

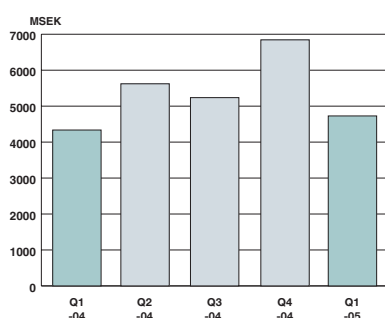


INTERIM REPORT
JANUARY-MARCH 2005

Net sales increased by 9 per cent to SEK 4 728 million (4 336)
.....
Profit after financial items amounted to SEK 48 million (18)
.....
Profit for the period amounted to SEK 246 million (13)
.....
Profit per share amounted to SEK 2.90 (0.20)
.....
Orders received amounted to SEK 5 438 million (5 397)
.....
Order backlog amounted to SEK 16 945 million (14 936)
.....

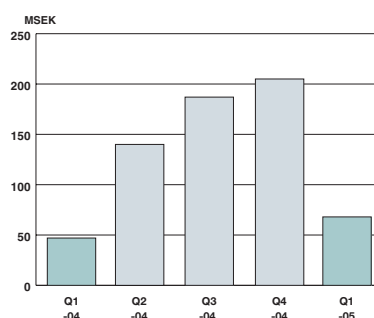
Interim Report January – March 2005

Net sales



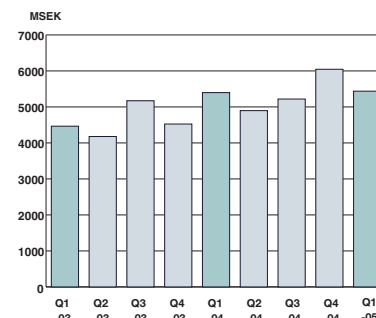
The Group's first quarter net sales amounted to SEK 4 728 million, which was an increase of 9 per cent compared with the corresponding period the previous year. Adjusted for acquired and divested units, the increase in net sales amounted to 8 per cent. The increase is evenly divided among the activities.

Operating profit



The Group's first quarter operating profit amounted to SEK 68 million, compared to SEK 47 million the previous year. The first quarter is a weak season because of the affects of the winter climate. Operating profits for the latest rolling 12-month period amounted to SEK 600 million compared to SEK 579 million for the full year 2004.

Orders received per quarter



Orders received during the first quarter amounted to SEK 5 438 million, compared to SEK 5 397 million the previous year. Order backlog amounted to SEK 16 945 million, compared to SEK 15 899 at the end of the year.

The Group

MSEK	Jan-Mar 2005	Jan-Mar 2004	Apr-Mar 2004/2005	Jan-Dec 2004	Financial objectives
Net sales	4 728	4 336	22 431	22 039	
Operating profit	68	47	600	579	
Operating margin	1.4%	1.1%	2.7%	2.6%	
Profit after financial items	48	18	553	523	
Profit for the period	246	13	622	389	
Return on capital employed	1.6%	1.2%	13.0%	13.4%	>12%
Return on equity	9.0%	0.7%	23.2%	15.4%	>15%
Profit per share, SEK	2.90	0.20	7.20	4.60	
Equity/assets ratio	26.1%	23.6%	26.1%	23.1%	>25%

The construction business

MSEK	Jan-Mar 2005	Jan-Mar 2004	Apr-Mar 2004/2005	Jan-Dec 2004
Net sales	4 721	4 334	22 423	22 036
Operating profit	96	68	762	734
Operating margin	2.0%	1.6%	3.4%	3.3%

New contracts during the first quarter

We took on several major projects during the first quarter, including:

- A commission to build a new school for 1 000 pupils in the Søndre Nordstrand suburb of Oslo. The customer is Undervisningsbygg Oslo KF and the contract is worth NOK 270 million.
- A commission from the National Swedish Rail Administration for the electrification of the Blekinge Kustbana line. Today, the Blekinge Kustbana line is a non-electrified stretch of railway between Kristianstad and Karlskrona. The order has been placed by the National Swedish Rail Administration and the total value of the contract is SEK 280 million.
- A commission to build 206 new student's apartments in Gothenburg. Residents will move in during the autumn of 2006. The customer is Chalmers Studenthem Foundation and the contract is worth SEK 100 million.
- A commission to expand Bärbyleden, a 2.6 km stretch of motorway in Uppsala. The contract also includes the construction of 12 bridges, comprising cable and pipe work and foundation reinforcement work. The order has been made by the Swedish National Road Administration and the contract is worth SEK 293 million.

MD's comments

The building and construction market continues to make positive progress in the markets and segments within which Peab operates. Low interest rate levels are contributing to the continued growth in demand for homes in all the Nordic countries. We are also seeing positive progress in the Swedish civil engineering market with many large and small projects out for tender. We continue to enjoy an excellent order position in this good market. As at 31 March, Peab's order backlog amounted to SEK 16 945 million (14 936). We are also noting a rise in profitability. First quarter operating profit amounted to SEK 68 million (47), and operating margins continue to increase in several areas.

Having the support of market fundamentals is a matter of some satisfaction. What we need to do now is grasp the opportunities available in order to fully exploit the forthcoming years to our best benefit, while not forgetting to plan for the longer term. The sector and Peab are facing a number of challenges, which handled correctly will create additional opportunities.

Perhaps the greatest challenge for us is to be able to attract new staff to Peab, to deal with the natural retirement of staff expected during the coming years but also be able to handle the increased volume of work being created by favourable market conditions. Therefore, we are now intensifying our efforts to make Peab the Best Workplace in the Sector. An important aspect of this is that our present and future managers should be familiar with Peab's basic values and be able to communicate these to their staff as well as their customers.

Yet another stage of the work involves our commitment to staff health. In the healthcare system of today much depends on employers ensuring that their employees receive the care and attention needed to manage their work. We are making ever greater efforts to promote preventive healthcare in order to diminish the future costs we will suffer as employers.



We believe that a personal long-term financial commitment boosts motivation and the feeling of belonging to the company. Therefore, the board of directors of Peab has proposed to the AGM that Peab should issue convertible promissory notes to all employees. It is important to us that all employees have an opportunity to participate in the scheme.

Within Peab, we describe our relationship with our customers using such words as dedication, decisiveness, long-term approach and trust. This has been the case ever since the company was founded, and through proactive efforts we continue to build up Peab based on the same basic philosophy in order to be able to deliver good results regardless of where we are in the business cycle.

Mats Paulsson
Managing Director

Net sales and profit

The Group's net sales for the January to March period increased by 9 per cent to SEK 4 728 million (4 336). Adjusted for acquired and divested units the increase in net sales amounted to 8 per cent. Of the year's net sales, SEK 721 million (540) related to sales and production outside Sweden.

Operating profit for the first quarter amounted to SEK 68 million, compared to SEK 47 million during the same quarter the previous year. Operating profit for the latest rolling 12-month period amounted to SEK 600 million compared with SEK 579 million for the full year 2004.

Profit after financial items amounted to SEK 48 million compared to SEK 18 million during the first quarter of the previous year. Net financial expense amounted to SEK -20 million (-29), of which net interest expense amounted to SEK -16 million (-19). The effect of valuing financial instruments at fair value is recognised in net financial items at SEK -4 million (-10).

Shares in the profits of joint ventures are booked in accordance with the equity method. The period's share of profits in joint ventures before tax amounted to SEK 2 million (-3). Peab recognises results from participations one quarter in arrears.

The annual tax cost is estimated at approximately 27 per cent of profit after financial items, excluding one-off items. This corresponds to tax costs of SEK 13 million for the first quarter of 2005. In the first quarter deferred tax revenue of SEK 211 million was recognised as a result of decisions taken during the period concerning previous years' taxation, which has resulted in revaluation of deferred tax assets. Net tax revenues of SEK 198 million (-5) were recognised in the first quarter.

Profit for the period amounted to SEK 246 million (13).

Financial position

The equity/assets ratio was 26.1 per cent, compared with 23.1 per cent at the end of the year. Net debt amounted to SEK 1 920 million, compared with SEK 1 656 million at the same time the previous year. The average interest rate in the loan portfolio amounted to 3.2 per cent (3.6).

The Group's liquid funds amounted to SEK 3 540 million at the end of the period, compared to SEK 3 635 million as at 31 December 2004. Liquid funds include commercial papers issued to a value of SEK 1 070 million, compared to SEK 890 million on 31 December 2004.

At the end of the quarter, the Group's contingent liabilities, excluding joint and several liability in partnerships and limited partnerships, amounted to SEK 845 million compared to SEK 863 million as at 31 December 2004. This amount includes the SEK 227 million charge that the Swedish Competition Authority is demanding that Peab pay in the current asphalt cartel case. The lawsuit is due to be heard during the spring of 2006. Of other contingent liabilities SEK 354 million, compared with SEK 389 million at 31 December 2004, relates to obligations to tenant-owners' cooperatives under construction.

Investments

Net investment in tangible and intangible fixed assets amounted to SEK 85 million (143) during the period. The net change in shares and participations amounted to SEK 5 million (-15). During the period SEK 136 million net was invested in project and development properties (net divestment of SEK 10 million).

Cash flow

First quarter cash flow before financing amounted to SEK -224 million (-135). Cash flow from changes in working capital includes acquisition of project and development properties amounting to SEK -131 million (-34).

Personnel

At the end of the period, the company employed a staff of 10 472 compared to 10 114 at the same time the previous year.

Comments by business sectors

Construction and Civil Engineering

The Construction and Civil Engineering business sector comprises the Group's resources concerning Construction and Civil Engineering related services. Peab covers the whole of Sweden, while in Norway and Finland its activities are centred in the metropolitan areas.

First quarter net turnover in the Construction and Civil Engineering area amounted to SEK 4 045 million, compared to SEK 4 045 million the previous year, equivalent to a rise of 9 per cent.

First quarter operating profits amounted to SEK 97 million, compared to SEK 64 million the previous year. The operating margin for the Swedish Building and Civil Engineering business sector stood at 2.7 per cent over the latest rolling 12-month period compared to 2.5 per cent for the full year 2004.

Norwegian and Finnish activities reported first quarter operating profits of SEK -7 million (-8).

Capital employed in Construction and Civil Engineering amounted to SEK 3 635 million (3 051). Return on capital employed for the latest rolling 12-month period was 15.0 per cent, compared to 14.1 per cent for the full year 2004.

Orders received during the first quarter amounted to SEK 5 438 million (5 397). The order backlog at the end of the quarter amounted to SEK 16 945 million, compared to SEK 14 936 million last year. This represents an increase of 13 per cent. Of the total order backlog, 34 per cent (40) is expected to be produced after the current year. Construction projects accounted for 72 per cent (67) of the order back-

Order backlog and orders received Construction and Civil Engineering

MSEK	2005-03-31	2004-03-31	2004-12-31
Current financial year	11 211	8 985	11 757
Next financial year	4 527	4 233	3 210
Thereafter	1 207	1 718	932
Total order backlog	16 945	14 936	15 899
Orders received	5 438	5 397	21 559

log. Swedish operations accounted for 85 per cent (88) of the backlog. A good order backlog in a rising construction market is now enabling the Group to be more selective in its choice of future projects. Within its contracting operations, Peab also engages in internally developed construction of housing, comprising tenant-owner rights and single homes sold directly to the end customer. At the end of the period, 1 615 (1 288) internally developed homes were under construction, 77 per cent (72) of which were sold. Under normal circumstances, Peab has an undertaking to purchase from the tenant-owners' cooperatives any tenant-owner rights that have not been sold six months after the final inspection. Repurchased tenant-owner rights are recognized in the balance sheet as project and development properties. By the end of the quarter, 32 tenant-owner rights had been repurchased for a book value of SEK 43 million, compared to 59 tenant-owner rights to a book value of SEK 115 million at the end of the year. The reduction is above all a result of sales of apartments in Hammarby Sjöstad in Stockholm. From 2005 onwards, actual degree of sale will be included when recognising revenue from housing projects for sale, with the result that revenue recognition of these projects may create larger fluctuations in profits from quarter to quarter compared to previous revenue recognition principles.

The total holding of project and development properties in Construction and Civil Engineering amounted to SEK 1 735 million (1 096) at the end of the first quarter. As a result of the increased volume of internally developed projects, capital tied up in project and development properties has increased. It is Peab's aim to commit a maximum of SEK 2 billion to project and development properties. As at the 31 March, Peab's project portfolio contained 172 projects (155), corresponding to building rights over a total of approximately 1.5 million square metres (1.5). The majority of these building rights were in the growth regions of Malmö, Gothenburg, Stockholm, and Mälardalen.

Building rights

Thousand sq.m	2005-03-31	2004-03-31	2004-12-31
Housing	1 018	939	1 018
Commercial premises	361	383	361
Industrial premises	151	163	161
Total	1 530	1 485	1 540
Number of projects	172	155	171

Industry

The Industry business sector comprises the Group's activities within ready-mixed concrete, concrete production and prefab, rock/gravel, transport, manufacture and laying of asphalt, and plant and crane hire.

First quarter net sales for Industry amounted to SEK 575 million (538), which is an increase of 7 per cent. Operating profits amounted to SEK -1 million (4). The first quarter is marked by low levels of activity in all the business area's units due to winter weather conditions. Weather conditions during March this year in the south of Sweden were unusually harsh, and this resulted in reduced opportunities for sales of ballast and laying of asphalt. All units within the Industry segment appear to have good prospects for the rest of the year with good demand.

Swerock continues to grow well with a great demand for ready-mixed concrete.

Development work at the Peab prefab facilities in Katrineholm is continuing towards a joint group building concept, especially in the area of residential building.

Peab Asfalt's order position is good and well situated ahead of the laying season, which starts during April/May.

Lambertsson's plant and crane hire business continues to enhance capacity utilisation while also expanding its hiring capacity through investment made in 2004.

Capital employed in the Industry business sector amounted to SEK 1 890 million (1 929). Return on capital employed for the latest rolling 12-month period was 15.6 per cent, compared to 16.3 per cent for the full year 2004.

Trust/Management

Trust/Management comprises the central companies, certain subsidiaries and joint ventures and other holdings. Operating profits amounted to SEK -28 million (-21). Group-wide costs were recognised at a total of SEK -28 million (-19).

The construction market

The prospects for the Swedish building market continue optimistic and the growth during the present year are expected to be on a level with 2004. Market growth is driven by the intense demand for new homes combined with continuing low interest rate levels. Above all, there is a major need for new homes at reasonable living prices, and this is the segment at which Peab aims most of its residential project development efforts. Demand for homes is also great in Norway and Finland, and is still concentrated around the metropolitan areas.

Public road and civil engineering investment in Sweden is expected to remain stable with relatively expansive investment plans during the next few years. High numbers of orders received for projects with long production times in civil engineering during the past year have created good capacity utilisation for the Group's civil engineering resources and for operations in the Industry business sector.

There will be little new investment in office premises due to the continuing high commercial space vacancy levels. Investment in of-

fice premises will instead come from conversion projects. We believe that investment prospects for the Swedish Industry business area remain the same as in 2004.

Important events after the period

Peab has acquired the Hamnen 21:149 quarter in Malmö from Saab. The quarter comprises the original inner Kockum area and the acquisition has been made through purchase of the shares of Celsius Fastighets AB. The area has an area of about 20 hectares and buildings mainly comprise old workshop halls, machine workshops and offices to a total of 90,000 square meters. Several of the buildings are leased and annual rent revenues amount to approximately SEK 15 million. The underlying property acquisition value is approximately SEK 280 million. Together with the Municipality of Malmö and other interested parties, Peab intends to initiate environmental and planning work in order at a later stage to gradually develop the area, and building homes, commercial premises and public buildings.

Peab has acquired Steningehöjden in the Municipality of Sigtuna. The intention behind the acquisition is to build an entirely new municipal district dimensioned for approximately 900 homes. The acquired area is 46 hectares in size and is situated between Sigtuna and Märsta. The purchase price was SEK 130 million.

Jonas Svantesson, Deputy MD of Peab, has decided to resign his position at Peab to move on to fields anew. Jonas was appointed in 2001 and he has principally worked with HR matters.

Jan Johansson, 46, has been appointed Deputy MD in Peab AB. Jan was employed 1986 and he is today manager of Peab's Construction Division South. Jan will continue his work within business sector Construction and he will also be responsible of HR matters in the Executive Management of Peab AB.

The Peab share

Peab's B-share is listed on the O-list of the Stockholmsbörsen. As at 11 May 2005 the price of the Peab share was SEK 78.50, which is equivalent to a increase of 21 per cent since the beginning of the year. During the corresponding period, the Swedish stock market increased by 3 per cent according to Affärsvärlden's general index. During 2005, the Peab share has traded at a maximum of SEK 85.00 and a minimum of SEK 61.00.

Holdings of own shares

At the start of 2005, Peab's holding of own shares amounted to 2 209 800 B-shares, corresponding to 2.5 per cent of the total number of shares. No own shares have been sold or acquired in 2005.

Number of outstanding shares, 31 March 2005

Number of registered shares	87 195 944
Holding of own shares, 31 December 2004	-2 209 800
Number of outstanding shares, 31 December 2004	84 986 144
Purchase/disposal of own shares during 2005	0
Number of outstanding shares, 31 March 2005	84 986 144

Conversion scheme to all employees

At the AGM on the 12 May the board of directors of Peab will propose the taking out of a convertible loan for a maximum of nominal SEK 480 million. The proposal involves that on 16 June 2005 Peab AB should issue the entire convertible loan to a wholly owned subsidiary through the issue of a maximum of 5 853 658 convertible promissory notes valid from 16 June 2005 and maturing on 15 June 2008. Each Peab Convertible Promissory Note 2005/2008 may in the periods from 1 to 15 October 2007 and 1 to 15 April 2008 be converted to one class B-share in Peab. Conversion may be made at a rate corresponding to 112 per cent of the listed average latest payment price during the period between 13 May 2005 and 26 May 2005 of a class B-Peab share on the official price list of the Stockholmsbörsen. However, the conversion rate must exceed a minimum of SEK 82. A conversion rate of SEK 82 would imply a greatest possible dilution of about 6.7 per cent of the share capital and 3.3 per cent of the votes. Under a separate proposal to the AGM it is proposed that Peab during the maturity of the Peab Convertible Promissory Note 2005/2008 could buy back and then redeem the number of class B-shares required to offset the dilution that may arise in connection with conversion.

The conversion scheme is intended to offer all Peab staff an opportunity to participate in the future development of Peab. Personal long-term involvement with the company may be expected to boost motivation and strengthen loyalty to Peab.

Accounting principles

The IAS regulation which was adopted by the EU during 2002 stipulates that from and including 2005 listed companies within the European Union must apply the IFRS international accounting principles to their group accounts. Peab's 2005 first quarter report has therefore been drawn up in accordance with the IFRS standards adopted by the EU and the interpretations of current standards adopted by the EU, IFRIC. The present report has been drawn up in accordance with IAS 34, Interim Financial Reporting.

Peab's annual report for the 2004 financial year contained a description of the accounting principles affected by the transition to the IFRS. For a description of the accounting principles Peab has applied in the quarterly report for the first quarter of 2005 and the effects which the altered principles have had on the balance sheet as at 1 January 2004 and 31 December 2004, and the 2004 income statement and cash flow analysis, see the section entitled "Transition to reporting in accordance with IFRS – International Financial Reporting Standard" in the 2004 annual report. Pages 10-11 of this quarterly report contain a description of the affects of the new accounting principles on comparison with the first quarter of 2004.

IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 4 Insurance Contracts, and IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations which must be applied from 1 January 2005 had no effect on Peab's opening equity as at 1 January 2005. As the rules of the Swedish Annual Accounts Act on valuation of financial instruments at fair value was applied to the 2004 annual

accounts and the effect on Peab's reporting was in accordance with the rules of IAS 39, opening equity for 2005 was not affected.

All comparative figures in this report have been recalculated in accordance with the new accounting principles.

In the present quarterly report, the following definitions of key ratios have been changed as a result of the transition to the IFRS:

Earnings per share

Profit for the period attributable to shareholders in the parent company divided by the average number of outstanding shares during the period.

Equity per share

Equity attributable to shareholders in the parent company divided by the number of outstanding shares at the end of the period.

Return on equity

Profit for the period attributable to shareholders in the parent company divided by average equity attributable to holders of participations in the parent company.

Future information

The interim report for the first six months will be published on the 25 August, and the nine-month report on 24 November. The 2005 final accounts will be reported on 16 February 2006.

Förslöv, 12 May 2005

Mats Paulsson

Managing Director

The information in this interim report has not been subject to closer inspection by the company's auditor.

Condensed income statement

The Group MSEK	Jan-Mar 2005	Jan-Mar 2004	Apr-Mar 2004/2005	Jan-Dec 2004
Net sales	4 728	4 336	22 431	22 039
Production and management expenses	-4 307	-3 964	-20 502	-20 159
Gross profit	421	372	1 929	1 880
Selling and administrative expenses	-355	-324	-1 363	-1 332
Participation in profit before tax of joint ventures	2	-3	9	4
Result from participations in joint ventures sold	0	0	25	25
Result from participations in Group companies sold	0	2	0	2
Operating profit	68	47	600	579
Result from financial items	-20	-29	-47	-56
Result after financial items	48	18	553	523
Tax	198	-5	69	-134
Profit for the period	246	13	622	389
Profit attributable to shareholders' in Parent Company	247	17	617	387
Profit attributable to minority interest	-1	-4	5	2
Key ratios				
Profit per share, SEK	2.90	0.20	7.20	4.60
– after completed subscription and conversion	2.90	0.20	7.20	4.60
Average number of outstanding shares, million	85.0	84.8	85.0	84.9
– after completed subscription and conversion	85.0	84.8	85.0	84.9
Return on capital employed	1.6%	1.2%	13.0%	13.4%
Return on equity	9.0%	0.7%	23.2%	15.4%

Condensed balance sheet

The Group MSEK	31 Mar 2005	31 Mar 2004	31 Dec 2004
Assets			
Intangible assets	396	382	395
Tangible fixed assets	1 779	1 835	1 779
Interest-bearing long-term receivables	430	457	432
Financial fixed assets	241	210	241
Deferred tax assets	916	744	688
Project- and development properties	1 735	1 096	1 599
Inventories	249	254	226
Interest-bearing short-term receivables	187	298	175
Other current receivables	5 033	5 085	5 863
Short-term shareholdings	2	0	3
Liquid funds	91	127	85
Total assets	11 059	10 488	11 486
Shareholders' equity and liabilities			
Shareholders' equity	2 884	2 470	2 653
Interest-bearing long-term liabilities	843	2 142	1 035
Other long-term liabilities	103	122	99
Interest-bearing short-term liabilities	1 787	396	1 326
Other current liabilities	5 442	5 358	6 373
Total shareholders' equity and liabilities	11 059	10 488	11 486
Key ratios			
Capital employed	5 515	5 008	5 014
Equity/assets ratio	26.1%	23.6%	23.1%
Net borrowing	1 920	1 656	1 666
Adjusted equity per share, SEK	33.80	28.70	30.80
– after completed subscription and conversion	33.80	28.70	30.80
Number of outstanding shares at end of period, million	85.0	84.9	85.0
– after completed subscription and conversion	85.0	84.9	85.0

Change in shareholders' equity

The Group MSEK	31 Mar 2005	31 Mar 2004	31 Dec 2004
Shareholders' equity attributable to shareholders' in Parent Company			
Opening balance shareholders' equity, 1 January	2 620	2 196	2 196
Effect of changed accounting principle		209	209
Adjusted opening balance shareholders' equity, 1 January	2 620	2 405	2 405
Cash dividend			-187
Disposal of own shares		5	10
Exchange rates differences	10	7	5
Profit for the year	247	17	387
Closing balance shareholders' equity	2 877	2 434	2 620
Shareholders' equity attributable to minority interest			
Opening balance shareholders' equity, 1 January	33	63	63
Acquisition	-25	-24	2
Disposal			-34
Exchange rates differences		1	
Profit for the year	-1	-4	2
Closing balance shareholders' equity	7	36	33
Total closing balance shareholders' equity	2 884	2 470	2 653

The Board of Directors and the Managing Director propose that the AGM should resolve upon the distribution of SEK 218 million in dividends to shareholders, relating to the fiscal year 2004.

Condensed cash flow statement

The Group MSEK	Jan-Mar 2005	Jan-Mar 2004	Apr-Mar 2004/2005	Jan-Dec 2004
Cash flow from current operations before working capital changes	116	59	867	810
Cash flow from changes in working capital	-253	-111	-416	-274
Cash flow from current operations	-137	-52	451	536
Acquisition of subsidiaries	-37	-52	-231	-246
Disposal of subsidiaries	-	4	33	37
Acquisition of fixed assets	-55	-125	-210	-280
Sales of fixed assets	5	90	175	260
Cash flow from investment operations	-87	-83	-233	-229
Cash flow before financing	-224	-135	218	307
Cash flow from financing operations	230	55	-258	-433
Cash flow for the period	6	-80	-40	-126
Cash at the beginning of the period	85	206	127	206
Exchange rate differences in cash	0	1	4	5
Cash at the end of the period	91	127	91	85

Net sales and operating profit per business area

MSEK	Net sales				Operating profit				Operating margin			
	Jan-Mar 2005	Jan-Mar 2004	Apr-Mar 2004/2005	Jan-Dec 2004	Jan-Mar 2005	Jan-Mar 2004	Apr-Mar 2004/2005	Jan-Dec 2004	Jan-Mar 2005	Jan-Mar 2004	Apr-Mar 2004/2005	Jan-Dec 2004
Construction and Civil Engineering												
Sweden	3 714	3 520	16 688	16 494	104	72	444	412	2.8%	2.0%	2.7%	2.5%
Abroad	691	525	2 941	2 775	-7	-8	13	12	-1.0%	-1.5%	0.4%	0.4%
Total	4 405	4 045	19 629	19 269	97	64	457	424	2.2%	1.6%	2.3%	2.2%
Industry												
Swerock/Asphalt	431	399	3 582	3 550	-30	-24	181	187	-7.0%	-6.0%	5.1%	5.3%
Plant/Cranes	144	139	585	580	29	28	124	123	20.1%	20.1%	21.2%	21.2%
Total	575	538	4 167	4 130	-1	4	305	310	-0.2%	0.7%	7.3%	7.5%
Trust/Management	19	15	68	64	-28	-21	-162	-155				
Elimination	-271	-262	-1 433	-1 424								
The Group	4 728	4 336	22 431	22 039	68	47	600	579	1.4%	1.1%	2.7%	2.6%

Quarterly figures

The group per quarter					
MSEK	Jan-Mar 2005	Oct-Dec 2004	Jul-Sep 2004	Apr-Jun 2004	Jan-Mar 2004
Net sales	4 728	6 844	5 237	5 622	4 336
Production and management expenses	-4 307	-6 279	-4 759	-5 157	-3 964
Gross profit	421	565	478	465	372
Selling and administrative expenses	-355	-376	-297	-335	-324
Participations of profit before tax of joint ventures	2	4	-2	5	-3
Result from participations in joint ventures sold	0	12	8	5	0
Result from participations in Group companies sold	0	0	0	0	2
Operating profit	68	205	187	140	47
Profit from financial items	-20	-1	-8	-18	-29
Profit after financial items	48	204	179	122	18
Tax	198	-51	-47	-31	-5
Profit for the period	246	153	132	91	13
Profit attributable to shareholders' in Parent Company	247	151	128	91	17
Profit attributable to minority interest	-1	2	4	0	-4
Earnings per share, SEK	2.90	1.80	1.50	1.10	0.20
– after completed subscription and conversion	2.90	1.80	1.50	1.10	0.20
Average number of outstanding shares, million	85.0	85.0	84.9	84.9	84.8
– after completed subscription and conversion	85.0	85.0	84.9	84.9	84.8

Business area per quarter					
MSEK	Jan-Mar 2005	Oct-Dec 2004	Jul-Sep 2004	Apr-Jun 2004	Jan-Mar 2004
Net sales					
Construction and Civil Engineering	4 405	6 096	4 310	4 818	4 045
Industry	575	1 138	1 275	1 179	538
Trust/Management	19	15	19	15	15
Elimination	-271	-405	-367	-390	-262
Total	4 728	6 844	5 237	5 622	4 336
Operating profit					
Construction and Civil Engineering	97	166	95	99	64
Industry	-1	74	146	86	4
Trust/Management	-28	-35	-54	-45	-21
Total	68	205	187	140	47
Order situation Construction and Civil Engineering					
Orders received	5 438	6 046	5 219	4 897	5 397
Order backlog at the end of the period	16 945	15 899	15 956	15 030	14 936

Accounting in accordance with the IFRS

From 1 January 2005, consolidated accounts will be drawn up in accordance with the IFRS standards and interpretations adopted by the EU Commission. The report for the first quarter of 2005 is the first financial report applying the IFRS and the first annual report to which the IFRS will apply will be that for the 2005 financial year.

Conversion of 2004 accounts has been made in accordance with IFRS 1, which regulates the way in which companies which are drawing up complete group reports in accordance with IFRS for the first time should deal with the transition to the new set of regulations. The principal rule is that all IFRSs applying to 2005 should be applied retroactively. Comparative figures for 2004 have been recalculated in accordance with the standards that will apply on 31 December 2005. Peab's annual report for the 2004 financial year contained a description of the accounting principles which will be affected by the transition to the IFRS. For a description of the effects that the altered principles had on the balance sheets as at 1 January 2004 and 31 December 2004 and on the 2004 income and cash flow statements, see the section entitled "Transition to reporting in accordance with the IFRS – International Financial Reporting Standard" in the 2004 annual report.

Below is an account of how the new accounting principles affected comparison with the first quarter of 2004.

IFRS 3 – Business Combination

Goodwill is no longer amortised according to plan. It is compulsory to examine the need for possible writedowns at least once a year and in addition whenever the need for writedowns is indicated. Impairment loss must be carried out in those cases where the value in use or the net sale value is lower than the carrying amount.

IAS 12 – Income Taxes

The previous Swedish recommendations on so-called asset acquisitions in RR 9, Income taxes, will no longer apply after the introduction of the IFRS. This means that in the case of acquisitions involving deferred tax, this deferred tax must normally be valued at nominal tax rate. Therefore acquired deferred tax assets attributable to tax loss carry forward have been reassessed at nominal value, where previously they were recognized at acquisition value. Thus the requisitioning of deferred tax assets will be accounted as a tax cost at par.

IAS 17 – Leases

Leasing agreements applying mostly to the leasing of motorcars were previously classified under operational leasing. These leasing agreements have been reclassified as financial leasing agreements and entered as tangible fixed assets and interest-bearing liabilities, respectively.

IAS 11 – Construction Contracts

To adapt to IAS 11, Construction contracts, revenues from housing projects for sale will be recognised in profits based on actual percentage of sale based on binding agreements with the home buyer. Thus revenue is recognised as the percentage of completion multiplied by percentage of sale on each individual project. Previously, revenue was recognized based among other things on prior booking agreements. The regulations follow the Swedish Construction Confederation's supplement to the industry recommendation concerning "Percentage-of-completion revenue recognition in housing projects for sale."

IAS 1 – Presentation of Financial Statements

Minority participations in annual profits are no longer recognized in the income statement. Results are instead specified in connection with the income statement divided between majority and minority interests.

IAS 27 – Consolidated and Separate Financial Statements

Minority interests are recognized under equity as a separate item.

IAS 39 – Financial Instruments

The recommendation enters into force from 2005 and is not retroactive. In the 2004 year-end accounts (but not in the quarterly reports) Peab applied the new Swedish Annual Accounts Act rules to valuation of financial instruments at fair value. As far as Peab is concerned this meant that the valuation rules in IAS 39 were already applied to year-end accounts for 2004 for all financial instruments, and consequently no recalculation of the 2005 opening balance was required.

Comparison

The tables below show the effect of the new accounting rules on comparisons between the first quarters of 2004 and 2005. In certain cases the new rules have affected the definitions of certain key ratios, which have therefore been recalculated.

Income statement January-March 2005

MSEK	Previously principles Jan-Mar 2004	IFRS 3 Business Comb. (Goodwill)	IAS 12 Income Taxes	IAS 17 Leases	IAS 11 Construction Contracts	IAS 27 Consolidated Statements	IAS 39 Financial Instruments	According to IFRS Jan-Mar 2004
Net sales	4 342				-6			4 336
Production and management expenses	-3 971	5		2				-3 964
Gross profit	371	5		2	-6			372
Selling and administrative expenses	-333	9						-324
Participations of profit before tax of joint ventures	-3							-3
Result from participations in joint ventures sold	0							0
Result from participations in Group companies sold	2							2
Operating profit	37	14		2	-6			47
Result from financial items	-17			-2			-10	-29
Result after financial items	20	14		0	-6		-10	18
Tax	-3		-5		2		1	-5
Minority interests	4					-4		0
Profit for the period	21	14	-5	0	-4	-4	-9	13
Profit attributable to shareholders' in Parent Company								17
Profit attributable to minority interest								-4
Key ratios								
Earnings per share, SEK	0.30							0.20
Profit margin	0.9%							1.1%
Return on capital employed	1.1%							1.2%
Return on equity	1.1%							0.7%

Balance sheet 2005-03-31

MSEK	Previously principles 2004-03-31	IFRS 3 Business Comb. (Goodwill)	IAS 12 Income Taxes	IAS 17 Leases	IAS 11 Construction Contracts	IAS 27 Consolidated Statements	IAS 39 Financial Instruments	According to IFRS 2004-03-31
Assets								
Intangible assets	369	13						382
Tangible fixed assets	1 652			183				1 835
Interest-bearing long-term receivables	439						18	457
Financial fixed assets	210							210
Deferred tax assets	407		291	1	41		4	744
Project- and development properties	1 096							1 096
Inventories	254							254
Interest-bearing short-term receivables	298							298
Other current receivables	5 152				-67			5 085
Short-term shareholdings	0							0
Liquid funds	127							127
Total assets	10 004	13	291	184	-26	0	22	10 488
Shareholders' equity and liabilities								
Shareholders' equity	2 230	13	291	-2	-105	36	7	2 470
Minority interests	36					-36		0
Allocations ¹⁾	96							96
Interest-bearing long-term liabilities	2 013			121				2 134
Other long-term liabilities	23						11	34
Interest-bearing short-term liabilities	331			65				396
Other current liabilities	5 275				79		4	5 358
Total shareholders' equity and liabilities	10 004	13	291	184	-26	0	22	10 488
Key ratios								
Capital employed	4 617							5 008
Equity/assets ratio	22.6%							23.6%
Net debt	1 487							1 656
Equity per share, SEK	26.30							28.70

¹⁾ Provisions have ceased to constitute a separate category between equity and liabilities and are now divided between long-term and current liabilities.

Cash flow statement January-March 2004

MSEK	Previously principles Jan-Mar 2004	IFRS 3 Business Comb. (Goodwill)	IAS 17 Leases	IAS 11 Construction Contracts	IAS 39 Financial Instruments	According to IFRS Jan-Mar 2004
Current operations						
Profit after financial items		20	14		-6	18
Adjustments for non-cash items		60	-14	13		69
Income tax paid		-28				-28
Cash flow from current operations before working capital changes		52	0	13	-6	59
Cash flow from changes in working capital						
Increase/decrease project- and development properties		-20				-20
Increase/decrease inventories		0				0
Increase/decrease current receivables		451			-18	433
Increase/decrease current liabilities		-548			24	-524
Cash flow from changes in working capital		-117			6	-111
Cash flow from current operations		-65	0	13	0	-52
Cash flow from investment operations		-83				-83
Cash flow before financing		-148	0	13	0	-135
Financing operations						
Borrowings		68		-13		55
Cash flow from financing operations		68		-13		55
Cash flow for the period		-80	0	0	0	-80
Cash at the beginning of the period		206				206
Exchange rate differences in cash		1				1
Cash at end of period		127	0	0	0	127

List of shareholders, 30 April 2005

Shareholders	A-shares	B-shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Erik Paulsson with family and company	3 487 890	3 699 358	7 187 248	8.2%	22.0%
Mats Paulsson with company	2 799 967	4 295 000	7 094 967	8.1%	18.4%
Mohammed Al-Amoudi with bolag	0	18 854 865	18 854 865	21.6%	10.7%
Fredrik Paulsson with family and company	1 186 429	1 060 170	2 246 599	2.6%	7.4%
Stefan Paulsson with family and company	1 186 430	1 044 837	2 231 267	2.6%	7.4%
Svante Paulsson with family and company	478 838	728 880	1 207 718	1.4%	3.1%
Sara Karlsson with family and company	508 040	347 687	855 727	1.0%	3.1%
Karl-Axel Granlund with company	0	4 025 000	4 025 000	4.6%	2.3%
AMF Pension funds	0	1 415 400	1 415 400	1.6%	0.8%
LKAB	0	1 226 200	1 226 200	1.4%	0.7%
Robur funds	0	1 062 245	1 062 245	1.2%	0.6%
Länsförsäkringar funds	0	1 036 700	1 036 700	1.2%	0.6%
SHB/SPP funds	0	843 855	843 855	1.0%	0.5%
Other	158 108	35 540 245	35 698 353	41.0%	21.1%
Number of outstanding shares	9 805 702	75 180 442	84 986 144		
Peab AB	0	2 209 800	2 209 800	2.5%	1.3%
Number of registered shares	9 805 702	77 390 242	87 195 944	100.0%	100.0%

Source: SIS Ägarservice, VPC

