in order to have the extra costs covered. The case will be heard by the Hammerfest District Court on 10 June 1997. Allowance has been made in the accounts for the uncertainty surrounding this project.

Most of Veidekke's international operations are carried out through its wholly-owned subsidiary, Noremco Construction, and by the Norwegian Construction Group, Nocon, which is owned equally by Veidekke and Selmer. Turnover from international operations totalled NOK 207 million (NOK 290 million) of the Heavy Construction Division's turnover. NOK 167 million (NOK 171 million) derived from Noremco.

## Asphalt

Veidekke's Asphalt Division showed a turnover for 1996 of NOK 869 million (NOK 812 million). The increase in turnover is due to the acquisition of two companies, Molde Asfalt and Topp-Dekke. These acquisitions were made to consolidate Veidekke's activities in certain geographical areas and the integration of the companies has proceeded as anticipated. As a further step in this strategy, Veidekke took over the asphalt operations of Førde Sementfabrikk in February 1997.

The profit for this Division was NOK 35.4 million (NOK 42.4 million). After making an adjustment for gains on sales of NOK 11 million in 1995, this is a better result than the year before. The improvement is due to an increase in volume and better margins.

The asphalt market developed much as expected in 1996, with a somewhat higher volume than the year before. Operations ran more smoothly than in 1995, as a result of improved efficiency and cost-cutting. Steps have also been taken to improve the organisation's adaptation to the market.

Orders-on-hand for the Asphalt Division stood at NOK 170 million at the end of the year, consisting primarily of asphalt paving contracts for the runways at the Gardermoen airport and the construction of asphaltic cores at Svartisen and Dam Urar in Setesdal. Approximately 350,000 tonnes of asphalt will be laid at Gardermoen in the course of 1997, or about 25% of Veidekke's ordinary production. This will require a high degree of efficiency and maximum utilisation of resources.

Veidekke's subsidiary, Korsbrekke og Lorck AS, has been awarded contracts in South Africa and China on the basis of its expertise in asphaltic core dams. These new contracts are fairly small, but could lead to interesting opportunities for the company in the future.

The Division's crushed stone and gravel operations showed a positive trend, and in 1996 Veidekke purchased the shares in the Storsand Sand Quarry in Hurum. Veidekke had a total production of 2.5 million tonnes of crushed stone and gravel for sale, making it one of the leading producers in Norway. Veidekke also produced large volumes of crushed stone for the new main airport at Gardermoen and for the new railway line to Gardermoen. Good quality crushed stone and gravel is expected to become scarcer in Norway and the rest of Europe, and Veidekke is in a good position to cover its own needs and to sell to external customers.

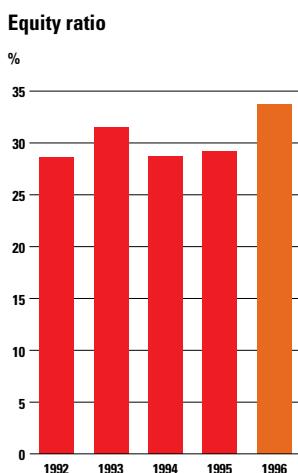
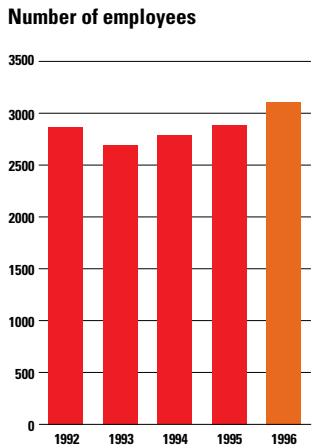
### **Property**

Total rental revenues were NOK 45.8 million (NOK 55.8 million) and of this, NOK 31.1 million (NOK 43.0 million) derived from external tenants. The pre-tax profit for the Property Division was NOK 6.1 million (NOK 0.8 million). Rental revenues dropped as a result of sales of property.

In addition to revenues from tenants, the turnover figure includes realised gains on sales amounting to NOK 16.8 million, of which NOK 14.1 million has been used to write down other properties. Rent charges and project costs for property under development totalling NOK 5.3 million (NOK 6.9 million) are also included in the net profit.

An agreement was signed in December 1996 with the insurance company Samvirke Forsikring for the sale of Sjølyst Allé at Skøyen in Oslo, Veidekke's largest development project for its own account. When the development work has been completed, this area will have a value of NOK 920 million. Effective in January 1997, this sale gave Veidekke a gain of NOK 90 million, which will be reflected in the company's figures for the first quarter of 1997. The sale adds NOK 180 million to the company's liquid assets. Veidekke will complete the project as turnkey contractor and the remaining work, worth about NOK 250 million, will be completed in 1997 and 1998. Veidekke has signed a lease for five years for its new head office in one of the buildings and expects to move in the autumn of 1998.

Veidekke has also entered into an agreement with Samvirke Forsikring to take over the responsibility for the operation and management of Sjølyst Allé, as the buildings are completed. There is a growing interest in the developer being able to offer management, operation and maintenance as part of a turnkey contract and the



amount of management and operation for others is therefore expected to increase in the future. This is an interesting area for Veidekke. Including the above contract, Veidekke has management, operation and maintenance contracts for 25 properties totalling 125,000 square metres. Veidekke's own properties total 21,000 square metres.

In keeping with its corporate strategy, Veidekke has sold a large part of the company's externally leased, completed properties. 11 properties were sold in 1996 for NOK 190 million. At the end of the year, Veidekke owned property totalling 64,000 square metres (91,000 sq.m.) spread over 21 properties. Nine of these properties (21,000 sq.m.) are used by Veidekke itself.

These sales have enabled Veidekke to release capital, expertise and resources for new development projects. Veidekke is evaluating several development projects in Oslo and surrounding area. Veidekke is also working on the utilisation of the company's combined building and property know-how with a view to offering the customer the best possible solution.

#### **Innovation and development**

Greater focus on innovation and development is a significant consequence of Veidekke's long-range strategy. Veidekke is involved in a number of interesting development projects in collaboration with the Research Council of Norway, the Confederation of Norwegian Business and Industry and the Norwegian Federation of Trade Unions' Joint Programme for Business Development, and the Norwegian Industrial and Regional Development Fund. In one of those projects, Veidekke has formed a consortium with suppliers and consultants in order to improve cooperation at all stages of the building process. This project is supported by the Research Council of Norway.

Through Nocon, Veidekke and Selmer, in cooperation with consultant engineers, are directing their international efforts at upgrading and implementing Norwegian leading-edge knowledge of tunnelling and special concrete technology.

To ensure the further development of its leading-edge technology and recruitment to the company, Veidekke is currently discussing the possibility of extending its cooperation with the Foundation for Scientific and Industrial Research (SINTEF) and the Norwegian University of Science and Technology (NTNU).

#### **Organisation and personnel**

The implementation of the company's change and improvement programme «Five in '97 - Veidekke towards the year 2000» continued in 1996. This process is firmly anchored in the organisation and has emerged with the help of improvement groups, training and meetings at all levels of the company. The representatives for the hourly-paid and monthly-paid employees have been actively involved and this process is supported by the main employee and employer organisations.

Training mainly takes place internally and covers all groups of employees. The level of activity is high; course days totalled 3,200 in 1996 (2,500 in 1995). The company's trainee scheme is central to the recruitment of civil engineers from NTNU and equivalent institutions abroad. At the end of the year, a total of 27 new civil engineers were part of this scheme.

The company took in 47 new apprentices in 1996, thereby maintaining the large number of apprentices under training. In 1996, Veidekke had 111 apprentices

compared with 107 the year before. About 300 employees are at present working for their craft certificates. At the end of the year, Veidekke had 3,111 employees (2,888). 1,066 (960) were paid by the month and 2,045 (1,928) by the hour.

#### **Health, security, environment**

In 1996, the number of lost-time injuries was 83, as against 91 the year before. Combined with a higher number of man-days, the injury rate per million working hours fell from 19.9 to 16.3. This improvement can be ascribed, among other things, to an active emphasis on HSE routines, particularly the alternative to sick leave, injury follow-up and reporting of undesirable episodes and dangerous situations. Underlying these was a generally stronger focus on safety and the attitudes of managers and individual employees at Veidekke. This is consistent with the fact that most major private and public clients today attach importance to HSE when they award contracts and that good HSE routines will gradually become a competitive advantage. Veidekke's target for 1997 is an injury rate of maximum 12.

Absence among the company's hourly paid employees was 5.4%, the same as the previous year. In the Building Division absence rose to almost 7%, while Heavy Construction and Asphalt improved their figures and are below the Group's target of maximum 5%. Efforts to reduce absence will continue in 1997.

By developing residential and non-residential buildings which fulfil the requirements of correct resource management and life cycle adaptation, Veidekke hopes to contribute to the provision of buildings that satisfy the users as far as possible and to the fulfilment of society's wish for sustainable development. There is an increasing demand among clients in the heavy construction market for environmental expertise and the environmental challenges in the asphalt market are growing in significance. In the latter field, more work is needed on the re-use of asphalt and a more resource-friendly form of production. Veidekke's environmental work will be an important element of its business development in the future. We are, for example, working on the possibility of using our stone and gravel quarries as receiving stations for building waste and we are looking into how environmental measures can add to the value of buildings and installations.

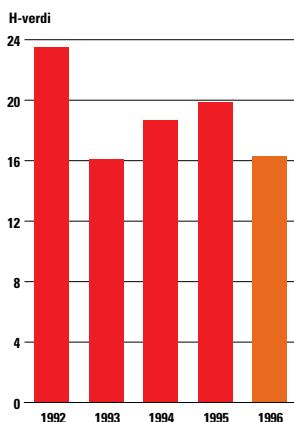
On a general basis, Veidekke will continue to work on the development of environmental expertise and it will draw up a plan for further environmental efforts. See also pages 56 to 63.

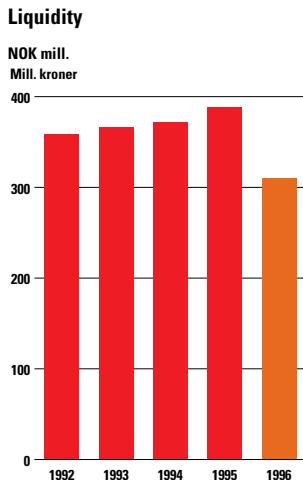
#### **Financial situation**

At the end of the year, liquid assets stood at NOK 310 million (NOK 388 million). The lower figure for 1996 is due to acquisitions of companies and net investments in machinery and equipment. The company has unused credit facilities amounting to NOK 351 million (NOK 372 million) of a total limit of NOK 373 million (NOK 372 million). Veidekke also raised funds on the short-term bond market at competitive prices to cover short-term financing needs through the summer. Three short-term bonds were issued in 1996 for a total of NOK 165 million.

Cash flow from operations amounted to NOK 100 million (NOK 304 million). The Group had a positive net interest-bearing position of NOK 185 million at the end of 1996, as against NOK 105 million in 1995. The Group's total assets were NOK 1,964 million (NOK 2,059 million) at the end of the year. Total shareholders' equity increased from NOK 600 million to NOK 662 million, giving an equity ratio of 33.7% (29.2%).

**Number of lost-time injuries per million working hours**





Total investments amounted to NOK 204 million (NOK 193 million). Gross investments in machinery and equipment totalled NOK 171 million (NOK 166 million), of which the largest investments of NOK 96 million (NOK 76 million) related to asphalt operations. Assets acquired through take-overs are included in the investments figures at NOK 53 million, NOK 24 million of which refers to goodwill investments. NOK 9 million was invested in buildings and land (NOK 25 million). Sales of fixed assets amounted to NOK 238 million (NOK 67 million) and NOK 224 million of this figure relates to buildings and sites.

### Shareholders and the stock market

In line with previous practice, Veidekke made a new offer of shares in the company to its employees in 1996. Each employee was given the opportunity to purchase between 10 and 250 shares at 20% off the market price in August. 830 employees availed themselves of this offer and purchased a total of 125,000 shares. One of the fundamental concepts in Veidekke's corporate culture is the involvement of the employees as owners in the company. The offer of shares is thus part of the company's strategy of giving the employees an opportunity to increase their ownership. As a result of this sale, the employees held a share of 11.4% at the end of the year and this was shared between 1,121 employees.

At 31 December 1996 Veidekke had 2,430 shareholders (2,245). The largest of these were Folketrygdfondet with an ownership share of 10.2% and Avanefondene with 9.7% of the shares. 11% of the shares were held by foreign investors at the end of the year (13%).

A total of 3.0 million Veidekke shares were traded on the Oslo Stock Exchange in 1996 (4.1 million).

### Prospects

The Norwegian economy continues to improve. In view of Norway's strong financial position and healthy developments in mainland Norway, the building and heavy construction market is expected to remain high for some time to come. The uncertainty relates first and foremost to the movement of the oil price and to growth in real disposal income.

Factors such as the low interest rate, an increase in employment, growth in disposable income and a strong growth in the prices of existing dwellings may have the collective effect of pushing up the demand for housing in 1997. On the other hand, high site prices and the lack of serviced sites may discourage the commencement of new building. The rate of new building is expected to fall slightly for non-residential building. The level of building activity will remain high in central areas of the East of Norway in 1997. The demand for major redevelopment work will continue to rise in 1997.

In the course of 1998, building and construction activity relating to the Gardermoen development will be phased out. At the same time there are a number of single projects and growth areas which will help to boost building and construction activity. The Oslo Fjord connection, the development of the road network round Oslo, the Hordaland triangle and growth in municipal technical investment are all examples of projects which, along with higher investment in existing communication networks, are contributing to a high level of construction activity. Several building projects will be initiated around Gardermoen in the near future, and the redevelopment of Fornebu will be started after 1998.

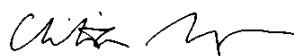
Veidekke's figures showed a positive trend in 1996 and the company is well on its way to achieving its goals for profitability and for injury and absence rates. The commitment and positive attitude of the company's employees have made a significant contribution to our internal improvement process, «Five in '97 - Veidekke towards the year 2000». This has already produced tangible results and further intensified efforts will help to strengthen Veidekke's competitive power even more towards the turn of the century.

**Application of Veidekke ASA's profit for the year**

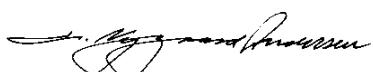
In 1996 Veidekke ASA had a profit after taxation of NOK 82.8 million (NOK 38.6). The Board of Directors will propose to the Annual General Meeting on 24 April 1997 that the parent company's profit for the year be applied as follows:

NOK million	
Group contribution	20.5
Dividend, NOK 5.50 per share	31.3
Legal reserve	27.8
Restricted revenue reserve	-9.6
Distributable reserve	12.8
Total	82.8

Billingstad, 26 February 1997



Christian Bruusgaard  
Chairman of the Board



Flemming Vejgaard Andersen



Helge B. Andresen



Karsten Houm



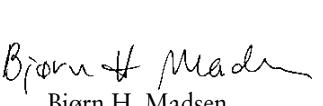
Steinar Krogstad



Håkon Langballe



Peder Chr. Løvenskiold



Bjørn H. Madsen



Terje R. Venold  
President and CEO

# Profit and Loss Account

## GROUP

(Figures in NOK million)

	Note	1996	1995	1994
<b>Turnover</b>	1, 2, 24, 25	4,058.0	3,964.7	3,161.5
Subcontractors		-1,554.2	-1,629.2	-1,166.7
Cost of materials		-1,027.9	-1,064.4	-862.2
Wages and social costs	18	-1,007.7	-847.4	-748.6
Other operating expenses		-236.7	-240.7	-277.5
Depreciation	12	-124.9	-107.1	-95.3
Bad debts		-1.2	-3.6	-3.4
<b>Total operating costs</b>		<b>-3,952.6</b>	<b>-3,892.4</b>	<b>-3,153.7</b>
<b>Operating profit</b>		<b>105.4</b>	<b>72.3</b>	<b>7.8</b>
Financial income/expenses	3	8.9	1.5	-6.9
Share of profit/loss - limited partnerships, ships		2.8	3.3	10.2
Share of profit/loss - associated companies	10	4.1	1.3	-5.9
<b>Profit before taxation</b>	1	<b>121.2</b>	<b>78.4</b>	<b>5.2</b>
Taxation	19	-34.8	-20.5	-6.0
Minority interests' share	20	-8.7	-7.2	-6.1
<b>Profit/loss for the year</b>		<b>77.7</b>	<b>50.7</b>	<b>-6.9</b>
<b>Earnings per share (NOK)</b>	4	<b>13.83</b>	<b>9.13</b>	<b>-1.25</b>

# Balance Sheet

## GROUP

(Figures in NOK million)

At 31 December	Note	1996	1995	1994
<b>ASSETS</b>				
<b>Current assets</b>				
Liquid assets	5	309.9	388.1	371.6
Debtors	6	555.6	543.2	455.4
Other short-term receivables		66.5	21.3	27.6
Stocks	7	83.8	86.5	44.7
Development projects for sale	8	64.8	47.9	110.9
<b>Total current assets</b>		<b>1,080.6</b>	<b>1,087.0</b>	<b>1,010.2</b>
<b>Fixed assets</b>				
Shares in associated companies	10	35.6	35.3	23.3
Long-term receivables etc.	11, 18, 19	164.3	116.2	105.5
Goodwill	12	26.8	12.2	16.8
Machinery etc.	12	354.4	286.8	228.2
Buildings	12	216.4	388.9	402.7
Land	12	86.1	132.5	136.0
<b>Total fixed assets</b>		<b>883.6</b>	<b>971.9</b>	<b>912.5</b>
<b>Total assets</b>		<b>1,964.2</b>	<b>2,058.9</b>	<b>1,922.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Debts to credit-issuing institutions	13	1.2	6.7	85.8
Creditors etc.	14	700.1	776.6	551.4
Unpaid government charges etc.	15	177.5	154.9	162.9
Other short-term debts	16	139.1	148.7	120.0
<b>Total current liabilities</b>		<b>1,017.9</b>	<b>1,086.9</b>	<b>920.1</b>
<b>Long-term liabilities</b>				
Long-term liabilities	17, 18	210.0	320.1	403.5
Deferred taxes	19	74.5	51.7	46.8
<b>Total long-term liabilities</b>		<b>284.5</b>	<b>371.8</b>	<b>450.3</b>
<b>Minority interests</b>	20	<b>62.8</b>	<b>54.9</b>	<b>50.1</b>
<b>Shareholders' equity</b>				
Share capital	21	57.0	57.0	56.2
Other shareholders' equity		542.0	488.3	446.0
<b>Total shareholders' equity</b>	22	<b>599.0</b>	<b>545.3</b>	<b>502.2</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,964.2</b>	<b>2,058.9</b>	<b>1,922.7</b>
Secured liabilities	23	154.1	255.3	283.7
Guarantees	23	74.7	28.0	142.4

# Statement of Cash Flows

## GROUP

	Note 26	(Figures in NOK million)	
		1996	1995
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		121.2	78.4
Tax paid		-33.7	-41.5
Depreciation		124.9	107.1
Gain on sale of fixed assets		-19.6	-18.2
Gain on sale of shares in partnerships			-17.6
Pensions, difference cost/paid		-11.3	-12.2
Share of profit/loss associated companies		-3.7	-1.3
Share of profit/loss limited partnerships, ships		1.1	-3.3
Other differences profit/payment		-3.2	1.5
<b>Generated from operating activities</b>		<b>175.7</b>	<b>92.9</b>
Change in debtors		16.2	-54.9
Change in other current assets		19.0	48.2
Change in creditors		-95.7	206.9
Change in other operating debts		-15.5	11.4
<b>Net cash flow from operating activities (A)</b>		<b>99.7</b>	<b>304.5</b>
<b>INVESTMENT ACTIVITIES</b>			
Purchase of property, plant and equipment		-148.2	-154.3
Proceeds from sale of property, plant and equipment		198.2	63.6
Purchase of subsidiaries		-38.5	-6.4
Proceeds from sale of shares in partnerships			18.2
Other investments		-16.1	-24.6
<b>Net cash flow from investment activities (B)</b>		<b>-4.6</b>	<b>-103.5</b>
<b>FINANCING ACTIVITIES</b>			
New long-term borrowing		1.8	9.1
Repayments long-term debts		-108.8	-89.0
Repayments short-term debts		-47.2	-97.5
New issue			8.0
Sale minority interest		0.4	
Dividend paid		-19.5	-15.1
<b>Net cash flow from financing activities (C)</b>		<b>-173.3</b>	<b>-184.5</b>
<b>NET CHANGE IN LIQUID ASSETS (A+B+C)</b>		<b>-78.2</b>	<b>16.5</b>
Liquid assets at 1 January		388.1	371.6
Liquid assets at 31 December		309.9	388.1

# Accounting Policies

## CONSOLIDATION

### **Subsidiaries**

Subsidiaries are companies in which Veidekke has a direct or indirect majority of the votes. 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 for the year (after taxation) and shareholders' equity are 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. Any added or reduced value is shared among the assets to which it relates. Non-assignable added value is entered as goodwill. Added value and goodwill are depreciated via the Profit and Loss Account.

### **Associated companies**

Associated companies are companies in which the Group owns long-term, strategic interests of between 20 and 50% and where these interests allow the Group considerable influence on operating and financial decisions. In the Consolidated Accounts these companies are included according to the equity method. The equity method means that the share of the profit or loss after taxation, with an adjustment for depreciation of any added or reduced value (including goodwill) at the time of purchase, is included on a separate line in the Profit and Loss Account. In the Balance Sheet, this share is entered at cost price, adjusted in relation to the share of the profit or loss, dividend and adjustments of shareholders' equity subsequent to the time of purchase.

### **Joint Ventures, Partnerships and Limited Partnerships**

Veidekke is involved with other contractors in a number of major contracts. The participants in these joint ventures are jointly and severally responsible to the clients. In the fields of property management and asphalt, Veidekke participates in several partnerships and limited partnerships. Since participation is within Veidekke's main business areas and control is exercised jointly, these shares are entered in the accounts according to the gross method (proportional consolidation), whereby the share is integrated in each item in the Profit and Loss Account and Balance Sheet.

### **Limited partnerships - ships**

Veidekke is also a partner in limited partnerships which own ships. These partnerships are integrated in the accounts by the equity method. The share of profit or loss is shown as a separate item after financial items in the Profit and Loss Account and in the Balance Sheet these shares are classified as fixed assets.

### **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. The conversion differences for foreign subsidiaries are entered against the Group's shareholders' equity, while the conversion differences for foreign partnerships and joint ventures are entered in the Profit and Loss Account.

### **Inter-company transactions**

Receivables and payables between parent company and subsidiaries have been eliminated. The same applies to receivables and payables relating to joint ventures, partnerships and limited partnerships. Inter-company turnover and inter-company gains have also been eliminated.

### **Mergers**

The Group uses the continuity method to integrate companies. By this method, the integrated company's assets and liabilities are carried forward at book value. Shareholders' equity is altered by the integrated company's shareholders' equity, less the cost price of shares that the Group held prior to the merger.

### **Own shares**

The Group holds some of its own shares, acquired through takeovers. The cost price is entered as a reduction of shareholders' equity. Any gain or loss on sales is booked directly against shareholders' equity.

## RECORDING INCOME

### **Projects**

Veidekke operates mainly as contractors on projects which last from a few months to two or three 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 as the work progresses and in proportion to the percentage of completion. This means that the accumulated proportion of the estimated profit on the project is taken to income. The percentage of completion is determined on the basis of completed production.

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 varies from one to three years. Disputed claims are entered as income once they have been settled or the outcome is certain.

### **Development projects for sale**

Development projects for sale are mainly concerned with house-building for Veidekke's own account for sale. These projects are taken to income with prudence, in step with the sale and completion of the dwellings, based on the anticipated final profit for the project. Allocations are made for uncertainty, work under guarantee, etc. In the case of projects that are expected to give a loss, the whole anticipated loss is entered under expenses. Costs

incurred on units not entered as income and development sites are entered in the Balance Sheet under «Development projects for sale». Development projects for Veidekke's own account are valued at production cost or anticipated net sales value, whichever is lower. Production cost includes all assignable project costs. Projects for own account that are taken to income, but not paid, are classified as receivables and entered under «Debtors» (completed, not invoiced).

#### **Development projects for Veidekke's ownership**

Development projects for letting or own use are taken to income as capital assets at production cost including interest paid during the building period. Development projects for Veidekke's ownership are entered as turnover.

#### **Sales of fixed assets**

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

### **OTHER ACCOUNTING POLICIES**

#### **Pensions**

Veidekke has a group pension scheme for its employees that is covered in a life insurance company. The employees' pension rights 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 pensions 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.

#### **Taxes**

This year's tax expenses consist of payable tax and the 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, i.e. with no discount. There are moreover strict criteria for entering deferred tax benefits in the accounts.

#### **Depreciation**

Depreciation is based on the financial lifetime of the fixed assets.

#### **Research and 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. 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.

Current assets and short-term liabilities in foreign currency are converted at the exchange rate on the date of the Balance Sheet. Long-term receivables in foreign currency are entered at the rate of exchange on the date of the Balance Sheet or on the date of acquisition, whichever is lower. Long-term liabilities in foreign currency are entered at the rate of exchange on the date of the Balance Sheet or on the date of acquisition, whichever is higher.

#### **Stocks**

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

#### **Shares**

Financial investments are classified as current assets, while strategic investments are classified as fixed assets. Short-term shareholdings are assessed on the portfolio principle.

# Notes to the Account

## GROUP

(Figures in the tables in NOK million)

### 1 SEGMENT ANALYSIS

PROFIT AND LOSS ACCOUNT	Building			Heavy Construction			Asphalt		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
Turnover	1,823.2	1,951.8	1,557.7	1,389.4	1,172.0	950.9	868.6	812.2	686.9
Operating costs	-1,777.7	-1,927.0	-1,543.6	-1,337.4	-1,138.6	-970.3	-764.9	-717.4	-599.3
Depreciation	-17.2	-13.9	-18.0	-31.6	-31.7	-20.7	-57.1	-48.5	-46.7
Operating profit/loss	28.3	10.9	-3.9	20.4	1.7	-40.1	46.6	46.3	40.9
Profit/loss ass. comp.	-	-	-	-	-	-	-	-	-
Net financial items	25.3	23.6	16.9	7.0	1.2	5.1	-11.2	-3.9	-5.2
Profit before taxation	53.6	34.5	13.0	27.4	2.9	-35.0	35.4	42.4	35.7

### BALANCE SHEET

Liquid assets	386.4	385.8	348.8	124.9	128.8	121.1	-89.1	-23.2	12.1
Other current assets	305.6	385.5	333.3	302.6	223.6	179.7	131.5	84.7	74.9
Fixed assets	123.7	109.2	116.3	131.9	116.0	63.2	301.8	236.2	219.8
<b>Total assets</b>	<b>815.7</b>	<b>880.5</b>	<b>798.4</b>	<b>559.4</b>	<b>468.4</b>	<b>364.0</b>	<b>344.2</b>	<b>297.7</b>	<b>306.8</b>
Interest-bearing liabilities	27.4	35.4	79.0	24.7	24.0	40.2	17.2	16.4	45.7
Other liabilities	575.6	685.3	551.1	372.4	320.5	229.9	145.9	128.4	123.9
Minority interests	-	-	-	-	-	-	62.8	54.9	50.1
Shareholders' equity	212.7	159.8	168.3	162.3	123.9	93.9	118.3	98.0	87.1
<b>Total liabilities and shareholders' equity</b>	<b>815.7</b>	<b>880.5</b>	<b>798.4</b>	<b>559.4</b>	<b>468.4</b>	<b>364.0</b>	<b>344.2</b>	<b>297.7</b>	<b>306.8</b>
Gross investments in fixed assets	35.7	21.9	12.2	45.2	77.9	23.3	120.7	84.4	66.6

PROFIT AND LOSS ACCOUNT	Property			Other activities			Group		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
Turnover	62.6	63.5	49.6	-85.8	-34.8	-83.6	4,058.0	3,964.7	3,161.5
Operating costs	-25.3	-30.2	-16.8	77.6	27.9	71.6	-3,827.7	-3,785.3	-3,058.4
Depreciation	-19.0	-13.0	-9.9	-	-	-	-124.9	-107.1	-95.3
Operating profit/loss	18.3	20.3	22.9	-8.2	-6.9	-12.0	105.4	72.3	7.8
Profit/loss ass. comp.	-	-	-	4.1	1.3	-5.9	4.1	1.3	-5.9
Net financial items	-12.2	-19.5	-20.3	2.8	3.4	6.8	11.7	4.8	3.3
Profit before taxation	6.1	0.8	2.6	-1.3	-2.2	-11.1	121.2	78.4	5.2

### BALANCE SHEET

Liquid assets	-112.3	-103.3	-110.4	-	-	-	309.9	388.1	371.6
Other current assets	31.0	5.1	50.7	-	-	-	770.7	698.9	638.6
Fixed assets	326.2	510.5	513.2	-	-	-	883.6	971.9	912.5
<b>Total assets</b>	<b>244.9</b>	<b>412.3</b>	<b>453.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,964.2</b>	<b>2,058.9</b>	<b>1,922.7</b>
Interest-bearing liabilities	119.5	222.9	285.0	-	-	-	188.8	298.7	449.9
Other liabilities	19.7	25.8	15.6	-	-	-	1,113.6	1,160.0	920.5
Minority interests	-	-	-	-	-	-	62.8	54.9	50.1
Shareholders' equity	105.7	163.6	152.9	-	-	-	599.0	545.3	502.2
<b>Total liabilities and shareholders' equity</b>	<b>244.9</b>	<b>412.3</b>	<b>453.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,964.2</b>	<b>2,058.9</b>	<b>1,922.7</b>
Gross investments in fixed assets	6.2	8.7	65.0	-	-	-	207.8	192.9	167.1

# Notes

## Criteria

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

## Presentation of areas of activity

The effect on profits of cash flow from the projects constitutes a substantial part of net financial items. The profit or loss before taxation therefore gives a more correct picture of the earnings of the areas of activity than operating profit or loss does. Financial items and the profit or loss before taxation are therefore presented in addition to the operating profit or loss.

The share of turnover/operating costs for associated companies is entered as a gross figure under the individual area of activity. Under «Other activities», this has been eliminated and entered as a separate item, «Profit/loss associated companies».

Since complete profit and loss accounts have thus been shown, complete balance sheets are also presented for each area of activity.

## Distribution of items that are not directly assignable

Costs that are not directly assignable are shared in proportion to turnover.

Balance sheet items that are not directly assignable to any of the areas of activity, mainly liquid assets and shareholders' equity, are shared in proportion to turnover. This

principle has been chosen because the balance sheet items in the Building and Heavy Construction Divisions are to a large extent correlated with the level of activity.

## Non-distributed items

In the Profit and Loss Account, some items are not shared between the areas of activity. Non-distributed items appears under «Other activities» and consist of:

- Elimination of inter-divisional turnover/profit
- Elimination of turnover/operating costs from associated companies
- Share of shipping partnerships' profit or loss
- Cost of discount on sale of shares to employees
- Gain on sale of short-term share investments
- Loss on sale of bonds

## Minority interests

Minority interests apply mainly to the company Korsbrekke og Lorck AS, of which Veidekke owns 60% (see Note 20).

## Inter-divisional transactions

23% of turnover from «Property» is rent from other areas of activity. Market price at the time when the leases are signed is used as a basis for the charges.

## Distribution of turnover by geographical market

NOK 197.0 million (NOK 357.4 in 1995 and NOK 196.3 in 1994) of the Group's total turnover derives from operations outside Norway, thus totalling 4.9 % (9.0 % in 1995 and 6.2 % in 1994) of the Group's total turnover.

Turnover	Building			Heavy Construction			Other activities			Group		
	1996	1995	1994	1996	1995	1994	1996	1995	1994	1996	1995	1994
Norway	1,823.2	1,866.9	1,483.9	1,182.6	881.7	774.2	855.2	858.7	707.1	3,861.0	3,607.3	2,965.2
Nordic countries	-	-	4.0	13.4	25.0	1.4	-	-	-	13.4	25.0	5.4
Germany	-	84.9	69.8	-	50.4	80.8	5.5	5.3	12.5	5.5	140.6	163.1
East Africa	-	-	-	167.6	174.1	76.5	-	-	-66.7	167.6	174.1	9.8
Other countries	-	-	-	25.8	40.8	18.0	-15.3	-23.1	-	10.5	17.7	18.0
<b>Total</b>	<b>1,823.2</b>	<b>1,951.8</b>	<b>1,557.7</b>	<b>1,389.4</b>	<b>1,172.0</b>	<b>950.9</b>	<b>845.4</b>	<b>840.9</b>	<b>652.9</b>	<b>4,058.0</b>	<b>3,964.7</b>	<b>3,161.5</b>

Orders-on-hand	Building			Heavy Construction			Total		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
Total	1,125	1,024	1,154	1,136	920	577	2,261	1,944	1,731
Of which due for completion within 12 months	964	919	1,085	846	755	450	1,810	1,674	1,535

## 2 TURNOVER

Turnover includes the following gains on sale from:

	1996	1995	1994
Machinery etc.	4.8	11.0	15.4
Buildings, land	14.8	7.2	-1.4
Shares in companies		17.6	
<b>Total gains on sales</b>	<b>19.6</b>	<b>35.8</b>	<b>14.0</b>

## 3 FINANCIAL ITEMS

	1996	1995	1994
Interest received	34.9	43.9	36.5
Other financial income	4.7	4.7	2.6
<b>Financial income</b>	<b>39.6</b>	<b>48.6</b>	<b>39.1</b>
Interest charges, long-term loans	-18.1	-27.4	-30.2
Interest charges, short-term loans	-10.4	-15.7	-11.5
Other financial expenses	-2.2	-4.0	-4.3
<b>Financial expenses</b>	<b>-30.7</b>	<b>-47.1</b>	<b>-46.0</b>
<b>Net financial items</b>	<b>8.9</b>	<b>1.5</b>	<b>-6.9</b>

## 4 EARNINGS PER SHARE

	1996	1995	1994
Earnings per share (NOK)	13.83	9.13	-1.25
Profit/loss for the year (NOK '000)	77,715	50,717	-6,911
Time-weighted average number of ordinary shares	5,619,263	5,555,002	5,509,169
Number of ordinary shares at 31 December	5,697,830	5,697,830	5,622,830

The difference between the time-weighted number of ordinary shares and the number of ordinary shares at 31 December is due to own shares owned by subsidiary Korsbrekke og Lorck AS. These shares were sold in December 1996. It is anticipated that the time-weighted number of ordinary shares in 1997 will be 5,697,830.

The company had no potential ordinary shares outstanding in any of the periods. It is therefore not necessary to make a correction for any watering down effect.

## 5 LIQUID ASSETS

	1996	1995	1994
Bank deposits	144.0	245.4	316.3
Short-term investments	94.1	50.0	
Withheld tax on salaries and wages	42.2	38.2	28.6
Securities	26.4	50.0	20.4
Shares	3.2	4.5	6.3
<b>Liquid assets</b>	<b>309.9</b>	<b>388.1</b>	<b>371.6</b>

# Notes

## 6 DEBTORS

	1996	1995	1994
Book debtors	608.8	565.3	520.0
Provision for bad debts	-24.1	-23.5	-21.7
Due from customers	118.1	94.4	45.0
Completed, not invoiced	81.7	70.0	66.8
Invoiced, not completed	-228.9	-163.0	-154.7
Debtors	555.6	543.2	455.4

## 7 STOCKS

Stocks include project stocks and Asphalt Division stocks. Project stocks consist of materials, spare parts, tools etc., while Asphalt Division stocks consist of crushed stone and raw materials for the production of asphalt.

## 8 DEVELOPMENT PROJECTS FOR SALE

	1996	1995	1994
Projects in progress	46.8	30.0	96.1
Sites for development	18.0	17.9	14.8
Development projects for sale	64.8	47.9	110.9

Veidekke also has sites for development under fixed assets (Note 12).

Development projects for sale are mainly concerned with house-building for Veidekke's own account for sale. The item «Projects in progress» above consists of costs incurred on units that have not been taken to income. Projects for Veidekke's own account that have been taken to income, but not paid for, are entered under «Debtors» (completed, not invoiced).

## 9 SHARES IN SUBSIDIARIES

	Total share capital	Ownership share in %	Nominal value	Book value
Topp-Dekke A/S	0.5	95	0.5	23.9
Korsbrekke og Lorck AS	5.0	60	3.0	16.9
Asfalt-Dekke A/S	0.3	100	0.3	12.2
Moderne Bygg A/S	2.5	100	2.5	10.9
A/S Noremco Construction	5.0	100	5.0	10.9
Molde Asfalt AS	0.1	100	0.1	9.5
Hokksund Pukkverk A/S	0.1	48	0.0	8.9
Veidekke Eiendom A/S	5.0	100	5.0	5.1
Veidekke Finans A/S	5.0	100	5.0	5.0
Veidekke GmbH	DEM 0.5	100	DEM 0.5	0.0
Storsand Sandtak AS	0.1	100	0.1	1.7
Prosjektutvikling Bergen A/S	0.9	100	0.9	1.2
Småkraft AS	0.1	100	0.1	1.1
Krafttak HF	ISK10.0	90	ISK 9.0	0.9
Beitostølen Eiendomsutvikling A/S	0.2	90	0.2	0.1
Other subsidiaries				0.5
Qwned by Veidekke ASA				108.8
Hokksund Pukkverk A/S	0.1	48	0.0	2.0
Qwned through subsidiaries				2.0

In 1996, Veidekke purchased the following subsidiaries: Topp-Dekke A/S, Asfalt-Dekke A/S, Moderne Bygg A/S, Molde Asfalt AS, Storsand Sandtak AS and Småkraft AS.

## 10 SHARES IN ASSOCIATED COMPANIES

	Total share capital	Ownership share in %	Nominal value	Value in company	Value in Group	Result for the year
A/S Kongsvinger Asfalt Norwegian Construction Group, Nocon AS	2.0 6.0	50 50	1.0 3.0 0.1	1.0 3.0 -	6.2 1.2 2.0	0.4 -1.8 0.5
A/S Fosskvartalet Støltunet A/S	0.1 0.1	50 50	0.1 0.0	- 1.7	2.0 1.7	
Other companies	-	-	-	1.6	1.5	
<b>Owned by Veidekke ASA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.3</b>	<b>12.6</b>	<b>-0.9</b>
Benull A/S	40.0	43	17.0	17.0	17.0	
Martin Haraldstad A/S	0.1	50	0.1	2.0	3.5	1.6
Prospect AS *						3.4
Skollenborg Pukkverk A/S	0.2	34	0.1	1.4	1.4	
Other companies	-	-	-	1.0	1.1	
<b>Owned by subsidiaries</b>				<b>21.4</b>	<b>23.0</b>	<b>5.0</b>
<b>Total Group</b>				<b>28.7</b>	<b>35.6</b>	<b>4.1</b>

\* The shares in Prospect AS were sold in 1996 at a gain of NOK 3.4 million (profit for the year).

## 11 LONG-TERM RECEIVABLES ETC.

		1996	1995	1994
Loan to partners		58.5	29.3	26.9
Loan to customers		25.2	22.4	11.3
Loan to associated companies		28.9	20.2	22.4
Loan to employees		17.3	17.4	13.2
Loan to foundation for employees' share purchases		10.1	2.3	2,5
Deferred tax benefit		6.3	7.9	11.2
Share in shipping partnership		4.2	5.3	6.1
Net pension funds		9.5	4.0	3.0
Miscellaneous shares		2.9	3.1	2.7
Other		1.4	4.3	6.2
<b>Long-term receivables etc.</b>		<b>164.3</b>	<b>116.2</b>	<b>105.5</b>

## 12 FIXED ASSETS

	Cost 1 Jan.	Additions	Disposals	Accum. depreciat.	Book value 31 Dec.	Depreciat. for year	Depreciat. in %
Goodwill	34.8	23.8	0.0	31.8	26.8	9.0	10-20
Machinery etc.	950.7	171.3	48.9	718.7	354.4	94.5	15-20
Buildings	494.3	6.5	180.1	104.3	216.4	21.4	2-5
Land	132.5	6.2	52.6	-	86.1	-	-
<b>Total</b>	<b>1,612.3</b>	<b>207.8</b>	<b>281.6</b>	<b>854.8</b>	<b>683.7</b>	<b>124.9</b>	

In 1996, «Buildings» were written down by NOK 11.8 million (included in depreciation for the year). «Land» includes properties for development with a book value of NOK 43.0 million (77.4)

Investments in and sale (sales price) of fixed assets

	1996		1995		1994		1993		1992	
	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale
Goodwill	23.8	-	2.8	-	7.1	-	3.9	-	6.9	-
Machinery etc.	171.3	14.0	165.5	33.2	86.6	24.2	68.1	25.6	101.5	26.1
Buildings	6.5	172.2	23.1	29.0	69.6	17.8	23.8	18.4	23.2	129.8
Land	6.2	52.8	1.5	5.1	3.8	3.7	33.7	12.6	5.4	22.5
<b>Total</b>	<b>207.8</b>	<b>239.0</b>	<b>192.9</b>	<b>67.3</b>	<b>167.1</b>	<b>45.7</b>	<b>129.5</b>	<b>56.6</b>	<b>137.0</b>	<b>178.4</b>

# Notes

## 13 DEBTS TO CREDIT-ISSUING INSTITUTIONS

	1996	1995	1994
Withdrawal rights	1.2	6.7	3.0
Project financing	-	-	82.8
Debts to credit-issuing institutions	1.2	6.7	85.8

## 14 CREDITORS ETC.

«Creditors» includes accrued costs (accrued, not entered) and provisions for work under guarantee etc.

## 15 UNPAID GOVERNMENT CHARGES ETC.

These include unpaid VAT, withheld tax, social security contributions, holiday pay, etc.

## 16 OTHER SHORT-TERM LIABILITIES

	1996	1995	1994
Tax payable	13.5	33.7	63.1
Allocation dividend	39.3	19.5	15.1
Advance payments from customers	69.3	72.5	11.6
Other liabilities	17.0	23.0	30.2
Other short-term liabilities	139.1	148.7	120.0

## 17 LONG-TERM LIABILITIES

	Book value 31.12.95	Repaid 1996	New loans 1996	Book value 31.12.96
Loans secured in buildings/land	255.3	101.2	0.0	154.1
Other loans	36.7	5.0	1.8	33.5
Total loans	292.0	106.2	1.8	187.6
Net pension commitments	28.1	-	-	22.4
Long-term liabilities	320.1	-	-	210.0

Repayment structure	1997	1998	1999	2000	2001	After 2001
Loans secured in buildings/land	10.8	23.0	8.8	8.8	8.1	94.6
Other loans	4.6	5.0	5.1	5.1	5.2	8.5
Total	15.4	28.0	13.9	13.9	13.3	103.1

In 1997, 45% (42% in 1996 and 79% in 1995) of Veidekke's loan portfolio is due for interest-rate adjustment.

At 31 December 1996, the weighted effective interest rate was 6.9% (7.4% in 1995 and 7.3% in 1994).

The average remaining period until interest-rate adjustment is 2.6 years (2.2 years in 1995). These calculations include long-term debts to associated companies.

At 31 December 1996, the Group had unused withdrawal rights amounting to NOK 351 million (372 in 1995 and 350 in 1994), of which NOK 300 million (322 in 1995 and 192 in 1994) derive from long-term loan agreements.

## 18 PENSIONS

Veidekke has a collective pension scheme for its employees that is covered by an agreement with a life insurance company. Veidekke also has unsecured pension commitments paid directly out of operations.

	1996			1995	1994
	Veidekke ASA		Kolo *	Group Total	Group Total
	Secured	Unsecured	Secured	Group Total	Group Total
<b>Pension expenses</b>					
Earned during year (present value)	9.8		0.3	10.1	9.8
Interest on commitments	13.5	1.8	1.0	16.3	14.3
Return on funds	-15.2		-2.6	-17.8	-16.1
Deviation in estimate in P&L Acct.		0.6	0.3	0.9	
Change over-financing			0.6	0.6	0.6
<b>Pension expenses</b>	<b>8.1</b>	<b>2.4</b>	<b>-0.4</b>	<b>10.1</b>	<b>8.6</b>
<b>Entered in Balance Sheet</b>					
Pension funds	208.9		35.2	244.1	220.4
Pension commitments (present value)	-212.0	-25.7	-15.6	-253.3	-222.6
Net funds/commitments	-3.1	-25.7	19.6	-9.2	-2.2
Deviation in estimate not entered in P&L Acct.	8.0	3.3	3.6	14.9	-3.9
Over-financed not entered			-18.6	-18.6	-18.0
<b>Net funds/commitments entered in Balance Sheet</b>	<b>4.9</b>	<b>-22.4</b>	<b>4.6</b>	<b>-12.9</b>	<b>-24.1</b>
					<b>-36.3</b>

\* Korsbrekke og Lorck AS

NOK 9.5 million of net pension funds/pension commitments is entered under long-term receivables etc., while NOK 22.4 million is entered as a long-term liability. Pension commitments and the amount earned during the year include employer's contributions.

An annual deviation occurs between the estimated and actual return on pension funds and between estimated and actual pension commitments. The deviation in estimate is entered in the Balance Sheet until 10% is reached of pension funds or pension commitments, whichever is largest. When the accumulated deviation exceeds this limit, the excess amount is entered in the Profit and Loss Account over the remaining accumulation period.

### Financial assumptions (%)

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 pension being paid	2.5

# Notes

## 19 TAX

TAXATION	1996	1995	1994
Tax payable	10.1	12.1	58.8
Deferred tax	24.7	8.4	-52.8
<b>Taxation</b>	<b>34.8</b>	<b>20.5</b>	<b>6.0</b>
DEFERRED TAX	1996	1995	1994
Timing differences:			
Short-term items	161.3	80.0	40.5
Accelerated depreciation	23.9	36.8	45.2
Gain and loss account	74.4	80.8	99.3
Other long-term items	6.5	-13.0	-17.9
<b>Basis deferred tax</b>	<b>266.1</b>	<b>184.6</b>	<b>167.1</b>
<b>Deferred tax (28%)</b>	<b>74.5</b>	<b>51.7</b>	<b>46.8</b>
<b>Deferred tax benefit *</b>	<b>6.3</b>	<b>7.9</b>	<b>11.2</b>

\* Calculated on net pension commitments of NOK 22.4 million (NOK 28.1 million in 1995 and NOK 40.0 million in 1994).

## 20 MINORITY INTERESTS

	1996	1995	1994
Minority interests 1 January	54.9	50.1	47.3
Minority share of profit for year	8.7	7.2	6.1
Dividends	-8.0	-2.4	-4.0
New accounting standard for pension expenses			-3.7
Sales of own shares	5.5		5.1
Adjustment minority	1.3		
Additions/disposal	0.4		-0.7
<b>Minority interests 31 December</b>	<b>62.8</b>	<b>54.9</b>	<b>50.1</b>

## MINORITY SHARE OF PROFIT AND LOSS ACCOUNT ITEMS

	1996	1995	1994
Turnover	104.7	88.1	74.4
Operating expenses	-94.2	-80.4	-67.4
<b>Operating profit</b>	<b>10.5</b>	<b>7.7</b>	<b>7.0</b>
Net financial items	1.5	2.2	1.3
<b>Profit before taxation</b>	<b>12.0</b>	<b>9.9</b>	<b>8.3</b>
Taxation	-3.3	-2.7	-2.2
<b>Minority share of profit for year</b>	<b>8.7</b>	<b>7.2</b>	<b>6.1</b>

The minority interests derive primarily from Korsbrekke og Lorck AS of which Veidekke owns 60%.

## 21 SHARE CAPITAL

Shares held by Board Members and the President and CEO:

	Number of shares
Christian Bruusgaard, Chairman of the Board	5,018
Flemming Vejgaard Andersen, Board Member	275
Helge B. Andresen, Board Member	5,054
Peder Chr. Løvenskiold, Board Member	1,600
Steinar Krogstad, Board Member	50
Bjørn H. Madsen, Board Member	100
Terje R. Venold, President and CEO	11,550
<b>Total</b>	<b>23,647</b>

## 22 SHAREHOLDERS' EQUITY

	1996	1995	1994
Shareholders' equity 1 January	545.3	502.2	553.5
Profit for year	77.7	50.7	-6.9
Dividends	-31.3	-17.1	-11.2
New accounting standard for pension expenses			-40.8
Sales of own shares	8.6		7.6
Currency adjustment		1.5	
Adjustment minority	-1.3		
New issue		8.0	
<b>Shareholders' equity 31 December</b>	<b>599.0</b>	<b>545.3</b>	<b>502.2</b>

## 23 MORTGAGES, GUARANTEES AND JOINT AND SEVERAL LIABILITY

Mortgages	1996	1995	1994
Book liabilities secured by mortgages etc.	154.1	255.3	283.7
Book value of mortgaged buildings	144.7	303.5	325.4
Book value of mortgaged land	19.5	33.5	32.8

Guarantees	1996	1995	1994
Guarantees to employees	6.2	7.9	7.9
Guarantees to associated companies	60.2	3.2	48.5
Other guarantees	8.3	16.4	30.3
Committed limited partnership capital not expected to be called up		0.5	55.7
<b>Guarantees</b>	<b>74.7</b>	<b>28.0</b>	<b>142.4</b>

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

Guarantees furnished by Veidekke ASA to subsidiaries:

	1996	1995	1994
<b>Total</b>	<b>316.3</b>	<b>233.3</b>	<b>156.2</b>
Of which joint and several liability for subsidiaries' withdrawals from Group account	171.9	109.3	131.4

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.

## 24 PROJECTS IN PROGRESS

	1996	1995	1994
Taken to income			
Accumulated income	2,125	1,609	1,169
Accumulated contributions	133	83	-13
 Loss-bringing projects *	 1996	 1995	 1994
Remaining turnover	127	196	75

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

## 25 CLOSELY ASSOCIATED PARTIES

In 1996, Veidekke sold 151,151 Veidekke shares to employees through a foundation at a discount on the market price. The discount amounting to NOK 5.3 million has been debited to Veidekke's accounts by a contribution to the foundation. Employer's contributions of NOK 0.5 million have also been debited to the accounts.

## 26 STATEMENT OF CASH FLOW

### Purchase of subsidiaries

In 1996, Veidekke purchased subsidiaries for a total net cash outlay of NOK 38.5 million. The following figures have been entered in the Group Balance Sheet:

Liquid assets	19.6
Other current assets	77.8
Fixed assets	59.6
Debts to credit-issuing institutions	- 41.7
Operating debts	- 46.2
Payable/deferred tax	- 8.4
Long-term liabilities	- 0.8
Cost price for purchases	59.9
Credit for purchases	- 1.8
Liquid assets taken over	- 19.6
Net cash outlay	38.5

### Fixed assets

Investments	
Entered in accounts *	207.8
Purchases of subsidiaries	- 59.6
Cash outlay	148.2

### Sales

Entered in accounts *	239.0
Credit for sale	- 40.8
Cash payment received	198.2

\* See Note 12 - Fixed assets

# Profit and Loss Account

## VEIDEKKE ASA

	Note	1996	1995
<b>Turnover</b>		3,481.0	3,410.9
Subcontractors		-1,391.7	-1,450.6
Cost of materials		-870.2	-922.3
Wages and social costs	A	-866.3	-748.7
Other operating expenses	B	-153.9	-159.0
Depreciation	E	-80.8	-70.6
Bad debts		-32.2	-25.2
<b>Total operating costs</b>		<b>-3,395.1</b>	<b>-3,376.4</b>
 <b>Operating profit</b>		 85.9	 34.5
Financial income	C	40.0	40.3
Financial expenses	C	-21.7	-26.4
Share profit - limited partnerships, ships		1.6	3.3
 <b>Profit before taxation</b>		 105.8	 51.7
Tax payable	G	2.0	-0.6
Change deferred tax	G	-25.0	-12.5
 <b>Profit for the year</b>		 82.8	 38.6
 <b>Transfers:</b>			
Group contribution		20.5	2.0
Dividend		31.3	17.1
Legal reserve		27.8	11.0
Restricted revenue reserve		-9.6	-9.5
Distributable reserve		12.8	18.0
 <b>Total transfers</b>		 82.8	 38.6

# Balance Sheet

## VEIDEKKE ASA

At 31 December	Note	(Figures in NOK million)		
		1996	1995	
<b>ASSETS</b>				
<b>Current assets</b>				
Liquid assets		368.2	378.0	
Debtors		414.0	411.1	
Short-term receivables, group companies		15.7	22.8	
Other short-term receivables		24.8	14.0	
Stocks	7	56.4	71.5	
Development projects for sale		22.5	46.0	
<b>Total current assets</b>		<b>901.6</b>	<b>943.4</b>	
<b>Fixed assets</b>				
Shares in subsidiaries	9	108.8	52.1	
Shares in associated companies	10	7.3	7.2	
Long-term receivables etc.	D	131.8	81.2	
Long-term receivables, group companies		38.4	77.3	
Machinery etc.	E	247.3	210.1	
Buildings	E	119.1	175.5	
Land	E	61.7	96.8	
<b>Total fixed assets</b>		<b>714.4</b>	<b>700.2</b>	
<b>Total assets</b>		<b>1,616.0</b>	<b>1,643.6</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Debts to credit-issuing institutions			6.5	
Creditors etc.	14	616.4	704.8	
Unpaid government charges etc.	15	159.3	145.3	
Short-term debt, group companies		33.3	7.7	
Other short-term debts	F	95.1	103.4	
<b>Total current liabilities</b>		<b>904.1</b>	<b>967.7</b>	
<b>Long-term liabilities</b>				
Long-term liabilities	17	157.6	175.9	
Deferred tax	G	68.3	44.9	
<b>Total long-term liabilities</b>		<b>225.9</b>	<b>220.8</b>	
<b>Shareholders' equity</b>				
Share capital (5,697,830 shares at NOK 10 each)		57.0	57.0	
Legal reserve		89.7	61.9	
Restricted revenue reserve			9.6	
Distributable reserve		339.3	326.6	
<b>Total shareholders' equity</b>	H	<b>486.0</b>	<b>455.1</b>	
<b>Total liabilities and shareholders' equity</b>		<b>1,616.0</b>	<b>1,643.6</b>	
Secured liabilities	I	112.9	121.8	
Guarantees	23	391.1	261.3	

# Statement of Cash Flows

VEIDEKKE ASA

	(Figures in NOK million)	
	1996	1995
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	105.8	51.7
Tax paid	-19.6	-30.9
Depreciation	80.8	70.6
Gain/loss on sale of fixed assets	-20.1	-34.2
Pensions, difference cost/paid	-10.6	-11.3
Share of profit/loss limited partnerships, ships	-1.6	-3.3
<u>Generated from operating activities</u>	<u>134.7</u>	<u>42.6</u>
Change in debtors	-2.9	-48.2
Change in other current assets	44.5	46.4
Change in creditors	-88.4	192.3
Change in other operating debts	20.2	44.2
<b>Net cash flow from operating activities (A)</b>	<b>108.1</b>	<b>277.3</b>
<b>INVESTMENT ACTIVITIES</b>		
Purchase of property, plant and equipment	-120.3	-123.0
Proceeds from sale of property, plant and equipment	102.3	41.4
Proceeds from sale of shares in partnerships	17.6	
Other investments	-63.7	-4.9
<b>Net cash flow from investment activities (B)</b>	<b>-81.7</b>	<b>-68.9</b>
<b>FINANCING ACTIVITIES</b>		
New long-term borrowing	5.8	
Repayments long-term debts	-12.6	-79.6
Repayments short-term debts	-6.5	-77.1
New issue	8.0	
Group contribution paid	-4.5	
Dividend paid	-17.1	-11.2
<b>Net cash flow from financing activities (C)</b>	<b>-36.2</b>	<b>-158.6</b>
<b>NET INCREASE IN LIQUID ASSETS (A+B+C)</b>	<b>-9.8</b>	<b>49.8</b>
Liquid assets at 1 January	378.0	328.2
Liquid assets at 31 December	368.2	378.0

# Notes to the Accounts

## VEIDEKKE ASA

(Figures in the tables in NOK million)

The accounting policies on pages 17 to 18 and part of the notes for the Group, also apply to the parent company.

### A SALARIES

Remuneration to Board Members amounts to NOK 575,000.-, while the President and CEO's salary amounts to NOK 1,118,432.-.

### B OTHER OPERATING COSTS

Remuneration to the company's auditors amounts to NOK 1,375,000.- for auditing fees and NOK 213,600.- for consultancy fees.

### C FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income includes dividends of NOK 3.9 million (7.3), of which NOK 3.6 million (6.0) was paid from subsidiaries to the parent company. Other financial income from subsidiaries amounts to NOK 0.0 million (0.3). Financial costs to subsidiaries amount to NOK 0.0 million (0,0).

### D LONG-TERM RECEIVABLES

Long-term receivables include deferred tax benefit of NOK 6.3 million (7.9).

### E FIXED ASSETS

	Cost 1 January	Additions	Disposals	Accumulated depreciation	Book value 31 December	Depreciation for year
Goodwill	4.3			4.3		
Machinery	692.9	110.0	44.6	511.0	247.3	68.8
Buildings	240.9	4.7	67.9	58.6	119.1	11.9
Land	96.8	5.6	40.7		61.7	
Total	1,034.9	120.3	153.2	573.9	428.1	80.7

### F OTHER SHORT-TERM LIABILITIES

Accrued taxes payable amount to NOK -1.9 million (19.7). Dividends payable amount to NOK 31.3 million (17.1).

### G TAX

PROFIT ASSESSABLE FOR TAX PURPOSES	1996	1995
Profit before taxation	105.8	51.7
Group contribution	-20.5	-2.0
Other permanent differences	1.2	-2.0
Change in timing differences	-89.3	-44.8
Difference accounts/assessed tax timing differences	2.8	76.8
<b>Profit assessable for tax purposes (basis)</b>	<b>0.0</b>	<b>79.7</b>

DEFERRED TAX	1996	1995
Timing differences		
Short-term items	181.6	84.1
Accelerated depreciation	12.2	29.0
Gain and loss account	61.1	64.3
Other long-term items	-11.0	-17.0
<b>Basis deferred tax</b>	<b>243.9</b>	<b>160.4</b>
<b>Deferred tax (28%)</b>	<b>68.3</b>	<b>44.9</b>
<b>Deferred tax benefit *</b>	<b>6.3</b>	<b>7.9</b>

\* Calculated on net pension commitments of NOK 22.4 million (28.1).

# Notes

## H SHAREHOLDERS' EQUITY

	1996	1995
Shareholders' equity at 1 January	455.1	419.4
Merger		8.2
New issue		8.0
Profit for the year	82.8	38.6
Dividends	-31.3	-17.1
Group contribution	-20.5	-2.0
<b>Total shareholders' equity at 31 December</b>	<b>486.0</b>	<b>455.1</b>

## I SECURED LIABILITIES

	1996	1995
Book liabilities secured by mortgage etc.	112.9	121.8
Book value of mortgaged buildings	86.3	129.2
Book value of mortgaged land	15.4	14.1

## Auditors' Report for 1996

To the Annual Shareholders' Meeting of Veidekke ASA

We have audited the annual report and accounts of Veidekke ASA for 1996, showing a net income for the year of NOK 82.8 million for the parent company and a consolidated profit for the year of NOK 77.7 million. The annual report and accounts, which comprise the report of the Board of Directors, the profit and loss account, the balance sheet, the statement of cash flows the accounting policies, the notes to the accounts and the Group accounts, are presented by the company's Board of Directors and its President and C.E.O.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.

We have conducted our audit in accordance with relevant laws, regulations and the generally accepted standards of Norwegian auditing. We have performed those audit procedures considered necessary to confirm that the annual report and accounts are free of material misstatements. We have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management, and the contents and presentation of the annual report and accounts. To the extent required by generally accepted standards of Norwegian auditing, we have reviewed the company's internal control and the management of its financial affairs.

The Board of Directors' proposal for the allocation of the profit for the year and transfers between equity accounts complies with the provisions of the Norwegian Joint-Stock Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Norwegian Joint-Stock Companies Act and present fairly the financial position of the company and group as of 31 December 1996 and the result of its operations for the year ended, in conformity with generally accepted Norwegian accounting principles.

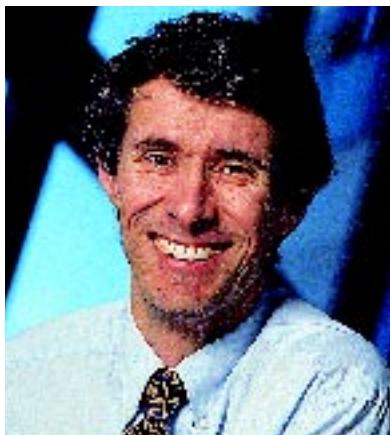
Oslo, 27 February 1997  
ERNST & YOUNG AS



Ernst Alsaker  
State Authorised Public Accountant (Norway)

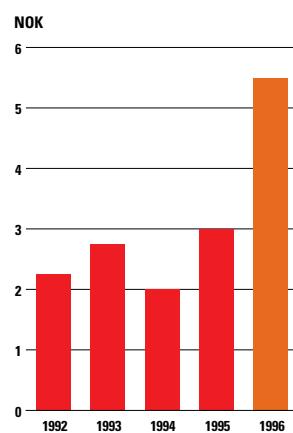
Note: The translation into English has been prepared for information purposes only.

# Shareholder Policy and Ownership Structure



**Jørgen G. Michelet (41), Senior Vice President with responsibility for finance and investor relations. Attends meetings of the Board of Directors and Corporate Management. MBA St. Gallen, Switzerland, 1981. Started working for Veidekke in 1986. Senior Vice President since 1990. Holds 10,808 shares in Veidekke.**

## Dividend per share



## Shareholder policy

Veidekke aims to secure for its shareholders a high, stable return over time on their investment in Veidekke shares. The shareholders' return is a combination of the share value and share dividend, and it should reflect the financial development in the company. Veidekke shares shall be regarded as a liquid and interesting investment option, and the company emphasises the importance of supplying the market with correct, relevant information at the right time. Existing shareholders shall have pre-emption rights when the share capital is increased.

## Dividend policy

It is Veidekke's aim to pay a competitive dividend that gives its shareholders a substantial share in the profit. Veidekke aims to pay out a dividend over time averaging between 25% and 40% of the company's profit for the year. The dividends distributed over the past six years have represented about 30% of the profit for the year. In the light of the company's profit trend and the prospects of further improvements in profits, the Board of Directors has resolved to recommend to the Annual General Meeting that the dividend for 1996 be set at NOK 5.50 per share (a total of NOK 31.3 million), which gives a payout ratio of 40%.

## Ownership structure

At 31 December 1996, Veidekke had 2,430 shareholders, including 26 foreign investors. The percentage of shares owned by foreign investors remained fairly stable throughout the year and was 11.1% at the end of the year. In December 1996, Veidekke sold 80,328 of its own shares through subsidiary Korsbrekke og Lorck AS to Stiftelsen Veidekkeansattes aksjekjøp (Foundation for Veidekke employee's share purchase). These shares will be used in the private offer to employees which Veidekke is planning in 1997.

Shareholding	No. of shareholders	No. of shares	%
1 - 100	1,280	51,314	0.9
101 - 1,000	891	288,168	5.1
1,001 - 10,000	191	642,372	11.3
10,001 - 100,000	54	1,706,467	29.9
100,001 -	14	3,009,509	52.8
<b>Total</b>	<b>2,430</b>	<b>5,697,830</b>	<b>100.0</b>

Folketrygdfondet is the company's largest shareholder with 10.2%. 1,121 employees hold shares in the company and their total ownership share is 11.4%.

Veidekke shares have been quoted on the Oslo Stock Exchange's main list since 1986. Veidekke shares are sold in blocks of 100 shares.

## Employee-owners

It is an advantage for Veidekke as a company, and thus for all of its shareholders, to have employees who hold a substantial number of shares in the company. The value of a contracting company depends to a very large degree on its organisation and on its employees. The involvement of the employees is therefore an important, positive element in the development of the company. It is the company's objective that at least half of the company's employees shall be shareholders with an ownership of up to 15%. It is desirable that persons in senior management positions each hold a significant number of shares.

Veidekke seeks to encourage greater employee ownership and as part of this policy Veidekke's employees are given the chance each year to purchase shares in the company at a reduced price. In 1996, each employee was given the opportunity to purchase up to 250 shares. The 830 employees who made use of this offer purchased a total of 125,000 shares. Veidekke gives financial assistance to employees when they purchase employee shares.

A detailed list of the shares held by the Board of Directors and the President and CEO is given on page 27 in the Annual Report.

### Inside information

Veidekke emphasises the importance of implementing current legislation regarding the handling of inside information and the rules for the reporting of share transactions in the company's routines. Veidekke keeps special registers of share transactions by persons who are governed by the rules. The company has also drawn up internal rules which have been made known to all employees in key positions and to senior union representatives. These rules ensure that some people cannot trade in the company's shares at certain times. They may not purchase shares one and two months prior to quarterly and annual reports respectively. Transactions are kept under continuous supervision and the company submits lists of purchases and sales to the Oslo Stock Exchange once every two months. Purchases and sales of Veidekke's shares by insiders are reported as they are made.

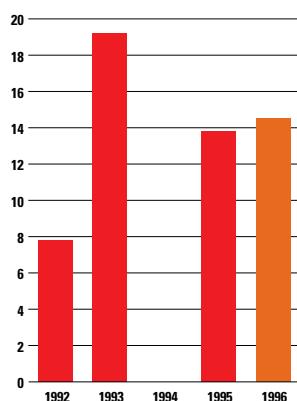
### Share capital

Veidekke's share capital was NOK 57 million at 31 December 1996, divided into 5,697,830 shares of NOK 10 each. The changes in Veidekke's share capital since it was accepted for listing on the Oslo Stock Exchange in 1986 are shown below:

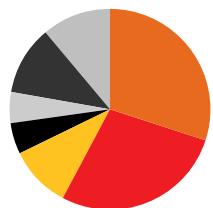
Form of issue	Amount paid	No. of shares after increase	Share capital after increase (1,000)	Adjustment factor*
1986 Issue price 57.50	25.3	3,053	30.5	
1986 Issue employees price 51.75	3.1	3,113	31.1	
1988 Bond issue 1:5		3,736	37.4	0.8333
1989 Merger Hesselberg Vei		4,693	46.9	
1989 Dividend shares	0.5	4,746	47.5	0.998
1990 Merger Folke A. Axelson A/S		4,802	48.0	
1990 Dividend shares	0.6	4,861	48.6	0.9999
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 107.-	8.0	5,698	57.0	

\* Adjustment factors are calculated according to the standards of the Norwegian Financial Analysts' Association.

### Market price/Earnings (P/E)

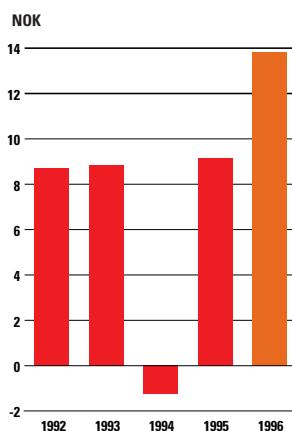


### Shareholders as at 31 December 1996

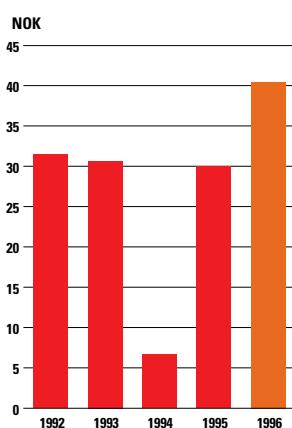


- Credit institutions and unit trusts 30%
- Insurance comp. and private pension funds 28%
- State companies 10%
- Private companies 5%
- Individuals 5%
- Foreign investors 11%
- Employees and Members of the Board 11%

#### Earnings per share



#### Cash flow per share



#### Authorisation to issue shares

The Annual General Meeting on 27 April 1995 adopted a resolution authorising the Board of Directors to issue up to one million shares. This authorisation is valid until 1 July 1997. The Board of Directors will request a two-year extension of this authorisation at the Annual General Meeting on 24 April 1997. To the greatest extent possible, resolutions concerning changes in share capital will be passed by the General Meeting. The authorisation granted to the Board of Directors for two years at a time since 1986 has mainly been used to issue shares to the employees and in connection with minor mergers.

#### Investor relations

Veidekke deems it important to keep the market regularly informed about the company's development. Quarterly reports will be issued in 1997 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 in Norway and abroad. The company also keeps in regular touch with investors and analysts. A number of brokerage houses at the Oslo Stock Exchange carry out analyses of Veidekke shares.

The company publishes information in Norwegian and English.

#### RISK adjustment

The RISK amount is calculated annually 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 a RISK amount. The RISK amounts for the different years are shown in the table on page 37. The RISK amount passes to Norwegian shareholders on 1 January of the following year.

#### Veidekke's share prices compared with Oslo Stock Exchange's total index (price and total index normalised as from 1 January 1992)



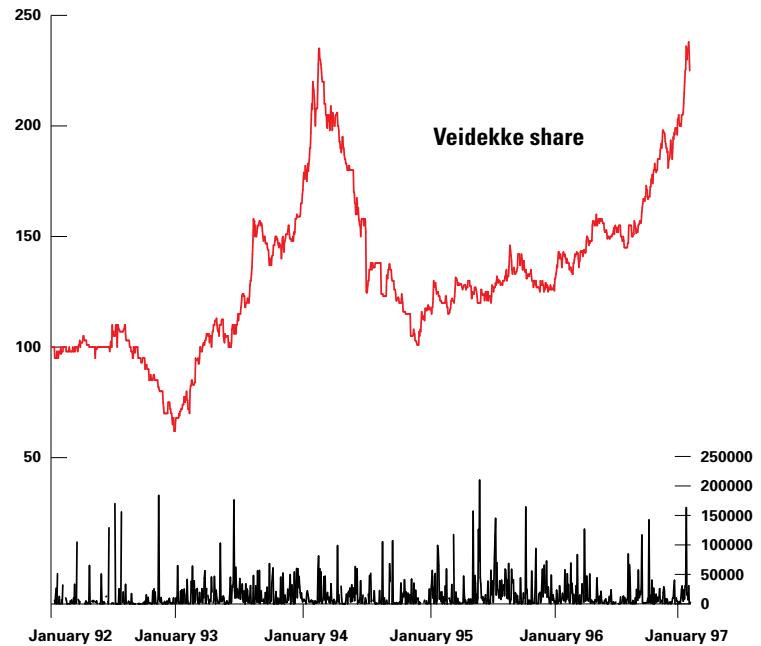
VEIDEKKE SHARE	1996	1995	1994	1993	1992
Market price at 31 December	201.00	126.25	116.50	170.00	68.00
- high	205.00	146.00	236.00	170.00	110.00
- low	125.00	115.00	101.00	68.00	62.00
Earnings per share (NOK)	13.83	9.13	-1.25	8.84	8.70
Price/earnings (P/E)	14.5	13.8	-	19.2	7.8
Cash flow per share (NOK)	40.45	29.95	6.65	30.64	31.44
Price/cash flow	5.0	4.2	17.5	5.5	2.2
Dividend per share (NOK)	5.50	3.00	2.00	2.75	2.25
Payout ratio (%)	39.8	32.9	-	31.1	25.9
Earnings yield (%)	2.7	2.4	1.7	1.6	3.3
Outstanding shares (average 1,000) <sup>1)</sup>	5,619	5,555	5,509	5,463	5,463
Market value at 31 Dec. (NOK mill.)	1,145.3	719.4	655.1	955.9	382.4
No. of shareholders at 31 December	2,430	2,245	1,998	1,907	1,897
RISK amount	-7.50 <sup>2)</sup>	6.58	8.86	-5.01	-

1) The number of outstanding shares have been adjusted by shares owned by the company, ref. Note 4 to the Accounts.

2) Estimate. The final RISK amount is fixed by the tax authorities and shareholders are notified direct by the Norwegian Registry of Securities.

#### Veidekke share's price development and volume traded on the Oslo Stock Exchange

NOK



#### LARGEST SHAREHOLDERS AS AT 31 DECEMBER 1996

Folketrygfondet	10.2%
Avansefondene	9.7%
Vital Forsikring	6.8%
Storebrand Livsforsikring	5.7%
Norsk Hydros Pensjonskasse	5.6%
K-Fondene	4.5%
Alfred Berg Aksjefondene	3.8%
K-Holding	3.4%
Gjensidige Liv- og skadeforsikring	3.1%
Boston Safe Dep & Trust	2.4%

# Analytical Information

## KEY FIGURES

	1996	1995	1994	1993	1992
<b>OPERATIONS *</b>					
Turnover	4,058	3,965	3,162	3,137	3,665
Operating profit	105.4	72.3	7.8	63.9	93.7
Profit before taxation	121.2	78.4	5.2	75.2	81.2
Ordinary profit for the year <sup>1)</sup>	77.7	50.7	-6.9	48.3	47.5
Orders-on-hand, Building and Heavy Construction	2,261	1,944	1,731	1,358	1,205
<b>PROFITABILITY</b>					
Gross profit margin (%)	3.0	2.0	0.2	2.4	2.2
Return on total assets (%) <sup>2)</sup>	7.6	6.3	2.7	6.4	7.9
Return on working capital (%) <sup>3)</sup>	15.8	12.1	4.6	11.7	15.2
Return on equity (%) <sup>4)</sup>	13.7	10.0	-0.1	9.3	9.9
<b>CAPITAL ADEQUACY *</b>					
Total assets	1,964	2,059	1,923	1,910	1,999
Total shareholders' equity <sup>5)</sup>	662	600	552	601	572
Equity ratio (%) <sup>6)</sup>	33.7	29.2	28.7	31.5	28.6
Investments	208	193	167	130	137
<b>LIQUIDITY</b>					
Liquidity 31 December *	310	388	372	367	359
Current ratio <sup>7)</sup>	1.06	1.00	1.08	1.15	1.09
Quick ratio <sup>8)</sup>	0.92	0.88	0.91	0.97	0.95
Net interest-bearing liabilities * <sup>9)</sup>	-184.7	-104.8	11.1	-7.6	-5.2
<b>SHARES</b>					
Market price 31 December	201.00	126.25	116.50	170.00	68.00
Earnings per share (NOK) <sup>10)</sup>	13.83	9.13	-1.25	8.84	8.70
Market price/earnings (P/E)	14.5	13.8	-	19.2	7.8
Cash flow per share (NOK) <sup>11)</sup>	40.45	29.95	6.65	30.64	31.44
Market price/cash flow	5.0	4.2	17.5	5.5	2.2
Dividend per share (NOK)	5.50	3.00	2.00	2.75	2.25
Outstanding shares (average 1,000)	5,619	5,555	5,509	5,463	5,463
<b>EMPLOYEES</b>					
Number of employees 31 December	3,111	2,888	2,785	2,694	2,869
Wages and social benefits *	1,008	847	749	775	873

\* Figures in NOK million

All the key figures have been revised to include deferred tax. The key figures for 1994 have not been revised since the introduction of the accounting standard for pension expenses.

- 1) Ordinary profit for the year: Profit for the year plus extraordinary items less tax on extraordinary items.
- 2) Return on total assets: Profit before taxation plus financial expenses as a percentage of average total assets.
- 3) Return on working capital: Profit before taxation plus financial expenses as a percentage of average total assets less interest-free short-term and interest-free long-term debts.
- 4) Return on equity: Profit after taxation as a percentage of average total shareholders' equity.
- 5) Total shareholders' equity: Book equity including minority interests.
- 6) Equity ratio: Total equity as a percentage of total assets at 31 December.
- 7) Current ratio: Current assets divided by short-term liabilities.
- 8) Quick ratio: Most liquid current assets divided by short-term liabilities.
- 9) Net interest-bearing liabilities: Short-term interest-bearing liabilities plus long-term interest-bearing liabilities less liquid assets and interest-bearing receivables from project financing.
- 10) Earnings per share: Ordinary profit for the year divided by the average number of outstanding shares (fully watered down).
- 11) 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 outstanding shares.

## VEIDEKKE IN 1996

### Better earnings

- Profit margin increased from 2% to 3%
- Earnings per share up from NOK 9.13 to NOK 13.83

### Financial standing consolidated

- Equity ratio increased from 29.2% to 33.7%
- Substantial sales of finished non-residential property

### Orders-on-hand

- Orders-on-hand for Building and Heavy Construction rose from NOK 1,944 to 2,261 million

### Improvement process «Five in '97 - Veidekke towards the year 2000»

- Targets and process firmly anchored throughout the organisation

### Stronger market position

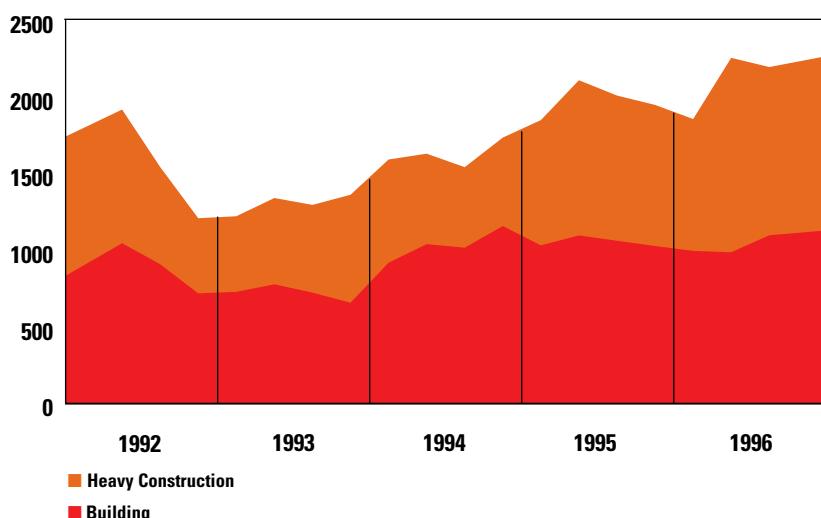
- Acquisitions
- Restructuring
- Winding-up unprofitable business areas

### Areas of activity

	1996			1995			1994			NOK mill.
	Turnover	Pre-tax profit	Margin	Turnover	Pre-tax profit	Margin	Turnover	Pre-tax profit	Margin	NOK mill.
Building	1,823.2	53.6	2.9%	1,951.8	34.5	1.8%	1,557.7	13.0	0.8%	
Heavy Constr.	1,389.4	27.4	2.0%	1,172.0	2.9	0.2%	950.9	-35.0	-3.7%	
Asphalt	868.6	35.4	4.1%	812.2	42.4	5.2%	686.9	35.7	5.2%	
Property	62.6	6.1	9.7%	63.5	0.8	1.3%	49.6	2.6	5.2%	
Other	-85.8	-1.3	-	-34.8	-2.2	-	-83.6	-11.1	-	
Total	4,058.0	121.2	3.0%	3,964.7	78.4	2.0%	3,161.5	5.2	0.2%	

### Orders-on-hand Building and Heavy Construction

NOK mill.





# BUILDING

Marked improvement in profits and a stronger market position for the Building Division. Stronger image as a partner for our customers.

NOK mill.

<b>Key figures</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>
Turnover	1,823.2	1,951.8	1,557.7
Operating profit/loss	28.3	10.9	-3.9
Profit/loss before taxation	53.6	34.5	13.0
Shareholders' equity	212.7	159.8	168.3
Total assets	815.7	880.5	798.4
Gross purchases of property, plant and equipment	35.7	21.9	12.2
Orders-on-hand	1,125	1,024	1,154

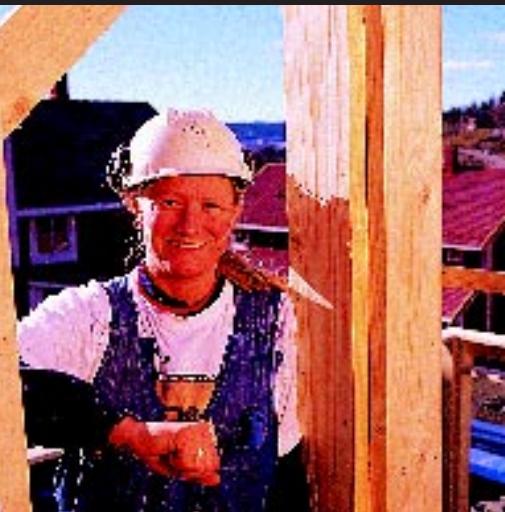
### The market

The high level of activity in the building market that we experienced in 1995 continued into 1996. The positive trends in all sectors of the Norwegian economy, with growth in employment, investment and total income, made a significant contribution to this situation. In the course of 1996, we also registered rising building costs in central parts of the country, especially as a result of higher prices from technical subcontractors. Material costs have not shown the same growth. The increase in costs was anticipated. Internal efficiency measures, such as better project planning and a closer cooperation with suppliers, help to moderate the rise in costs.

The commencement of new non-residential buildings was greater than expected in 1996, giving a total volume of 3.2 million square metres and a growth of 17% compared with 1995. Statistics show that growth was most evident in buildings for «industry and research» and «industri and mining». The increase was greatest in Oslo and Akershus.

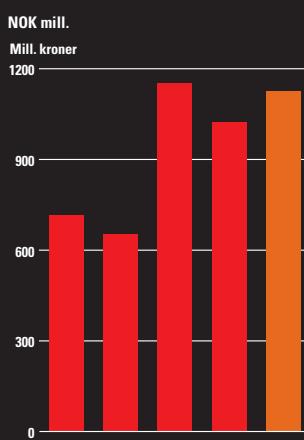
Housebuilding picked up towards the end of the year, giving a total of about 18,500 dwellings started during the year. The increase in housebuilding during the last quarter of 1996 was particularly noticeable in the Oslo and Akershus area. The rise in the prices of existing dwellings was about 10% between 1995 and 1996, and greater confidence in the future has contributed to a relatively high level of housebuilding. This trend will continue in 1997, particularly in Oslo and Akershus. In this area, the supply of new dwellings has been low for a long time, while prices of existing dwellings rose by between 15 and 20% from 1995 to 1996. On an aggregate, the commencement of new building can rise somewhat to just over 20,000 dwellings for the whole country in 1997.

Competition for building contracts remained fierce in 1996. To a larger extent than before, the Nordic countries now represent one building market and major Nordic contracting enterprises see potential in the favourable market development in Norway. This trend will continue in 1997, since the Swedish market is expected to show a weak development next year. Veidekke is preparing to meet this challenge in a number of ways and is focusing in particular on R&D in order to improve both the functionality of the finished product and the actual building process.

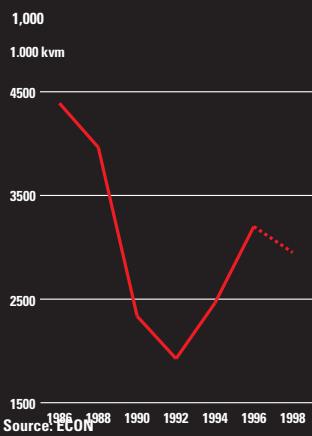


Åse Tøfte is one of a team of carpenters who are building houses at Tærud Terrace in Skedsmo.

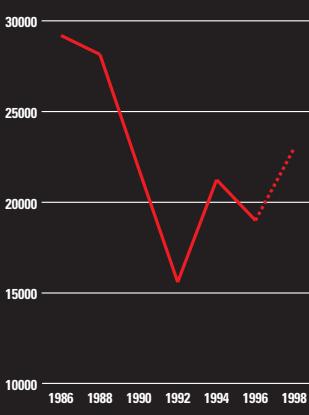
## Orders-on-hand



## Non-residential building Square metres started



## Residential building Number of dwellings started



## Activities

The Building Division had a turnover for 1996 of NOK 1,823 million as against NOK 1,952 million in 1995. This fall in turnover is a result of Veidekke's strategy to be more selective in its choice of projects and of a stronger focus on profitability rather than volume.

The profit trend for the Building Division was very favourable. Its pre-tax profit rose from NOK 34.5 million in 1995 to NOK 53.6 million in 1996. This improvement can be ascribed to a number of factors. Veidekke has made a point of choosing market segments where it has a competitive advantage, while extensive improvements have been made at individual building sites.

Veidekke has also been working on winding up unprofitable business areas and building up skills and capacity in housebuilding in the Oslo area. Veidekke is winding up its building activities in Germany. Building activities in Norway have also been under consideration, which has led to organisational changes in some regions.

At the beginning of the year, Veidekke purchased Moderne Bygg A/S, a company in the Oslo area with long experience in housebuilding. By combining its own resources with Moderne Bygg's special expertise, Veidekke has positioned itself as a leading player in an interesting market sector. Moderne Bygg has been integrated into Veidekke's Region Oslo.

Veidekke reinforced its expertise in facade renovation in 1996. This has become a speciality in Region Oslo, but major projects have also been carried out by other regional units.

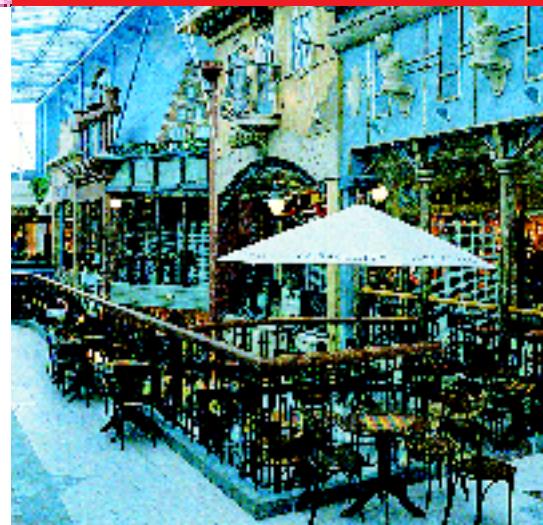
In 1996, Veidekke purchased 70% of the shares in Seby A/S, a building contractor operating in the area to the north-east of Oslo. Its main focus is on office buildings and non-residential buildings. By joining forces with this company, Veidekke has gained access to a market that is expected to grow in the years to come as a result of its vicinity to the new main airport at Gardermoen. Seby A/S will be incorporated as a district in the Building Division and will retain its independent business organisation until the year 2000.

A great deal of attention has been focused on customer relations in 1996. Veidekke wishes to be seen as a partner who develops building projects in cooperation with the customer. This requires expertise in production technology as well as knowledge of the functions of the finished building. This expertise is being built up both internally and in a network with collaborating suppliers and



**Left:** Blocks of flats are under construction at Hekkveien 10 in Oslo. The photograph shows one of the carpenters, Espen Johansen.

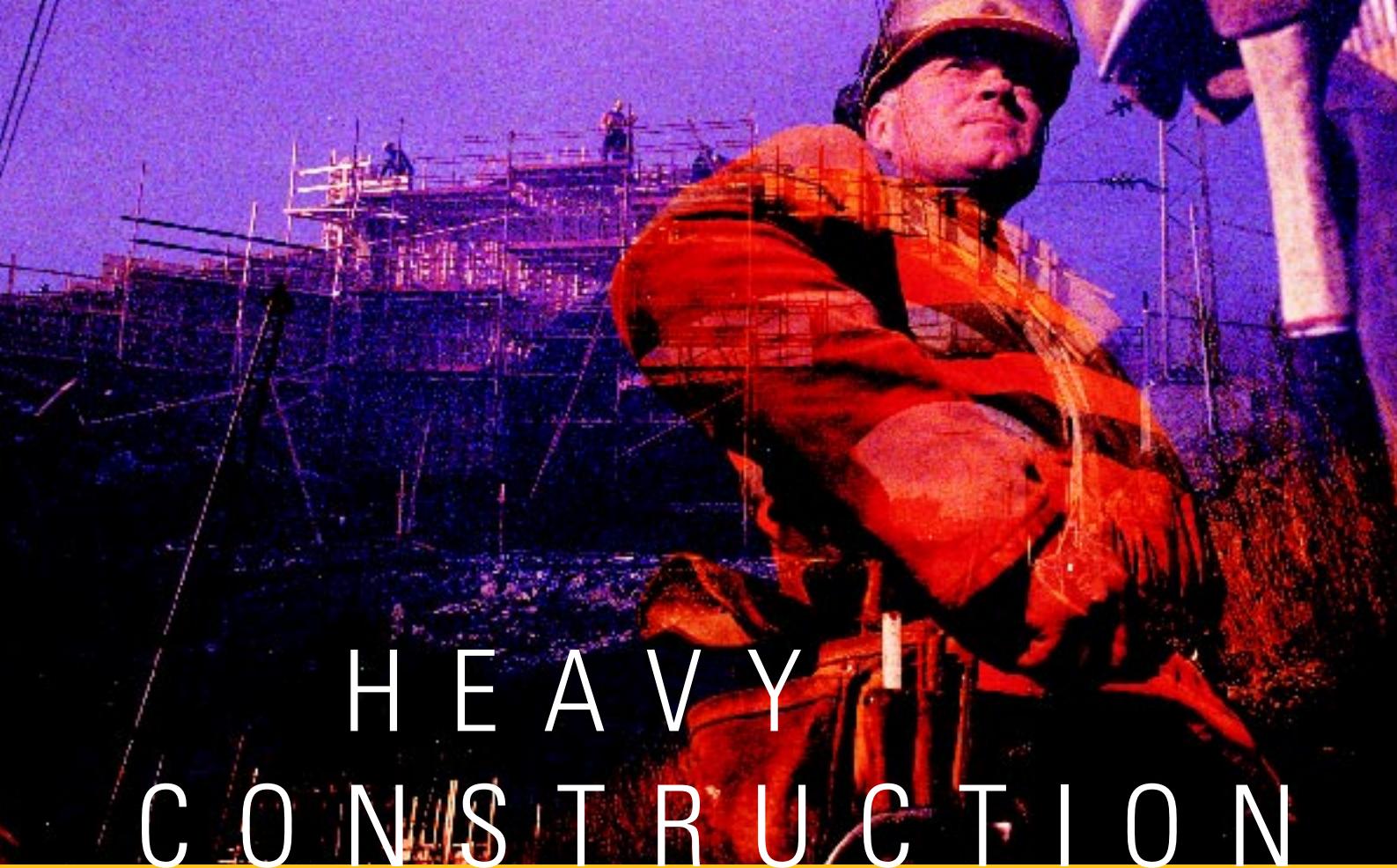
**Below:** The Vinterbro Shopping Centre is a project that was developed by Veidekke in cooperation with the client, Steen & Strøm Invest. The Centre was opened in March 1996.



consultants. As a result of this focus on specialisation and customer relations, the number of contracts developed in partnership with customers now constitutes about half of the Building Division's volume. Veidekke is an active partner in a number of research projects targeted both at the improvement of the building process and at product development.

Projects that were completed in 1996 include an industrial plant for A/S Union in Skien, groundwork and concreting work at the Ringerike District Prison for the Directorate of Public Construction and Property, the Vinterbro Shopping Centre for Steen & Strøm Invest, and a new police station in Bodø.

Orders-on-hand rose in 1996 to NOK 1,125 million (NOK 1,024 million) at the end of the year.



# HEAVY CONSTRUCTION

Our expectations were fulfilled in 1996, creating a good basis for greater competitive power and profitability.

Key figures	1996	1995	1994
Turnover	1,389.4	1,172.0	950.9
Operating profit/loss	20.4	1.7	-40.1
Profit loss before taxation	27.4	2.9	-35.0
Shareholders' equity	162.3	123.9	93.9
Total assets	559.4	468.4	364.0
Gross purchases of property, plant and equipment	45.2	77.9	23.3
Orders-on-hand	1,136	920	577

### **The market**

Thanks to major development projects in the East of Norway and certain major communications projects, the level of activity in the heavy construction market remained high in 1996. This applied to most areas, with one exception: the tunnelling market, which was characterised by overcapacity and fierce competition for contracts.

After the completion of the Gardermoen development, the heavy construction market will level off or slide somewhat. The existing surplus in public spending budgets may, however, lead to a cautious growth in activity when the resource situation permits growth without any accompanying pressure on costs. The construction and renovation of roads and railways will continue to be a significant part of the market, while the political focus on environment and resource management indicates some interesting, new trends in the market. Slightly rising electricity prices and an increase in the import of electric power from polluting plants in Europe lead to the question of hydroelectric development in Norway. It is therefore likely that the level of activity will rise by about 10 - 15% above today's level. Better economy in the municipal sector and a great need for the renovation of existing water and drainage systems will push up total technical investment at municipal level.

The heavy construction market has been characterised by competitive tendering where the awarding of contracts has largely been determined by the unit prices. In order to improve the Heavy Construction Division's margins and to retain our share of the market, we must continue to focus on planning, systematic management control and the use of technical skills in carrying out projects. There is also a possibility for the Heavy Construction Division to increase its market shares in the outlying areas by cooperating with the Building Division's district offices in these areas.

### **Activities**

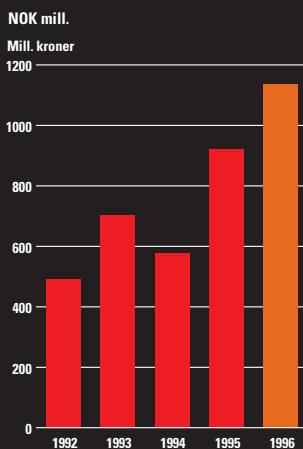
The profit for this Division was NOK 27.4 million in 1996, compared with NOK 2.9 million in 1995. Turnover was NOK 1,389 million as against NOK 1,172 million a year earlier. This upswing reflects the growth in orders-on-hand in 1995 and a good supply of new orders, particularly in the first half of 1996.



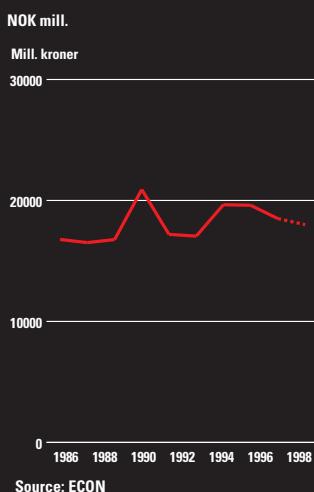
**Renovation of the penstock system at Hydro's power plant in Høyanger. At the top of the formwork, left to right: Jon Bakke, Glenn-Rune Seland, Magnar Sunnarvik, Per Kvam and Jostein Bakke.**

**Opposite page: Concrete worker Billy Karlsson is employed in the Heavy Construction Division.**

**Orders-on-hand**



**Investment in Heavy Construction  
1993 prices**



The activities of the Heavy Construction Division bear evidence of the organisational changes and improvements in productivity. Improvement groups, with members from all levels of the organisation, have been set up at most sites. The improvement in profit and orders-on-hand can largely be ascribed to organisational development and productivity improvement, and to selectivity in the market.

Most of the construction work on the stretches of the Gardermoen Line from Arteid Bridge to Kverndalen and Gardermoen North to Bekkedalshøgda (VS-Group Veidekke/Selmer) and the tunnel entrance and ramp at Etterstad for the Norwegian State Railways (NSB) was completed in 1996. These contracts represent a total turnover of about NOK 500 million for the Heavy Construction Division. During the year, a number of new major contracts were signed with the Public Roads Administration, NSB Gardermoen Line, NSB Development, Oslo Hovedflyplass AS (new main airport) and the relocation of the Gardermoen military base, plus a number of interesting, smaller projects for other clients. Major ongoing projects in Norway include the construction of the western runway system at Gardermoen (VS-Group), the double railway track from Såstad to Haug, a multi-storey car park and the airport train terminal at the Oslo Central Station, the stretch of road from Tangerud to Hvam on the E6 highway, and the construction of the North Cape tunnel. These projects represent a total turnover of about NOK 900 million.

In the subsea tunnel to the North Cape under the Magerøy Sound, continuous concrete lining has been required both from the mainland and from the island. By the end of January 1997 a total of approximately 4,500 metres of a total 6,800 metres had been tunnelled. As much as 1,060 metres, or a third of the completed stretch, have been lined. The tunnelling conditions worsened under the middle of the Magerøy Sound and it is likely that the remaining 2,300 metres will also have to be lined. All in all, approximately 80,000 cubic metres of concrete will be needed, the same amount that was needed to build the concrete base for the Sleipner A platform in 1990. At the end of January, work was 65 weeks behind schedule. Veidekke has taken legal action against the Public Roads Administration to have the extra costs covered. The Hammerfest District Court will hear the case on 10 June 1997. Allowance has been made in the accounts for the uncertainty relating to this project.

## HEAVY CONSTRUCTION DIVISION



On the left: Work is in progress on the double track on the Østfold Line. The Norwegian State Railway awarded the contract for the 7 km stretch from Såstad to Haug to Veidekke. In the photograph, concrete worker Stefan Johnsson.

Below: Veidekke's subsidiary Noremco is engaged in building and heavy construction in East Africa.

Veidekke's international operations are mainly carried out through its wholly-owned subsidiary, Noremco Construction, and the Norwegian Construction Group, Nocon, which is owned equally by Veidekke and Selmer. Major ongoing projects include the construction of a quay in Thailand, fullface tunnelling work in Italy, airport construction on Greenland and road-building in Zanzibar. International operations provided NOK 207 million (NOK 290 million) of the Heavy Construction Division's total turnover. Seen as whole, the results were favourable and, with a good volume of orders-on-hand, the figures for international operations can be expected to improve in 1997.

Generally speaking, orders-on-hand are satisfactory, with an increasing degree of long-term contracts, and stood at the end of the year at NOK 1,136 million (NOK 920 million).





# A S P H A L T

Adaptation to the market, organisational development

and greater efficiency typified the Asphalt Division in

1996. Asphalt paving at Gardermoen is the largest

contract in 1997.

Key figures	1996	1995	1994
Turnover	868.6	812.2	686.9
Operating profit/loss	46.6	46.3	40.9
Profit/loss before taxation	35.4	42.4	35.7
Shareholders' equity	118.3	98.0	87.1
Total assets	344.2	297.7	306.8
Gross purchases of property, plant and equipment	120.7	84.4	66.6

### The market

The total production of asphalt in Norway remained virtually unchanged in 1996. The National Budget for 1997 indicates a slight reduction in the budgets for new road surfacing. This reduction will, however, be offset by an increasing demand from local authorities and private clients as a result of an improvement in their economy. Asphalt paving of the runways at Gardermoen will represent about 350,000 tonnes in 1997 and, in isolation, this will help to push total production up in 1997. The market for crushed stone and gravel will also improve in 1997.

### Activities

The Asphalt Division achieved a turnover of NOK 869 million in 1996 (NOK 812 million), giving a profit of NOK 35.4 million (NOK 42.4 million). The figures for Veidekke's subsidiary Korsbrekke og Lorck are included here. After an adjustment for a gain on sales of NOK 11 million in 1995, this Division shows a better profit than the year before.



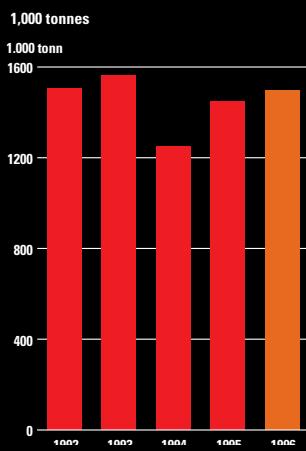
In 1996, Veidekke acquired the company Topp-Dekke A/S in Bardufoss. Topp-Dekke A/S is a leading asphalt contractor in the county of Troms, also operating in the counties of Nordland and Finnmark. This purchase has increased Veidekke's skills and capacity and strengthened its market position in North Norway. Veidekke has likewise strengthened its position in the county of Møre og Romsdal through the acquisition of Molde Asfalt at the beginning of the year. In order to strengthen its market position in other geographical areas, Veidekke purchased Førde Asfalt, the asphalt operations of Førde Cementvarefabrikk in February 1997.

The increase in turnover in 1996 reflects Veidekke's acquisitions during the year, as well as the activities at Gardermoen. Other activities have remained relatively stable. Asphalt contracts are generally of a short duration. Multi-year contracts do, however, exist and Veidekke still has a substantial volume of long-term orders-on-hand. These contracts are primarily related to the work at the new main airport at Gardermoen and the construction of asphaltic cores at Svartisen and Dam Urar. Orders-on-hand stood at NOK 170 million at the end of the year (NOK 125 million).

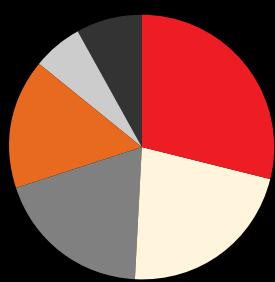
**Tor Arne Verket (right) and Freddy Ilbråten laying asphalt.**

**Opposite page: In the foreground we can see Morten Skogstad.**

## Asphalt production



## The Asphalt Market 1996



- Veidekke companies 29%
- Nodest Asfalt 22%
- Public Roads Administration 19%
- Icopal Vei 16%
- Franzefoss Asfalt 6%
- Other companies 8%

Veidekke, along with its subsidiaries and associated companies, was responsible for a total asphalt production of 1,497,000 tonnes in 1996 (1,448,000) and was thus the largest producer in Norway, with a 29% share of the market.

The production of crushed stone and gravel is also part of the Asphalt Division. Veidekke had a total production at its own plants of about 2.5 million in 1996, making Veidekke and its subsidiary Korsbrekke og Lorck one of the leading producers in Norway. Part of this production volume was used in the asphalt production and part of it was sold to external customers in Norway and abroad. Veidekke also has crushing contracts for the Gardermoen Line for a total of about 1.4 million tonnes in 1996 and for the main airport at Gardermoen in partnership with Selmer (VS-Group).

In 1996, Veidekke purchased the shares in Storsand Sandtak A/S in Hurum. This gravel pit is located by the sea, has its own jetty and will have a favourable geographic situation when the Drøbak Tunnel has been completed. Topp-Dekke produces crushed gravel at a plant in Kattfjord, west of Tromsø. This location is also favourable for shipment by boat. Veidekke's cooperation with the English contractor Amec on the export of crushed stone from its plant at Espevika in Tysvær started in 1996 and will be enlarged in 1997. A total of about 700,000 tonnes of stone and gravel was exported from quarries in which Veidekke has interests.

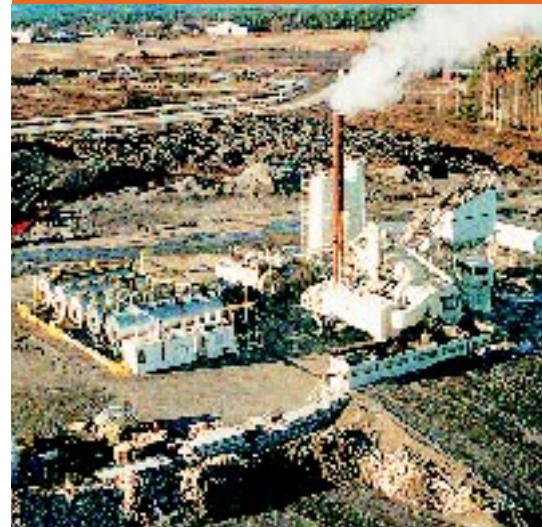
The contract awarded to Topp-Dekke for the extension and resurfacing of the Bardufoss air base offered Veidekke its first opportunity to produce a polymer-modified binder on site. Modified binders give the pavement better thermal properties at high and very low temperatures. These properties are important at airports, and the Civil Aviation Authority and the Ministry of Defence will use this type of binder at airports and air bases in the future.

The contract for Statkraft Anlegg for the laying of an asphaltic core at Svartisen continued to make good progress in 1996 and the Storglomvass and Holmvass dams are both running on schedule. The Storglomvass dam will be one of the world's highest rock-fill dams with an asphaltic core. This contract has a value of NOK 80 million. The work is being carried out as a joint venture between Veidekke and Korsbrekke og Lorck.

Veidekke / Korsbrekke og Lorck is the only Norwegian company with specialised knowledge of asphaltic cores in rock-fill dams and is also very competitive on the international market for this type of construction. In 1997 the company will be involved in five of these dams. In addition to Svartisen, an asphaltic core

will also be laid at Dam Urar in the Setesdal mountains. In South Africa, Korsbrekke og Lorck and Colas SA have been commissioned to build the asphaltic core for the Ceres Dam, just north of Cape Town. This will be the first asphaltic core dam on the African continent and, though this is a relatively small contract (about NOK 10 million), it does open up possibilities of future contracts. An asphaltic core dam is going to be constructed at the gigantic Three Gorges project in China. For this Korsbrekke og Lorck will supply equipment and technology in close cooperation with AGN (Advisory Group of Norway).

In 1996, Veidekke's subsidiary Noremco initiated road projects with a strong element of asphalt in Zanzibar and Tanzania. The Asphalt Division will supply know-how and equipment for these projects.



Our cold-mix plants were also kept busy in 1996. We had major contracts for the Public Roads Administration's county offices in Hedmark and Oppland for milling, stabilising with bitumen and the re-use of recovered asphalt on roads, and for microsurfacing at a number of airports.

**Above:** The Veidekke Group is carrying out the paving of the eastern and western runways at the new main airport at Gardermoen. The photograph shows some of the Group's production equipment: the PMB plant (polymer modified bitumen) and an asphalt plant.

**Left:** Laying asphalt mastic in a busy city street. Kneeling Michael Schildger, on the right Magne Lunna and Jan Inge Lintho.



# PROPER

We aim to offer our customers the best possible solutions

by utilising our collective building and property expertise.

Key figures	1996	1995
Rental revenues	45.8	55.8
Property management	-13.8	-12.8
Ground rent etc.	-2.9	-4.0
Gross property management	29.1	39.0
Ordinary depreciations	-8.2	-11.0
Interest	-12.2	-22.4
Net property management	8.7	5.6
Properties under development	-5.3	-6.9
Profit/loss	3.4	-1.3
Net sales gain	2.7	2.1
Profit before taxation	6.1	0.8

## The market

The property market offered numerous interesting opportunities in 1996. A number of major tenants are in the market for relocation. There was also a general growth in employment which increased the need for premises. Although there is no indication that activity will diminish in 1997, we must expect less activity on the long term.

There has also been a great deal of activity on the investor market. Veidekke exploited this and sold several properties in the course of the year. If the interest rate remains low, an increasing number of investors will endeavour to improve their return on capital by investing in property. Veidekke will therefore continue to sell finished properties in 1997.

The level of new building activity is high and prices are rising, with the result that there was little change in the margins for developers in 1996. This activity will increase the vacancy rate for older buildings and on the longer term we can expect another fall in the market. However, this will create new and interesting possibilities for the use of existing buildings.

## Activities

The Property Division's total revenues from rent were NOK 45.8 million (NOK 55.8 million), of which NOK 31.1 million (NOK 43.0 million) derived from external tenants. This gave a pre-tax profit of NOK 6.1 million (NOK 0.8 million). The fall in rental revenues was due to the sale of properties.

The turnover figure also includes realised gains on sales of NOK 16.8 million. NOK 14.1 million of this figure was used to write down other properties. The profit includes interest charges and project costs for property under development totalling NOK 5.3 million (NOK 6.9 million).

In keeping with its corporate strategy, Veidekke has sold a large part of its externally leased, finished properties. 11 properties were sold in 1996 for NOK 190 million. At the end of the year, Veidekke owned property totalling 64,000 square metres (91,000 sq.m.), spread over 21 properties. Nine of these properties (21,000 sq.m.) are used by Veidekke itself.

## Skøyen, Oslo

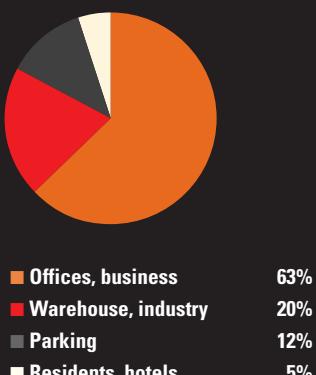
Veidekke's largest property under development for its own account is located at Skøyen in Oslo. Along with its partners, Veidekke has marketed and developed a site which, when completed, will contain five large buildings with a total floor space of 70,000 square metres. The building for the Norway Fashion Forum was completed in 1996 and about 120 different importers will have permanent displays there. This building also houses the Scandinavian Retail Group and Diners Club. It is now fully occupied and was handed over in January 1997.



**Veidekke's largest project for its own account is located at Skøyen in Oslo. The project has been sold to the insurance company Samvirke Forsikring, and in January 1997, Norway Fashion Forum was able to move into its new premises.**

**Opposite page: Management, operation and maintenance is an important business area. Caretaker Fred Bergar makes use of traditional and modern aids to supervise properties.**

**Floorage, external leases**



On the neighbouring site, the construction of a new hotel is underway. The hotel is leased to Scandic Hotel and it will be ready for occupancy in October 1997. This building will also contain Scandic Hotels' head office in Norway. Construction started on yet another building in the autumn of 1996. This is a smaller office building, which has been leased to Levi Strauss Norway, and it will be completed in November 1997. The last two buildings will be started some time in 1997. Veidekke will have its new head office in one of these two buildings.

The whole project was sold to the insurance company Samvirke Forsikring. This agreement gave Veidekke a gain of NOK 90 million. The agreement also stipulates that Veidekke will complete the construction of the buildings as turnkey contractor and be responsible for the management and operation of the area.

**Management, operation and maintenance**

Veidekke sees management, operation and maintenance as an important part of the total package deal in property development. This is confirmed by the market, as several clients who purchased property in 1996 were interested in entering into an agreement with Veidekke on management, operation and maintenance. Veidekke's largest external agreements today are for the management of the Skøyen development in Oslo, the Grøner building in Bærum, Olav Brunborgs vei 4/6 in Asker, and the Larvik Police Headquarters.

Knowledge of management, operation and maintenance is becoming an increasingly important factor in the competition for new tenants. It is relevant to the choice of materials and technical solutions when the building is being designed. It will become more and more customary to give the operational responsibility to the company which has done the construction work. Knowledge of management, operation and maintenance is thus an important competitive advantage.

**Cooperation with the Building Division**

Close cross-disciplinary cooperation within Veidekke is essential in order to increase its competitive power. This will be an advantage when it comes to product development and when it comes to market contact and marketing activities. Veidekke's Building and Property Divisions are now working together on several concepts that will offer interesting possibilities in the years to come.

**Prospects**

Veidekke has reduced its property portfolio to a minimum and has thus released expertise and capital for new projects. For the next year, the Property Division will concentrate on developing new concepts, sounding out the market for new development projects and building up its expertise in management, operation and maintenance.



**The Grøner Building at Fornebuveien 11-13 in Bærum was developed and built by Veidekke, and then sold to an investor group.**

**Book values  
(excl. associated companies)**

	NOK mill.	
	1996	1995
External leases	119.4	302.9
Own use	75.4	86.7
Total	194.8	389.6

Commercial sites under devel. 54.6 52.8

**Share of book values in associated companies**

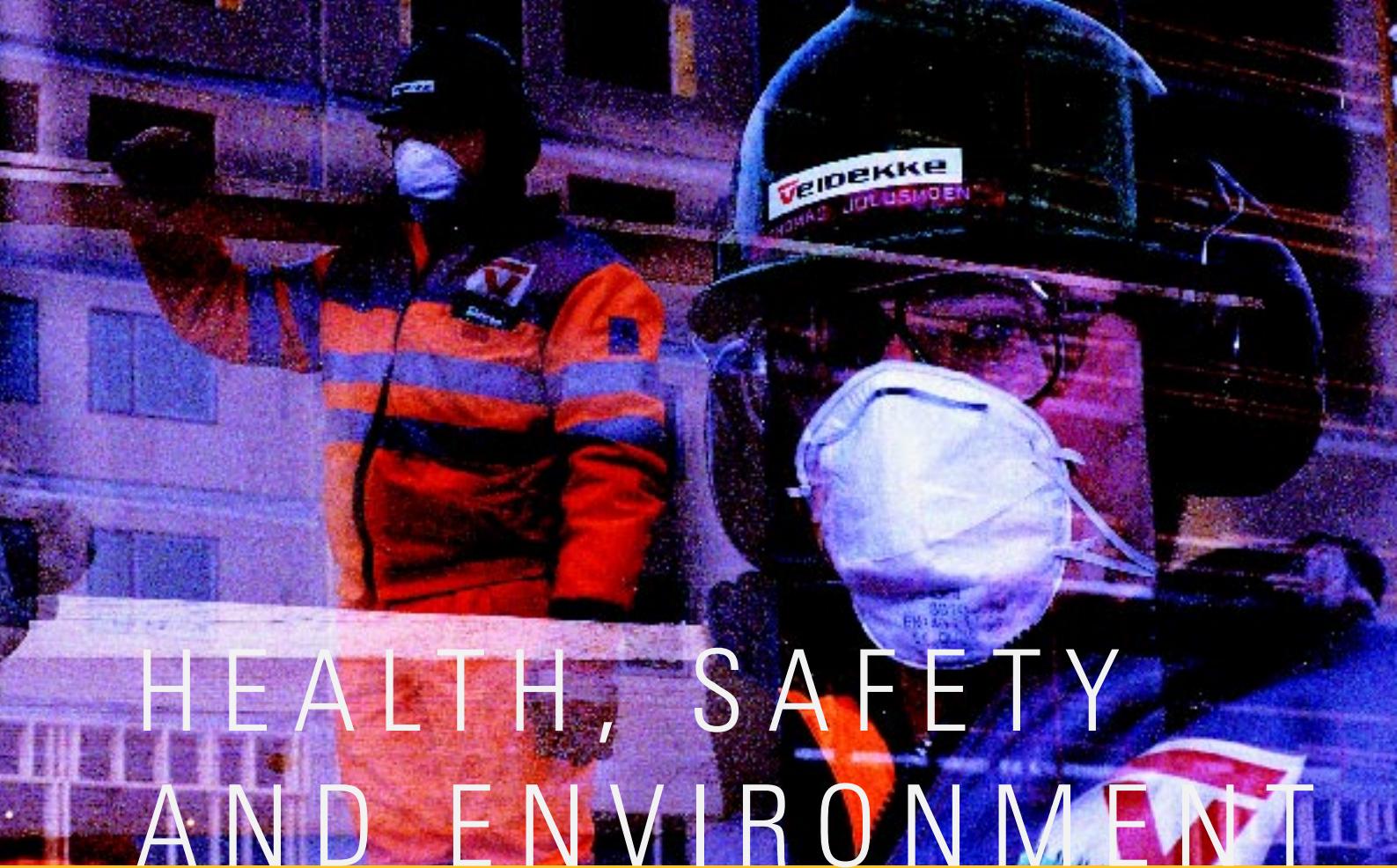
	1996	1995
External leases	61.7	43.8
Commercial sites	30.0	31.9
Total	91.7	75.7

**P R O P E R T Y   D I V I S I O N**

**List of properties as at 31 December 1996**

<b>Rental</b>		<b>ship</b>	<b>Owner</b>	<b>Gross floorage in square meters</b>					<b>level</b>
				<b>Site</b>	<b>Offices/</b>	<b>Wareh./</b>	<b>Resident./</b>		
<b>External leases</b>									
Skøyen BO <sup>1)</sup>	Oslo	42.5	3,543	8,645	1,695		2,217	12,558	15,000
Fornebuveien 1 - 3	Bærum	50	2,660	2,710	775		803	4,288	5,250
Gråterudveien 1	Drammen	100	5,327	5,822				5,822	2,720
Gråterudveien 45	Drammen	100	3,664	980			70	1,050	480
Tordenskjoldsgt. 10	Holmestrand	50	392	1,366				1,366	1,160
Prinsekvartalet	Larvik	100	3,588	1,610			849	2,459	3,750
Strandtorget Kjøpesenter	Lillehammer	9.5	570	962				962	1,300
Fosskvartalet <sup>1)</sup>	Lier	50	2,399	3,736	289		950	4,975	1,060
Langbakken 16	Ås	50	1,900	789				789	460
Totlandsveien	Bergen	100	6,493	100	618			718	80
Haavard Martinsens vei 27	Oslo	100	Leasehold	432	5,263		105	5,800	900
Iduns gate 2	Oslo	100	809	235			2,102	2,337	1,250
<b>Total external leases</b>			<b>31,345</b>	<b>27,387</b>	<b>8,640</b>	<b>2,102</b>	<b>4,994</b>	<b>43,124</b>	<b>33,410</b>
<b>Own use</b>									
Ringeriksveien 193 og 201C	Bærum	100	37,657	2,698	3,900			6,598	4,770
Trygve Nilsens vei 8	Oslo	100	Leasehold	1,351	1,290			2,641	1,450
Glitre	Gol	100	2,000	150	375			525	180
Smedasundet 50	Haugesund	100	5,860	1,032	3,078			4,110	1,750
Kokstadveien 48B	Bergen	100	6,500	934	925			1,859	1,100
Sognshøy	Råde	100	31,041	836	1,088			1,924	920
Greåkerveien	Sarpsborg	100	6,219	173			769	942	370
Sandane	Gloppen	100	4,429	230	340			570	180
Moelv	Ringsaker	100	11,000	650	1,070			1,720	400
<b>Total own use</b>			<b>104,706</b>	<b>8,054</b>	<b>12,066</b>	<b>769</b>	<b>20,889</b>	<b>11,120</b>	
<b>Total</b>			<b>136,051</b>	<b>35,441</b>	<b>20,706</b>	<b>2,102</b>	<b>5,763</b>	<b>64,013</b>	<b>44,530</b>
<b>Non-residential property under development</b>									
Skøyen B1A, Scandic <sup>1)</sup>	Oslo	50	987	625		3,520	1,450	5,595	
Skøyen B1B, Levis <sup>1)</sup>	Oslo	50	668	2,359			740	3,099	
Skøyen B2A <sup>1)</sup>	Oslo	50	999	4,544			1,038	5,582	
Skøyen B2B <sup>1)</sup>	Oslo	50	1,840	6,976			1,600	8,576	
Trygve Nilsens vei 10	Oslo	100	5,500	2,800	1,400			4,200	
Årvollveien 70	Oslo	100	9,400	5,000				5,000	
Fornebuveien 5 - 7	Bærum	100	1,500	3,000	500		1,900	5,400	
Olav Brunborgs vei	Asker	100	3,000	7,000			3,000	10,000	
<b>Total</b>			<b>23,894</b>	<b>32,304</b>	<b>1,900</b>	<b>3,520</b>	<b>9,728</b>	<b>47,451</b>	

1) Associated company



# HEALTH, SAFETY AND ENVIRONMENT

Health, safety and environment at the workplace and protection of the outdoor environment throughout the building process are central to Veidekke's objectives and strategy.

### A continuous improvement process

The priority given to the work of improving health, safety and environment at Veidekke produced positive results in 1996. The improvements that have taken place are due, among other things, to an active emphasis on HSE routines and regulations, the alternative to sick leave and injury follow-up and on the reporting of undesirable episodes and dangerous situations. Seen as a whole, Veidekke has not yet attained its target of an injury rate of less than 12 and an absence rate of less than five per cent. Continuous efforts are being made to achieve the same improvement this year.

### On the right road

The number of lost-time injuries was 83, as against 91 the year before. As the number of man-days worked increased in 1996, the injury rate fell from 19.9 to 16.3. The greatest improvement could be seen in the Building Division, and particularly in Region Oslo, where the injury rate sank from 41.3 to 7.5.

Heavy Construction showed a small increase compared with 1995, but in the second half of the year, the trend was reversed and the injury rate is now falling again. At the end of the year, the injury rate was 20.3. Asphalt showed a slight upswing, but is still under the target figure. This Division had one fatal accident in July, the first at Veidekke for ten years. One of our asphalt workers was hit by a reversing vehicle during asphalt work at Kvaløy in Troms. This is deeply regrettable and a tragedy for the family and people who were involved. This accident has prompted further attention to Veidekke's internal rule of an acoustic reversing signal on vehicles in regular transport.

Sick leave at Veidekke was 5.4% in 1996, the same as the year before. Veidekke's absence statistics are much the same as those of other contractors. Among the divisions, Heavy Construction and Asphalt showed an improvement, while absence increased in the Building Division. Asphalt and Heavy Construction are both below the Group's target of maximum 5%. In the Building Division, however, absence has increased over the past two years from 4.5 to 6.8%. We are working to reverse this trend.

Veidekke's costs during absence for all employees, hourly and monthly paid, increased from NOK 9.0 million in 1995 to NOK 9.7 million in 1996.

### HSE as a way of life

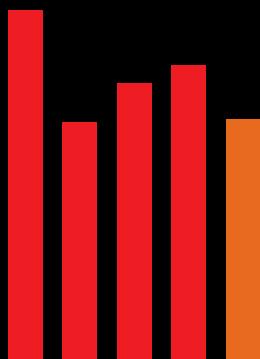
Statistically speaking, one of Veidekke's employees or subcontractors will lose their lives once every second year and be permanently injured once every six months at our workplaces. For many years Veidekke has managed to avoid such accidents. Attitudes and visible leadership are the most important input factors in the improvement process. HSE must become a way of life for Veidekke's employees. We do not want any of our employees leaving the workplace with injuries. This requires everyone's attention, including that of the top management. In this connection, we can mention that President and CEO Terje R. Venold took part in 19 inspection rounds in 1996. Health, safety and environment is on the agenda at Veidekke, be it a board meeting or a building site meeting.

As part of its efforts to increase knowledge about and attitudes to HSE, Veidekke runs extensive courses. Of the 3,200 course days organised internally, 1,508 concerned HSE. About 250 persons attended the 40-hour course on HSE in 1996. Through the internal courses, the management keeps the pressure on training and competence building in HSE.



**Veidekke has drawn up a contingency plan for major accidents at workplaces and in 1996 five realistic drills were held at some of its larger building and construction sites. The photograph was taken during the drill at Amanda Centre in Haugesund.**

Lost-time injuries per million  
working hours



Veidekke has drawn up a contingency plan in the event of a major accident at the workplace. In 1996, five realistic drills were held at major building and heavy construction sites. The experience so gained will be collected and processed by a working group which will submit proposals for further work on contingency plans and drills at Veidekke.

#### **More good working years for everyone**

Veidekke has had its own company medical service since 1986. The goals of the medical service are:

- More good working years for everyone
- Prevent damage to health caused by risk factors at work
- Prevent «expulsion» from working life

All employees at Veidekke are called in to an 'industrial health' examination every third year. The number of examinations therefore varies from year to year. In 1996, a total of 1,198 examinations were carried out at the workplaces in the form of an interview specifically relating to the work environment. Depending on their type of work, employees had their lung capacity tested (spirometer), their hearing tested and were questioned about their lifestyle. 45% of the persons tested had impaired hearing. A committee has been set up at Veidekke to look into the need for more types of personal protection equipment with a view to finding better protective equipment than we have today and to increasing the total use of such equipment, including ear protectors.

All employees in Rogaland, Hordaland and Sogn og Fjordane who are exposed to dust have had chest x-rays. No cases of pneumoconiosis were found in 1996. The surveys will continue in other counties.

The most serious health problem in the building and construction industry is stress injuries, which are the most frequent cause of long-term sick leave at Veidekke and in Norway in general. The medical service is following up all long-term sick leave (eight weeks or more) with a view to making it possible to return to work. Absence and rehabilitation committees have been set up in each division.

Active sick leave, that is a gradual return to work in cooperation with the social security office, was introduced by Veidekke in 1993. This scheme is now being used with considerable success. Veidekke has about 10% of its long-term patients on active sick leave. Experience has shown that this shortens the total sick leave period. The medical service will now give priority to the work of uncovering causal relations by comparing data from their examinations of the employees.

#### **Little green notepad**

When the Working Environment Act was passed in 1977, Veidekke compiled its own safety handbook, which is now in standard use in the building and construction industry. The rules for internal control have been integrated into the handbook since 1989 and in 1996 the safety handbook was integrated into Veidekke's most frequently used manual: The Manual for Site Managers.

Veidekke has attached more and more importance to the reporting of undesirable situations and near-accidents with a view to improving risk awareness and learning. In 1996, a total of 746 near-accidents, undesirable situations and cases of material damage were reported. This is double the number from the year

before. In 1996, a notepad was prepared for simple reporting and distributed to every workplace in the hope that everyone who works in production, including sub-contractors, will take it with them and make that small entry that is needed to report an undesirable episode.



**Left:** Veidekke emphasises the importance of reporting undesirable episodes and near-accidents. To make reporting as simple as possible, small notepads have been prepared for everyone to carry about with them. The photograph shows surveyor's assistant Øivind Ingjerd and foreman Tore Skaret making notes.

#### **Marked reduction in the injury rate in Oslo**

In Region Oslo, there has been a marked reduction in the injury rate, from more than 40 in 1995 to 7.5 at the end of 1996. Here, there were four absences due to injury in 1996, as against 20 in 1995. In seven of the year's twelve months there were no injuries. In 1995, none of the injured came to work as an alternative to sick leave. In 1996, five employees made use of this option. The reporting of near-accidents is a good measure of risk awareness and involvement down the line. In 1995, Region Oslo reported 21 near-accidents and in 1996, 185 were reported. The total absence figure used to be around eight per cent, but is now approaching six per cent.

How have they achieved this? Just by implementing more of the same measures that were introduced in 1995. They have kept the pressure on HSE, realising that «everything takes time». The line managers have implemented HSE measures with the help of the staff function. Information, attitude-shaping work and cooperation are the watchwords. Much attention has been focused on the start-up routines, where HSE is integrated. Information about the alternative-to-sick-leave scheme has produced results. Without the five employees who made use of this option, the injury rate would have been 16.9 in 1996. HSE runs like a red thread through the Region's activities plan. The plan has been communicated to all employees, with specific emphasis on the number of injuries and what activities must be carried out and monitored.

#### **Good follow-up in Høyanger**

In 1996, Veidekke continued to carry out construction work for Hydro Energy in Sogn at Høyanger Power Plant, which involved the renovation of the dam plant up in the mountains near Høyanger and the renovation of the penstock for the power plant. Høyanger Power Plant has notified Veidekke in writing of its satisfaction with the professional manner in which the projects were carried out in 1996, with no injuries and adequate reporting of dangerous situations.



Høyanger Power Plant has said that it sees the reporting of dangerous situations as a particularly important part of the work of avoiding contractor injuries.

## Trial project at Rena

At the end of the year, a trial project was started aiming at reducing injury statistics and sick leave at Veidekke's construction site at the Rena military base. An agreement was made between the project management and the hourly-paid employees that everyone would be paid one krone extra per hour for each percentage fall in absence per quarter. This project was approved by the working environment committee in the Heavy Construction Division.

As regards injuries, the agreement was to pay one krone extra per hour worked for each quarter without injuries causing absence. During the fourth quarter of 1996, sick leave was 1.8 per cent and absence due to injury was 0 and this gave a total bonus of two kroner per hour. The office staff have a similar bonus scheme, linked with the annual HSE statistics. After a while, the trial project will be evaluated to see whether this scheme is worth building on and whether it can be used in other projects.

## VEIDEKKE AND THE OUTDOOR ENVIRONMENT

In Norway, the building industry alone is responsible for the production of more than 3.5 million tonnes of waste a year. In the past the building industry has been most concerned with volumes of waste and waste separation. It has therefore not been customary to plan structural designs, use of material and performance in such a way that waste is kept to a minimum. Surveys have shown that only a small part of the waste is separated for re-use and recycling, and that a considerable part of it is managed contrary to current rules.

Veidekke regards this as a social problem and is working actively to look after the environmental aspects throughout the building process, i.e. from the procurement of the materials and equipment, through our own production, the user community and the building's lifetime to a possible demolition and recycling.

During the past two years, Veidekke has taken part in several projects aiming at developing more environmentally acceptable building projects and better management and recycling of waste from the building and renovation process.

## Separation at source

In 1995, Veidekke started a process where it was decided to start by separating building site waste at source, especially on house renovation projects. One of the first building sites where waste separation was introduced was the Manglerudjordet Housing Cooperative, the largest renovation project carried out by Veidekke in 1995-96. Here, 502 balconies were replaced, 20,000 square metres were insulated and faced with brick, and 11,000 square metres of roofing was re-laid. The result of the projects was a saving of several hundred thousands of kroner in waste disposal fees. The building site was tidier and safer and appeared far more environmentally acceptable to the tenants in the housing cooperative.

## Eco-management in building and construction companies

This process has been continued through participation in the joint project «Eco-Management in Building and Construction Companies», which aims to help companies to achieve their internal targets for management and control of environmental improvements in a more efficient way. The general results will be



One of the first building sites to make systematic use of waste separation was the Manglerudjordet Housing Cooperative.

distributed to the building and construction industry. The companies' experiences will be utilised to influence the authorities to develop their environmental requirements in a suitable and feasible direction.

Veidekke has chosen the renovation of Lille Ekeberg housing cooperative as a reference project. The client, Oslo Housing Cooperation, expressed its interest in this project, because the renovation in itself was a substantial environmental improvement and because the client had made specific requirements of the contractor.

An environmental plan was drawn up taking the residential environment and outdoor comfort and well-being into consideration. Requirements were set regarding order and safety on the building site and source separation of building waste. The client had included these requirements in the tender specifications to the contractor. The tone and attitude of the workers on the site will be evaluated, especially where they are in close contact with the tenants. It is important that the craftsmen doing indoor work show consideration and tidy up when they are finished. Criteria have been laid down and surveys will be carried out among the tenants and Veidekke's employees during the building period which lasts until November 1997.

#### **Pilot project for Telenor**

Veidekke participated in a pilot project for Telenor Eiendom in Bergen, involving the conversion of a warehouse into 2,500 square metres of office space. Telenor is one of Norway's largest property owners and it has made it its policy to concentrate on buildings which are environmentally sound and which conserve energy. This pilot project is the basis for the criteria by which future contractors looking for building contracts for Telenor will be judged. The criteria concern the way the products, which are built in to a building, affect our overall way of life and the well-being and productivity of individual employees. Among other things, emphasis has been given to obtaining information about the different building materials and their total life cycle and to the cleaning of the building at a far earlier stage in the process than is customary. Here, too, as at Veidekke's other building sites in Bergen, waste was separated at source and resulted in considerable savings.

This concept, and the willingness and ability to set aside sufficient resources to meet new requirements and ideas, resulted in a mutually successful building contract. The result of the project will be used as the basis for the specifications for Telenor's new building at Kokstad near Flesland and Telenor's development at Fornebu.

The construction of a new hotel for Scandic Hotels at Skøyen is another project that is being carried out in accordance with environmental requirements in cooperation with the client, and a number of other clients are developing similar models for future development and renovation work.

#### **Top marks to Veidekke for source separation at Rena**

Protection of the outdoor environment, environmental inspection and audits continued in 1996 at the Rena military base. Veidekke is one of the contractors for this development and is responsible for the operation of the waste-handling station where waste is separated at source prior to removal. The quality audit carried out by the client on 15 January 1997 gave positive results.

In 1996, the target for this waste-handling station was a total share of residual waste (after separation) of less than 50%. This share rose to 53% in 1996. Veidekke believes that this is due to the degree of completion of the project and to the fact that source separation at certain building sites is not satisfactory. Some of the blame can be attached to the lack of differentiation in price for the different types of waste.

The residual waste from Veidekke's contracts amounted to 43%, making Veidekke the best among the contractors in the area. As a result of the high degree of completion and high level of building activity, Veidekke's own deliveries of separated waste can be broken down as follows (1995 figures in brackets): 667.8 (183) cub.m. of timber, 603.2 (150) cub.m. of residual waste, 77 (10) cub.m. of cardboard and paper and 6.55 (3.7) tonnes of metals.

In 1996, 854,000 litres of tax-free diesel (350,000) and 97,000 litres of taxed diesel (27,000) were sold from the tank station adjoining the waste-handling station. Since its start-up in June 1995, a total of 1,338,000 litres of diesel have been sold. Spills of diesel collected at the tank station totalled 600 litres (1,100 litres in 1996). Containers have also been placed under the tanks in the field.

#### **Vital criterion for success**

In 1996, Veidekke completed most of the work on the 10.3 kilometre stretch from the Arteid Bridge to Kverndalen on the Gardermoen line. At the most, 260 persons and 70 units of machinery were employed at this site. This is one of Veidekke's largest heavy construction contracts. A separate HSE plan was drawn up for this site, based on the client, NSB Gardermobanen's contractual terms and HSE plan and Veidekke's own targets.

Protection of the outdoor environment has been one of the most important criteria for success on the Gardermoen line and a number of general environmental requirements were specified. In this connection, Veidekke prepared a contingency plan for environmental pollution.

Veidekke's safety plan specifies a number of measures for training, waste management of expendables, building waste, demolition waste, tree felling and hazardous waste. Noise readings were taken and noise reduction measures implemented, along with measures for fuelling and oil changing. Each unit of machinery carries an absorbent agent for oil spills. The safety plan specifies special measures for machinery maintenance and monthly check lists. Veidekke emphasises the use of newer equipment as an extra safeguard against leakages and hydraulic break-down. The plan includes extensive measures to prevent erosion, including the diversion of water from the excavated area, transport roads, temporary landfills and diversion of water from these. Monitoring points were set up in the streams to monitor the transport of particles in the river systems. Separate plans were drawn up for the special landfills for the fulfilment of contractual requirements and a timetable set up for the re-establishment of vegetation. The necessary follow-up is ensured by a control plan for protection of the environment.

#### **Asphalt and the environment**

Veidekke's Asphalt Division produced 1,497,000 tonnes of asphalt in 1996 (1,448,000) and consumed 11,160 tonnes of oil and gas (11,680). Consumption of raw materials was 80,000 tonnes of bitumen (78,000 tonnes). 169 tonnes of

amine (191 tonnes), 65,000 litres of asphalt cleaner (60,000 litres) and 55,200 litres of white spirit (47,300 litres) were used. Asphalt cleaner is used instead of diesel to clean equipment. Amine is added to asphalt to achieve the required adhesion to certain types of stone.

The contract awarded to Veidekke for asphalt paving at Gardermoen, the largest asphalt contract ever awarded in Norway, is for a total of almost 500,000 tonnes. In 1996, 83,000 tonnes were produced and the volume will increase to 350,000 tonnes in 1997. The client has specified that oil spills must be collected and that all machines must carry absorbent agents.

Veidekke has converted the mobile asphalt plant that is standing at Gardermoen for gas operation and the new plant that is now under assembly is also gas-fired. Gas-firing entails fewer emissions and thus environmental gains.

Considerable environmental and financial savings can be achieved by re-using recovered asphalt on roads, stabilisation with bitumen by milling and the addition of bitumen to existing asphalt for road improvement and repair.

In 1996, Veidekke laid about 25,000 tonnes of recovered asphalt using the cold-mix technique (30,000 tonnes). Considering the financial and environmental advantages, demand is still low. Re-use with milling and stabilisation with bitumen increased in 1996, and Veidekke repaired a total of 724,000 square metres of roads. This corresponds to the laying of 191,000 tonnes of asphalt. 548,000 square metres was levelled by cold milling instead of filling up wheel tracks or laying new asphalt. At various airports throughout Norway, Veidekke has laid 166,000 square metres of microsurfacing (cold technique).

Veidekke is working continuously on adapting its production to meet future environmental requirements. A trial project has been initiated for the production of warm asphalt at a temperature of up to 100 degrees lower than today's production. This will reduce emissions to about a third of the present level. Energy costs will be reduced by up to 40% and the risk to which asphalt workers are exposed will also be considerably reduced.

The asphalt surfaces and other tarry substances at the Fornebu airport total about 350,000 tonnes. Consultants Berdal Strømme have engaged Veidekke on behalf of the Directorate of Public Construction and Property to evaluate alternatives to removal, treatment and re-use of the asphalt surfaces at Fornebu when the airport is closed. Veidekke is cooperating with Nynäs Bitumen AB on re-use technology. This volume will make a heavy impact on the asphalt market in the immediate area. The market for recovered asphalt in Norway is about 400,000 tonnes, or about eight per cent of the total market.

Veidekke has contacted the authorities with a view to setting up guidelines and getting permission to receive demolition waste and waste from building sites at its crushing plants. The vacated areas in stone quarries make suitable storage places for recovered waste, both treated and untreated. Concrete can be crushed in the crushing plants and the iron removed; timber can be chopped into chips and vegetation masses can be stored and processed into horticultural soil.



**Microsurfacing Norwegian roads.**

# The Corporate Management

**Veidekke's divisional heads and staff management are members of the Corporate Management**

## **TERJE R. VENOLD**

Terje R. Venold (46), President and CEO. Graduated from the Norwegian School of Management (BI) with an MBA in 1973.

Started working for Veidekke in 1981. Was appointed President and CEO in 1989. Number of shares in Veidekke: 11,550.



## **PETTER EIKEN**

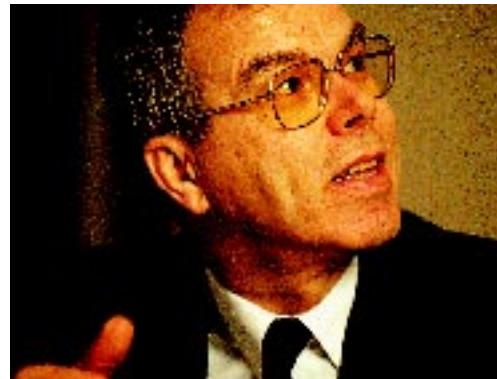
Petter Eiken (41), Senior Vice President, Building. Graduated from the Norwegian Institute of Technology in Trondheim in 1980. Has been working for Veidekke since 1986, in present position since 1994.

Deputises for the President and CEO. Number of shares in Veidekke: 3,032.



## **OLE ARNFINN OPSAHL**

Ole Arnfinn Opsahl (41), Senior Vice President, Heavy Construction. Graduated from the Norwegian Institute of Technology in 1978. Took his doctorate in concrete technology in 1986. Has been working for Veidekke since 1987, in present position since 1994. Number of shares in Veidekke: 4,434.



## **LEIF E. JOHANSEN**

Leif E. Johansen (52), Senior Vice President, Property. Graduated from the Norwegian Institute of Technology in 1967. Appointed head of the Property Division in 1995. Number of shares in Veidekke: 5,950.

**EIGIL FLAATHEN**

Eigil Flaathen (52), Managing Director of Korsbrekke og Lorck AS. Graduated from the University of Washington, USA, with a degree in engineering in 1968.

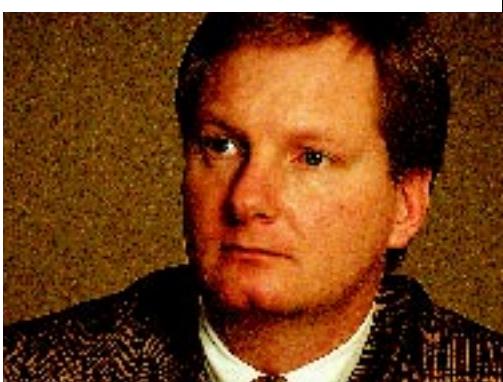
Has been working for Veidekke since 1977. Head of Veidekke's subsidiary, Korsbrekke og Lorck AS, since 1993.

Number of shares in Veidekke: 8,689.

**VIDAR AARVOLD**

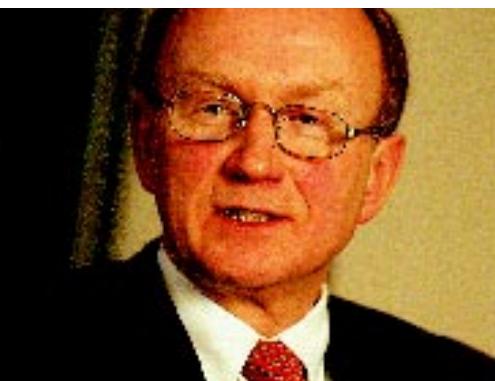
Vidar Aarvold (45), Senior Vice President, Asphalt. Graduated with a B.Sc. (Eng.) from the University of Sunderland, England, in 1976. Previously employed by Veidekke from 1976 to 1988. Appointed head of the Asphalt Division in 1995.

Number of shares in Veidekke: 100.

**DAG ANDRESEN**

Dag Andresen (35), Senior Vice President, Corporate Staff with responsibility for financial control, finance/investor relations, IT, logistics, and legal affairs. Graduated from the Norwegian School of Management (BI) in 1986. Has been working for Veidekke since 1986, in present position since 1995.

Number of shares in Veidekke: 4,400.

**TORKEL BACKELIN**

Torkel Backelin (53), Senior Vice President, Corporate Staff with responsibility for organisational development, personnel, health and safety, quality assurance, information, industrial policy, strategy and R&D.

Graduated from the Stockholm School of Economics in 1965. Employed by Veidekke since 1989, in present position since 1995.

Number of shares in Veidekke: 10,330.

# Organisation



# Addresses

## HEAD OFFICE

P.O.Box 3, N-1361 Billingstad  
Office address:  
Olav Brunborgs vei 4, Billingstad  
Phone: +47 66 98 53 00  
Fax: +47 66 98 13 44

## HEAVY CONSTRUCTION DIVISION

P.O.Box 111, N-1314 Skui  
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Ringeriksveien 193 B, Vøyenga  
Phone: +47 67 15 41 00  
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## BUILDING DIVISION

REGION OSLO  
P.O.Box 84 Ellingsrudåsen,  
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Office address:  
Trygve Nilsens vei 8, Oslo  
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## Moderne Bygg A/S

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## District S. Akershus

P.O.Box 55, N-1430 Ås  
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## District Indre Østland

P.O.Box 203, N-2391 Moelv  
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## District Romerike

**Seby AS**  
Vestvollveien 6, 2020 Skedsmokorset  
Phone: +47 63 87 82 80  
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## REGION SOUTH

P.O.Box 300, N-3101 Tønsberg  
Office address:  
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Phone: +47 33 30 79 79  
Fax: +47 33 30 79 77

## District Buskerud

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## District Vestfold

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Fax: +47 33 30 79 77

## District Midt-Telemark

Address: Gvarveien, Rute 011  
3800 Bø i Telemark  
Phone: +47 35 95 04 11  
Fax: +47 35 95 09 59

## District Sørlandet

Address: Gyldenløves gate 31,  
4614 Kristiansand S  
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## REGION WEST

**District Bergen**  
P.O.Box 94/95, N-5061 Kokstad  
Office address:  
Kokstadveien 48 B, Kokstad  
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## District Haugesund

Address: Smedasundet 50,  
5500 Haugesund  
Phone: +47 52 72 95 00  
Fax: +47 52 72 80 14

## District Sogn og Fjordane

P.O.Box 63, N-5801 Sogndal  
Office address: Kaupanger  
Industriområde, Kaupanger  
Phone: +47 57 67 90 10  
Fax: +47 57 67 90 11

## REGION NORTH

P.O.Box 6101 Sluppen,  
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Office address: Sluppenveien 11  
Phone: +47 73 82 35 00  
Fax: +47 73 82 35 90

## District Tromsø

P.O.Box 5307, N-9024 Tomasjord  
Office address: Austadbygget  
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Fax: +47 77 68 80 08

## PROPERTY DIVISION

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## ASPHALT DIVISION

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## KORSBREKKE OG LORCK AS

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## REGIONAL OFFICES, ASPHALT

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## Region Trøndelag

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## Region West

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## Region Nordland/Troms

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Phone: +47 75 64 85 02  
Fax: +47 75 64 85 06

## Region Finnmark

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Phone: +47 78 43 42 44  
Fax: +47 78 43 57 96

## A/S NOREMCO CONSTRUCTION

Head office:  
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Phone: +47 22 42 76 66  
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## Branch office:

P.O.Box 23287, Oyster Bay  
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Phone: 255 51 667 164  
Fax 255 51 667 676

## Branch office:

Executive House 1st Floor  
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Lusaka, Zambia  
Phone: 260 1 24 1440  
Fax: 260 1 24 1442

## Largest Ongoing Projects

Project	Client	Estimated total turnover (Veidekke's share) NOK mill.	Remaining work as at 31 December 1996 NOK mill.	Completion date	Type of contract	
					Completion date	
<b>Building</b>  Projects distributed by size Total of 361 projects	Amanda Shopping Centre, Haugesund	Steen & Strøm Invest and OBS	258	54	March 1997	Negotiated contract
	Norway Fashion Forum, Oslo*	Samvirke Forsikring	178	12	March 1997	Negotiated contract
	Office building for Kværner, Lysaker, Bærum	Kværner ASA	103	98	February 1998	Negotiated contract
	Addition to Sandvika Shopping Centre, Bærum	Olav Thon Eiendomsselskap	121	96	December 1997	Negotiated contract
	Scandic Hotell, Oslo*	Samvirke Forsikring	75	36	October 1997	Negotiated contract
	Sofienlund rehabilitation Centre, Son i Østfold	Sofienlund Foundation	61	57	March 1998	Negotiated contract
	Vålerenga housing project, Oslo	Veidekke ASA	51	48	February 1998	For Veidekke's own account
	Levi Strauss building, Oslo*	Samvirke Forsikring	46	40	December 1997	Negotiated contract
	*The Skøyen project					
<b>Heavy Construction</b>  Projects distributed by size Total of 104 projects	Western runway, Gardermoen	Oslo Main Airport	250	171	Autumn 1998	Main contract
	North Cape Tunnel, Finnmark	Public Roads Administration, Finnmark	187	76	2000	Main contract
	Double track Såstad-Haug, Østfold	Norway State Railways	148	113	April 1999	Main contract
	Multi-storey car park, Oslo S	Oslo Parking	118	118	May 1998	Main contract
	Quay in Thailand (Nocon)	Siam Cement	90	90	January 1999	Main contract
	Tunnel Suza, Italia (Nocon)	Pont Ventoux	80	76	February 1999	Main contract
	Airport train terminal, Oslo S	Norway State Railways, Gardermobanen	70	70	April 1998	Main contract
	E6 Tangerud - Hvam, Akershus	Public Roads Administration, Akershus	70	32	July 1998	Main contract
	E6 Smørbekk - Hølen, Akershus	Public Roads Administration, Akershus	59	47	October 1998	Main contract
	Gulskogen connecting road, Drammen	Drammen local authorities	54	54	December 1997	Main contract

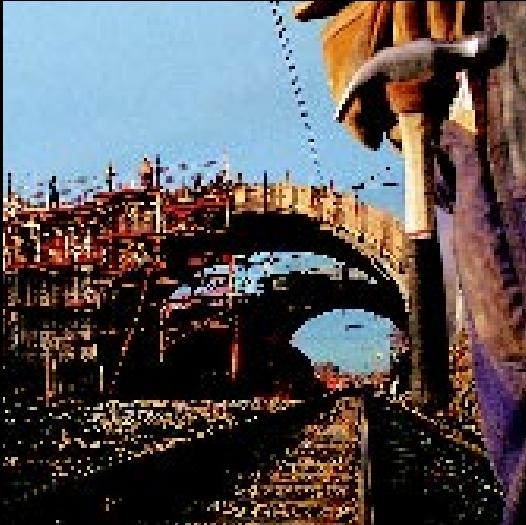
## Asphalt

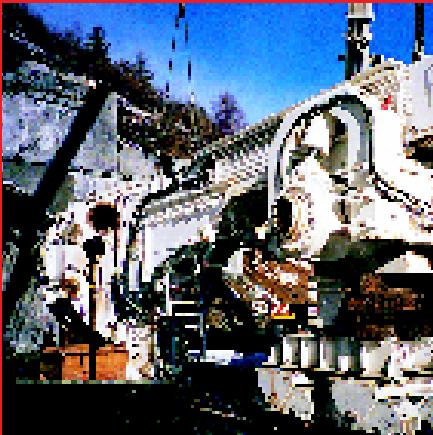
Project	Client	Estimated total turnover (Veidekke's share) NOK mill.	Remaining work as at 31 December 1996 NOK mill.	Completion date
Eastern and western runways, Gardermoen, Akershus	Oslo Main Airport	170	139	1998
Svartisen, asphalt core, Nordland	Statkraft Anlegg as	80	18	1997
Dam Urar, asphalt core, Setesdal	Otteraens Brugseierforening	10	9	1997
Trunk road 174, Gardermoen	Public Roads Administration	20	5	1997

## Property

Project	Type of project	Square metres	Veidekke's ownership share
Skøyen B1A, Scandic, Oslo	Hotel	5,595	50%
Skøyen B1B, Levis, Oslo	Office building	3,099	50%
Skøyen B2A, Oslo	Office building	5,582	50%
Skøyen B2B, Oslo	Office building	8,576	50%
Trygve Nilsens vei 10, Oslo	Office, warehouse, industrial building	4,200	100%
Årvollveien 70, Oslo	Office and commercial building	5,000	100%
Fornebuveien 5 - 7, Bærum	Office building	5,400	100%
Olav Brunborgs vei, Asker	Office building	10,000	100%

**Veidekke aims to be  
Norway's leading  
construction  
company, in terms  
of expertise and  
financial strength.**





A fullface boring machine in operation at Nocon's site in Northern Italy.



Veidekke is building fourteen half-timbered houses and thirteen terraced flats at Tærud Terrace in Skedsmo.

**Veidekke was awarded the contract for the reconstruction of the old Drammen Theatre after the fire in December 1993. The theatre was reopened in February 1997.**



Veidekke was awarded the contract for the 10.3 km stretch of railway from Arteid Bridge to Kverndalen of the Gardermoen line. In addition to building up the trackbed, Veidekke has built four bridges and seven culverts.



**Veidekkes largest development project at Skøyen in Oslo, where five buildings are being erected, has been sold to the insurance company Samvirke Forsikring.**

The tenants include Norway Fashion Forum, Scandic Hotel and Levi Strauss.

Veidekke is also planning to move its head office to Skøyen.



Veidekke/Korsbrekke og Lorck is the only Norwegian company with special knowledge of asphaltic cores in rock-fill dams. This technology has attracted a great deal of interest at home and abroad. Work of this kind is currently being carried out at Svartisen for Statkraft Anlegg as.



**Veidekke ASA, P.O. Box 3, N-1361 Billingstad, Norway**

# Veidekke

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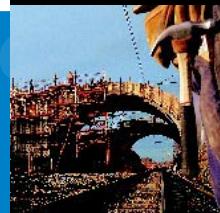
Cash Flow Analysis

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Shareholders Policy

VEIDEKKE

Veidekke aims to be  
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Annual Report 1996

Bank /insurance

Industry

Shipping