



# Press Release

5 May 2010 – 1.30 p.m.

## Application and effects of new accounting principles for Peab's housing production

### **Change in accounting principle**

From 1 January 2010 the Group applies IFRIC 15, Agreements for the Construction of Real Estate. IFRIC 15 clarifies when revenue from different kinds of contracts concerning the construction of real estate should be recognised, which affects Peab's housing project reporting.

According to the current principle revenue and profit and loss is reported according to IAS 11, Construction contracts, with the percentage of completion method calculated on the percentage completion and sales degree. As a result of the new principle IAS 18, Revenue, will be applied to Peab's housing projects in Finland and Norway as well as Peab's own single homes in Sweden. Revenue from these projects will be recognised first when the home is handed over to the buyer. IAS 11 is still deemed applicable on tenant-owner housing projects in Sweden and they will continue to be reported according to the percentage of completion method. However, sales degree will not be taken into account. (See below). Expenses in the housing projects that will be reported according to IAS 18 will be recognised as work-in-progress in the balance sheet. On account invoices to customers will be reported as non-interest-bearing liabilities, and loans to finance housing projects will be reported as interest-bearing liabilities.

### **Change in accounting estimates**

From 1 January 2010 sales degree will not be taken into account for housing projects. In tenant-owner housing projects in Sweden where IAS 11 is still applicable this entails a change in accounting estimates of aggregated profit which will be applied in future reporting only. No recalculations will be made for previous periods. Therefore profit and loss effects from adjustments in sales degree are included in comparable items for 2009 in the Construction segment.

### **Legal reporting and segment reporting**

Application of IFRIC 15 has not entailed any changes in Peab's internal project steering or financial follow-up. Segment reporting will continue to be based on the percentage of completion method since this mirrors how executive management and the board monitor the business.

As from the interim report of January-March 2010 a bridge will be created in segment reporting between Operative reporting according to the percentage of completion method and Legal reporting.

The legal reporting of revenue and profit and loss according to IAS 18 will be postponed and somewhat more uneven compared to reporting according to IAS 11. Calculating according to the percentage of completion method without taking into consideration sales degree will result in a faster recognition of revenue in both legal and operative reporting.



## Segment reporting

The table below shows how net sales, operating profit and operating margin are presented.

	From 1 January 2010	Recalculated 2009
Construction	Percentage of completion method <u>excluding</u> sales degree in Sweden, Norway and Finland	Percentage of completion method <u>including</u> sales degree in Sweden, Norway and Finland (no changes)
Civil Engineering	No changes	No changes
Industry	No changes	No changes
Group functions	No changes	No changes
<b>TOTAL OPERATIVE</b>		
Adjustment for housing reporting	Recalculation of own single homes in Sweden and all housing projects in Norway and Finland according to IAS 18	Recalculation of own single homes in Sweden and all housing projects in Norway and Finland according to IAS 18
<b>TOTAL LEGAL</b>		

The 2009 income statements and balance sheets have been recalculated per 31 December 2008 and for each quarter in 2009 and are presented in appendix along with the recalculated segments for each quarter in 2009.

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Peab AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.

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Previous press releases from Peab are available at [www.peab.com](http://www.peab.com)

Peab is one of the leading construction and civil engineering companies in the Nordic countries, with about 13,000 employees and net sales exceeding SEK 35 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. The Corporate Office is located in Förslöv on Bjärehalvön in southern Sweden. The share is listed on NASDAQ OMX Stockholm.

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