ANNUAL REPORT 2010.

PEAB
THE NORDIC COMMUNITY BUILDER

CONTENTS

WELCOME TO THE ANNUAL GENERAL MEETING OF PEAB

TIME AND LOCATION

The Annual General Meeting of Peab AB will be held at 3 p.m. on Tuesday 10 May 2011, Grevieparken in Grevie, Sweden.

NOTIFICATION

Notification of participation in the Annual General Meeting must be submitted at the latest by 2 p.m. on Wednesday 4 May 2011. Notification may be submitted by telephone to +46 431 893 50, by mail to Peab Annual General Meeting, care of Euroclear Sweden AB, Box 7841, SE-103 98 Stockholm, or via the company's website at www.peab.com. To participate in the Annual General Meeting shareholders must be registered in the share register kept by Euroclear Sweden AB by Wednesday 4 May 2011 at the latest. Shareholders who have registered their shares in trust must have registered such shares in their own names at the latest by this date. Shareholders should request trustees to undertake such registering a few days in advance.

DIVIDEND

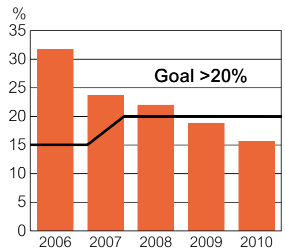
The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 2.60 per share for 2010. The proposed record day is Friday 13 May 2011. If the Annual General Meeting approves the proposals submitted, dividends will be distributed from Euroclear Sweden AB on Wednesday 18 May 2011.

2010 in summary

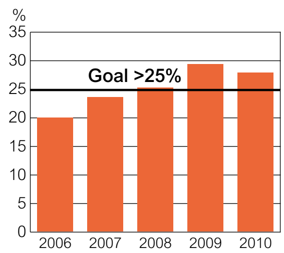
BUSINESS SUMMARY

- Operative net sales increased by 9 percent. The increase is due to a jump-start in new residential projects in connection with a growing demand for housing as well as an increase in demand for other premises and infrastructure projects
- The operative operating margin was 4.1 percent in comparison with 4.6 percent in 2009. The decrease is due to the long winter and and lower margins on orders received in 2009
- Order backlog for Construction and Civil Engineering increased by 11 percent as a result of better market conditions
- Collaboration with IKEA regarding continued expansion in Sweden, Norway and Finland
- Acquisition of 19.97 percent of Catena as a financial investment with a good direct return and long-term possibilities for real estate development

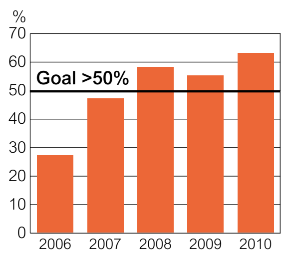
Return on equity [1)]



Equity/assets ratio [1)]



Dividends [1) 2)]

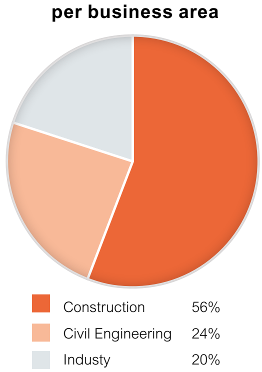


1) According to legal reporting
2) For 2010, Board of Directors' proposal

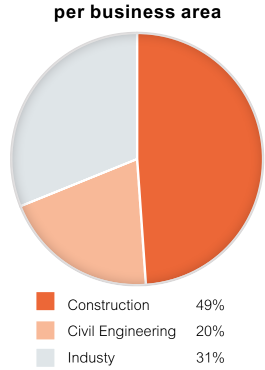
Financial summary	Jan-Dec 2010	Jan-Dec 2009
Operative net sales, MSEK	38,184	35,140
Net sales, MSEK	38,045	34,868
Operative operating profit, MSEK	1,563	1,601
Operative operating margin, %	4.1	4.6
Operating profit, MSEK	1,503	1,573
Operating margin, %	4.0	4.5
Pre-tax profit, MSEK	1,513	1,619
Earnings per share before dilution, SEK	4.11	4.52
Dividend per share, SEK [1)]	2.60	2.50
Return on equity, %	15.6	18.7
Equity/assets ratio, %	27.8	28.6
Net debt, MSEK	5,719	4,571

1) For 2010, Board of Directors' proposal

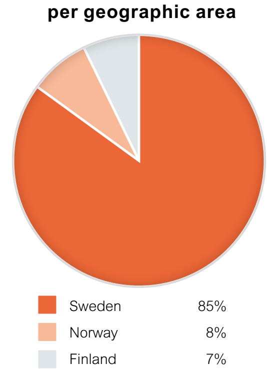
Operative net sales 2010 per business area



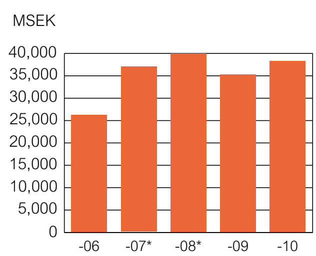
Operative operating profit 2010 per business area



Operative net sales 2010 per geographic area

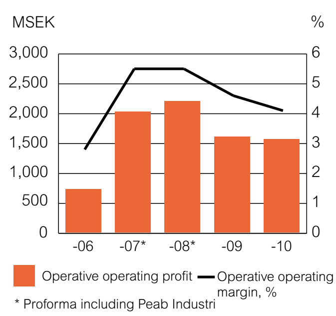


Operative net sales



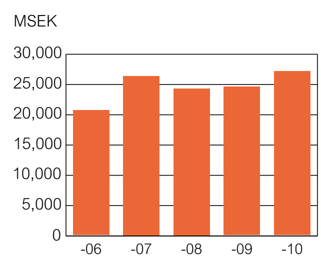
* Proforma including Peab Industri

Operative operating profit and operating margin



* Proforma including Peab Industri

Order backlog Construction and Civil Engineering per 31 December



Peab at a glance.

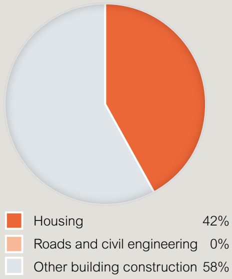
Peab is a construction and civil engineering company that puts total quality in every step of the construction process first. Through innovation combined with solid professional skills we make the customer's interest our own and thereby build for the future.

Construction

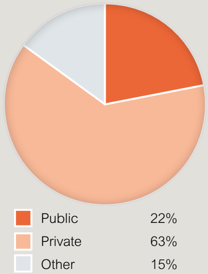
Business area Construction performs contract work for external customers and for our own development projects. Operations comprise everything from new construction to renovation and construction maintenance. Our business is run in five geographic divisions in Sweden, one division in Norway and one in Finland. As of 1 January 2011 a new Nordic division manages the Group's collective property developments.

The number of employees on 31 December 2010 was 7,865 (7,297).

Net sales per product type



Net sales per customer type

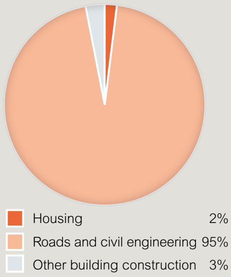


Civil Engineering

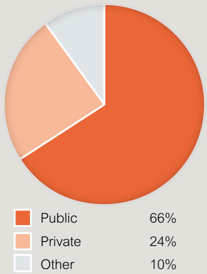
Business area Civil Engineering is active on the local civil engineering market as well as in infrastructure projects such as bridges and roads. We are also responsible for the management and maintenance of streets and roads for public and private customers. Operations are run in one Nordic division.

The number of employees on 31 December 2010 was 3,201 (2,978).

Net sales per product type



Net sales per customer type

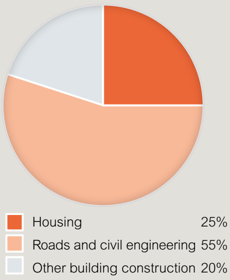


Industry

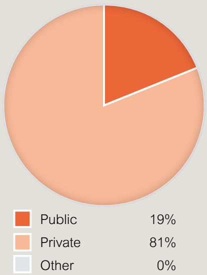
Our industrial operations are run in business area Industry, which is divided into two divisions, Industry and Construction systems. These divisions consist of a great many well known brands in Sweden, Norway and Finland.

The number of employees on 31 December 2010 was 2,669 (2,537).

Net sales per product type



Net sales per customer type

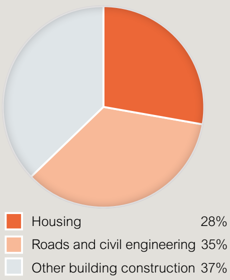


Group

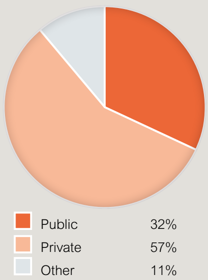
The Peab Group consists of construction and civil engineering operations in Sweden, Norway and Finland.

With our well coordinated resources and a clear vision we have created a powerful Nordic community builder.

Net sales per product type



Net sales per customer type



Far reaching engagement and

The Nordic construction market developed positively in 2010. The weak economy in the beginning of the year took a turn for the better in nearly every segment. The positive signals from the market have led us to invest in machine capacity, supplemental companies, project property, large development projects and more. We are well prepared to meet a continued strong business cycle and we will continue to choose the projects we get involved in with great care and after a thorough analysis.

Building for the future means more to us than constructing buildings and roads. It means making a contribution to society and building communities. This broad perspective allows us to use all the experience and knowledge we have gathered over the years. We do this by giving our personnel the room and opportunity to develop their ideas and thoughts. Being a local entrepreneur with the capacity of a big business means we make the most of each individual co-worker's skills and experience and at the same time we can take advantage of the Group's collective resources. The basis of our trust-based contracts and the fine cooperation we have with our customers and partners is the local network our employees have built up over the years. Assignments based on trust produce the best results for both parties. We have learned this over the years.

One area in society we got involved in long ago is the housing shortage. In almost every municipality in Sweden the need for new or refurbished housing is enormous. Just to meet the current need we would have to build around 40,000 new homes annually in Sweden. Production during the past ten years has been half of that, which means a growing need has accumulated year after year. The situation is similar in Finland and Norway but it has had higher priority and been dealt with earlier, which has lessened the problems there.

We have worked hard over the years to find solutions to the housing shortage. For example, we put a lot of effort into figuring out how to build apartment buildings for a reasonable price during the financial crisis in 2008. The government and many municipalities bought our idea and now, in the communities that gave us the chance to begin building, we see the first concrete results. We have also noticed a growing interest in niche housing, i.e. homes for different phases in life, including everything from student housing to homes for the elderly. We are holding discussions with many municipalities regarding reasonably priced land, which is a prerequisite for affordable housing.

A LEARNING ORGANISATION WITH RESPONSIBILITY FOR THE SOCIETY

A cost-effective organisation requires doing things right from the start so education and experience are vital to the Peab Group. Our employees have a world of knowledge that only grows for every home, hospital, arena or road we construct. We build on this by working systematically to develop and document their know-how. We learn from our mistakes and share our experiences. It's human to make mistakes but they should not be made twice.

We are curious and willing to take on new challenges. In 2010 we were entrusted with the construction of Max IV, an advanced research facility for the production of synchrotron light in Lund. This new project requires developing a completely new platform and set of skills. Participating as an entrepreneur in research facilities is exactly the kind of engagement in society we think is so important.

We see ourselves as the Nordic community builder and Sweden, Norway and Finland are our domestic markets. During the past year we have coordinated our procedures and concepts so that we have the same work methods everywhere while adapting to the special circumstances in each country. Our fundamental values are the same and we want perception of Peab to be the same in Tromsö, Helsinki and Trelleborg.

Being a community builder means taking a responsibility for society. We have to run a sustainable business, which means all our plans and undertakings must conform to our ethical guide-

community building.

lines, and everything we do must be fashioned responsibly with a far reaching perspective.

An example of this is our engagement in Södertälje where, together with the municipal company Telge AB, we started the construction company TelgePeab. This company hires people with professional skills but who, for various reasons, have had trouble finding a job. TelgePeab does not just build apartment buildings. It builds up self-confidence and hope in the people involved.

The Peab School is another example. It provides youths that cannot get into high school with a chance to continue to study in construction and raise their grades at the same time. The Peab School has a special pedagogic that mixes theory and practice so that students are stimulated. The school contributes to the industry's and our own ability to recruit staff in the future.

We have a strong brand which we built up together and take responisibility for together

IMPORTANT TO PLAY BY THE RULES

Ethics are essential to taking responsibility for society and we have clear guidelines that have been communicated throughout our organisation and to our partners. Our entrepreneurship is based on local engagement and individual initiatives in combination with individual responsibility. Our follow-up system functions well and we can monitor whether or not our regulations are followed. All our employees have development discussions with their superiors and during these sessions everything that affects an individual's work situation can and should be discussed. We also apply the grandfather principle, which gives our personnel the right to contact their superior's boss if they feel they cannot discuss a matter with their closest superior. Moral and ethics are usually a matter of common sense. Co-workers in the Group have the right as well as the obligation to react if something happens that goes against their common sense and good judgement.

Now we are going to follow our plans and grow in the Nordic region

THE ENVIRONMENT IS A PRIORITY

Taking responsibility for society means taking responsibility for the environment. Credible environmental work is founded on common sense and order. We want to work with customers that share our values and engagement. Our goal is to reduce consumption of resources and energy in our own and our partners' production. We want to build so that we achieve the highest possible energy efficiency during the entire lifecycle of a project. In other words, our responsibility does not end when we turn over a project. By having the entire chain in the construction process at our disposal we can augment the effectiveness of our environmental work.

We are also working on rationalising our logistics to minimise transportation, wasted time and energy use while creating a smoother construction process. For this reason we set up a central logistics function for the entire Group.

A VISION FOR THE FUTURE

Caring for the environment and developing society have always been an essential part of the way I and Peab do business. By formulating this into a vision shared by the entire Group we can focus our powerful organisation on the work to establish Peab as the Nordic community builder. This challenge is going to demand a lot from us but we have the resources we need to reach our goal – our talented workforce, good leaders and more than 50 years of experience.

The market has already shown us that our way of thinking and working is appreciated. We have a strong brand which we built up together and take responsibility for together. Now we are going to follow our plans and grow in the Nordic region.

NEW PRESIDENT AND CEO

Equiped with our new vision we intend to go forward with the development of Peab. I will soon turn 67 and it therefore seems natural for me to turn over the position of President and CEO to Jan Johansson. Jan has been Vice President and responsible for operations since 2009. During that time he has proven he is capable and qualified to take on the role of President and CEO. I am certain that Jan will continue to run the company excellently in true Peab spirit. In my proposed role as Vice Chairman of the Board I will still be available for the Group in questions concerning the market and customers. I wish Jan Johansson and his executive management all the best.

Mats Paulsson
President and CEO
Förslöv in April 2011

The Nordic community builder.

Peab is currently the construction company that has the most business in Sweden. However, we intend to grow in the Nordic region and broaden our operations. To mobilise the strength Peab must have to continue to play an important role in the future of our society we worked together in 2010 to create a common vision that everyone in the company can direct their energy towards. Our vision is based on how we perceive the world will be in 2020 and Peab's current and future strong points. The vision positions Peab as a Nordic community builder where Peab builds sustainable communities for the future and is a magnet to talented people.

Our new vision provides us with a common goal to strive for, yet we retain our ability to adapt to the short-term conditions on the market. Peab has always been very good at reorganising to fit the current market situation and a clear and strong vision will help us to become even better at handling changes in the world around us without losing sight of our goals.

With our new vision we are well prepared for the new era we and our industry are about to enter.

PEAB BUILDS A SUSTAINABLE SOCIETY FOR THE FUTURE

To build a sustainable society means we have to be pioneers. All our plans and undertakings must conform to our ethical guidelines, and everything we do must be fashioned responsibly with a far reaching perspective in order to satisfy all the environmental, financial and social aspects involved in our work.

Growing environmental demands shape the entire process – from planning to completion – at the same time demands on energy efficiency affect both production and the finished product. Our customers demand a higher level of innovation from us. This steps up cooperation in community building and means Peab enters the process earlier and contributes to it on a broader basis.

We will continue to develop and update our expertise. Since part of our vision entails taking an even greater role in community building we will also have to increase our commitment to saving energy and the environment.

PEAB IS A NORDIC COMPANY

Although Peab currently operates primarily in Sweden over a year ago we began working intensively to create a Group that has the Nordic region as its platform for development. This entails better integrating Norway and Finland into our entire business. There are several reasons why it is important to build a bigger and

In June 2010 we completed an extensive renovation of Segeltorpskolan in Huddinge outside Stockholm. Peab was the general contractor and carried out land and foundation work as well as refurbishing.

The top image: Peab has been commissioned to build the new Scandic Hotell Fornebu. The hotel will be erected in southwest Oslo with a view of the fjord. *The bottom image:* Peab is building a car park in Oslo.

stronger Peab. It will allow us to rationalise our processes and better utilise our resources. As an even larger company Peab can make a greater contribution to developing society, be a more attractive employer and build even more competitively. Growing internationalisation is an unmistakable trend, boosted by the anticipated strong Nordic economy, and there are more foreign players on the market than ever before. Everything points to tougher competition in the future. Another trend is the growing size polarisation. You are either big enough to compete internationally or you are small and have a niche. Companies in between are finding it harder and harder to survive.

In Sweden there are three big construction companies and a lot of smaller builders. Consolidation has not reached this point in Norway and Finland but it will and we will be a part of it.

PEAB ATTRACTS TALENTED PEOPLE

The competition for talented personnel is only going to get tougher. The younger generation has other priorities and they want to be treated as individuals. They are attracted to companies that take a stand, act ethically and are engaged in social matters and at the same time their demands on the working environment are higher. We are already involved in education and actively develop this area, in part through The Peab School.

We are an attractive employer and we must remain so in the future. It is vital that new employees quickly embrace our core values Down-to-earth, Developing, Personal and Reliable which form a strong foundation based on engagement and simplicity.

INTERESTING CHALLENGES

In order for our vision to be successful we need to carry out a controlled expansion of personnel and investments.

Although growth in Norway and Finland requires investments it is not our intention to build up organisations that mirror our Swedish operations. The key factor on these markets is guaranteeing we have access to the resources we need. Our strategy is to regularly review local conditions and develop our operations based on them.

THE CAPACITY TO PERFORM

We have a solid foundation to achieve success. We already have a number of customers who are active throughout the Nordic region. We have advanced concepts and the strategic resources needed.

The emergency room in the Malmö University Hospital is one of the largest in Sweden and after Peab's extension and renovation it meets all the requirements of modern emergency medical care in a number of areas.

Peab completed construction of Mor Johannes Church in Valsta near Stockholm in September 2010. The order was received from the Syrian Orthodox Parish. The church stands out with its 26 meter high tower and cupola and gilded crosses.

Unusually strong growth.

The construction market developed more rapidly in 2010 than any analyst had thought possible. The situation was the same in Sweden, Norway and Finland. Nearly every sector of building construction saw good growth while there was more modest growth in civil engineering.

At the same time the dramatic upturn in 2010 will probably lead to lower growth in 2011. The substantial increase in volumes also raises the risk for a capacity shortage in all three countries.

HOUSING

New construction increased dramatically in Sweden in 2010. The number of apartments in production increased by around 90 percent. Renovation of apartment buildings and production of single homes increased as well, the latter by some 25 percent.

The rise in housing was due to continued low interest rates and a massive housing shortage in all the growth regions as well as consumers' growing belief in the future, which stemmed from improvements in the economy and expanding disposable incomes. This development will most likely continue although future interest hikes and falling home prices might take the edge off growth.

Housing construction has also accelerated in Finland. The number of homes in apartment buildings and single homes in production increased by around 50 percent in 2010. Development has been very rapid which was expected in single homes but was more surprising in apartment buildings.

Developments in Finland and Sweden were similar and both countries recovered quickly. Demand for housing and premises was good in both countries while the increase in single homes was greater in Finland. This was partly because the Finnish government subsidised the construction of apartment buildings in 2008 and 2009, which created a different business cycle.

The strong growth in Finland seems surprising at first considering there has already been so much construction in the country. One significant factor that bolsters demand is the unusually intense urbanisation, primarily in the Helsinki region. This creates a shortage in the big city regions and a surplus of housing in other parts of the country. There is a similar development in Sweden but growth there is based on that fact that the underlying demand has not been met rather than on urbanisation.

The number of apartments in construction increased by around 10 percent in Norway in 2010. The reason for lower growth in housing construction is that the shortage has been better met than in Sweden, and interest rates are higher. However, demand is good in the Oslo region, although not as good as comparable markets in Sweden and Finland.

OTHER BUILDING CONSTRUCTION

When it comes to other building construction, for example commercial and industrial premises and public buildings, project start-ups increased by 25-30 percent in Sweden.

Growth in commercial space was generated by fewer vacancies, which led to rising rent levels. This was particularly true for office space where there was a lack of space-efficient premises, which favours new production rather than renovation of older premises. Another significant factor behind the demand for office space was the considerable rise in employment in the service sector.

Growth in the public sector was in part due to the drive to conserve energy and in part the fact that 2010 was an election year. Traditionally greater activity in municipal construction precedes an election.

Growth was also good in repairs and construction maintenance at around 2 percent in 2010.

Premise start-ups in Finland shrunk by 15 percent, which was somewhat worse than forecasted. The reduction was greatest in the public sector while commercial construction developed more or less as expected.

Commercial construction and construction in the public sector on the Norwegian market rose by 15 percent. Although a recovery was forecasted the result surpassed expectations.

CIVIL ENGINEERING

The Swedish civil engineering market stood practically still in 2010 ending in near null growth. The outlook for 2011 is somewhat more positive with an expected increase of 3 percent. There are more big projects in production which creates a certain unevenness in growth. However, the civil engineering market is relatively stable and fluctuations are not as large as in, for example, housing. At the same time it is possible that the problems railways have suffered the last two winters will result in greater investments in 2011-2012. There are a number of ongoing road projects. Future developments in infrastructure are highly dependent on political decisions, for example, how resources between railways and roads are divided. Almost all the major infrastructure investments the government passed through legislation in previous years have now been completed and there is currently no indication of any new investments. Wind power is also characterised by uneven growth, mainly due to long, drawn out permit processes and appeals.

Development on the Finnish civil engineering market shows a decrease in 2010 and null growth is forecasted for 2011.

Growth in Norway, however, was around 3 percent in 2010 and is expected to increase to 5 percent in 2011. The Norwegian civil engineering market is traditionally stable because there is a constant need for new projects like tunnels and bridges. In addition, civil engineering projects are usually more expensive since the Norwegian topography is so varied and mountainous, and this promotes growth as well.

CONSTRUCTION MARKET 2011

We can expect the market to slow down somewhat in the next few years. In principle, the entire downturn Sweden suffered in 2009 was recovered in 2010, which implies a levelling off in 2011. Housing, however, will continue to grow. The strongest growth will most likely take place in single houses and industrial premises where the forecast for Sweden in 2011 is around 20 percent growth. Production of commercial premises is expected to grow by around 5 percent. On the other hand construction in the public sector is expected to fall slightly as municipalities will probably tighten their budgets.

All in all the number of start-ups in housing increased by some 60 percent in 2010 and growth in 2011 is estimated at 5 percent. The shortage of competent personnel in combination with a greater number of retirements will most likely affect growth in 2011. This shortage comes as no surprise but it has come earlier than expected due to the dramatic upturn in business.

THE COMPETITION

Peab is one of the three largest construction companies in the Nordic region. Peab is currently the largest company on the Swedish market followed by Skanska, NCC, JM and Svevia. Skanska and NCC work in similar ways on the Swedish market offering all kinds of construction and civil engineering products. We compete with JM primarily in housing developments in and around big cities and with Svevia in infrastructure.

In the past few years international competition has become increasingly prevalent. After 2009, when focus on domestic markets increased, the economy took a turn for the better and this trend grew again in 2010. This was particularly true in infrastructure where many of the big international companies tried to take advantage of the growth there, primarily on the Swedish market. One example is Norra länken in Stockholm which was won exclusively by foreign companies, albeit in collaboration with Swedish players.

Peab competes with a number of small and medium-sized companies on the local and regional markets. However, the importance of local presence is driving consolidation in the sector and large companies are acquiring smaller, local players. Peab is one of the players that has been successful in acquiring smaller, local companies that fit in well with our company structure and thereby increase our presence in strategically important markets that we previously did not cover.

Skanska and NCC are also our primary competitors in Norway and Finland. Peab also competes with Lemminkäinen and YIT in Finland and with Veidekke and AF Group in Norway.

Construction development, change in percent

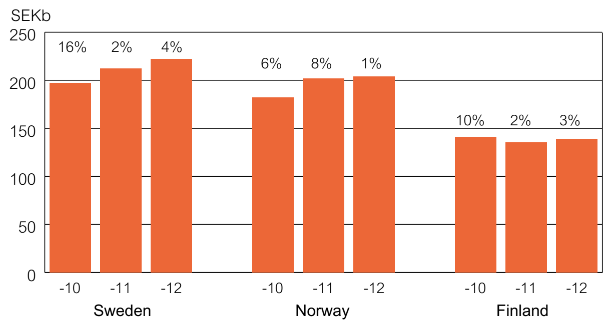
Sweden	2010	2011	2012
Housing start-ups	32	2	6
Civil engineering	0	3	2
Total investments	**16**	**2**	**4**

Norway	2010	2011	2012
Housing start-ups	8	9	1
Civil engineering	3	5	2
Total investments	**6**	**8**	**1**

Finland	2010	2011	2012
Housing start-ups	14	3	3
Civil engineering	–2	0	3
Total investments	**10**	**2**	**3**

Total investments 2010-2012

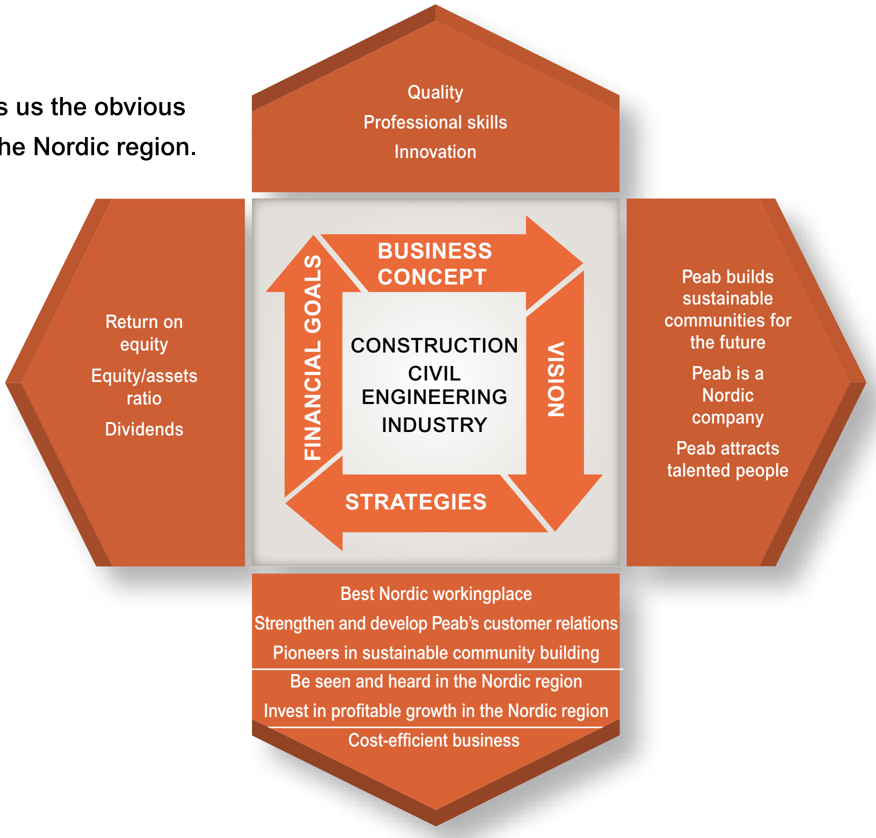
Building construction start-ups, ongoing civil engineering investments, SEKb, 2010 prices



(Source for this section: Industrifakta)

Peab builds sustainable Nordic communities for the future.

Peab's solid business model makes us the obvious partner for community building in the Nordic region.



Business model

Our business model is based on our operations – Construction, Civil Engineering and Industry that together create a complete offer to the market. Our work to realise our vision and our financial goals is based on our business concept and our six Group strategies that are built on well established values, ethical principles and taking responsibility for a sustainable society.

OUR BUSINESS CONCEPT

The foundation of our business is our strong business concept:

> **"Peab is a construction and civil engineering company that puts total quality in every step of the construction process first. Through innovation combined with solid professional skills we make the customer's interest our own and thereby build for the future."**

Total quality in the construction process is a powerful competitive edge for Peab. Our customers choose us because they see that our prices and quality are the best alternative. Being innovative means we always endeavour to find new solutions. Building materials and methods are constantly developing and we strive to strike a balance between the tried and true and the innovative. Solid professional skills and engaged co-workers are vital factors at Peab. We have always put an honour in delivering a product that exceeds our customers' expectations. Whatever is important to our customers is important to us and we like to work closely with our customers, for instance through our trust-based contracts. By building for the future we ensure that our construction of today will meet tomorrow's demands for a sustainable society.

Our vision for the future

In order to create a common idea of where we are headed we formulated a vision in 2010:

PEAB- THE NORDIC COMMUNITY BUILDER

Peab builds sustainable communities for the future

We are the obvious partner for community building in the Nordic region. We come up with ideas, take initiative and break new ground. We conserve resources and our climate smart solutions have spearheaded developments. Our work is sustainable throughout its entire life cycle.

Peab is a Nordic company

Our entire organisation works together to exceed our customers' expectations. Peab is always close to our customers no matter whether they operate locally, nationally or globally. Satisfied customers contribute to our success in the entire Nordic region.

Peab attracts talented people

We are the number one Nordic employer. Our values are simple and clear. Our personnel is deeply engaged and our leaders are committed to helping people develop. When our employees grow, Peab grows.

The world's largest sauna is located in Haparanda and Peab completed construction of it in 2010. Around 150 people can enjoy its 7.5 metre ceiling height and 170 m2 space.

Six strategies lead to realising our vision

To create the conditions we need to implement our strategies we are focusing on operating efficiently in everything we do.

COST-EFFICIENT BUSINESS

By coordinating the entire Group's structure we can better identify synergies and advantageous cooperation in all our operations. We can also move resources to use them where demand is the greatest. This means we can quickly regroup and take advantage of new business opportunities that arise.

In order to utilise the entire organisation's collective competence we have worked on developing a more process-oriented mindset. By creating common concepts we can build up a knowledge bank that all our Nordic customers can easily access. By moving personnel from one unit, or country, to another we can to a greater extent retain competence in the company, even when the situation on the market changes. And at the same time we can offer our employees a chance to work abroad.

We have worked determinedly for some time to rationalise and industrialise the construction process in order to lower construction costs. Among other things, we have developed a common construction system (PGS) based on a flexible system of building components that are manufactured and then mounted together into a complete apartment building. Through this we have taken a further step in the development of our systems for industrial construction so that they can be used by all our divisions.

Logistics are an important part of more effective construction. We are constantly working to reduce the number of material suppliers and subcontractors while we strengthen cooperation with our existing ones. We are also in the process of industrialising purchasing procedures. Our computerised purchase and call-off system PIA functions for the time being in Sweden. By developing relationships with Nordic suppliers and signing long-term contracts we can build with high quality, locally produced building material at a good price. In cases where we cannot find domestic cost-effective alternatives, our purchasing organisation works with international, quality-assured suppliers.

Parallel with our overriding strategic work to create synergies we continually strive to make our organisation as effective as possible. We work methodically with continuous improvement and innovatively with finding ways to optimise every aspect of our operations and reduce costs.

In 2010 we established key ratios for our productivity and sat up targets for annual increases. An important part of our efficiency effort is measuring and following up results and communicating them throughout the company.

COST-EFFICIENT BUSINESS

- Industrial processes
- Industrial construction
- Concept development
- Logistics
- Operative goals and follow-up

In order to attract customers and personnel we will:

INVEST IN PROFITABLE GROWTH IN THE NORDIC REGION

An important factor in achieving our vision is good growth while retaining profitability. We see good potential for growth both organically and through acquisitions throughout the Nordic region. There are obviously more opportunities to grow in Norway and Finland where operations are currently smaller than those in Sweden. Nonetheless there is potential for growth in Sweden, one such area is construction maintenance.

We have produced a personnel recruitment strategy for next few years that will drive our growth. Peab considers its personnel its most important resource. We are prepared for profitable investments in construction in areas where the community or other players have previously been lone investors. Despite the turbulent market we launched several housing projects in the past few years to have a head start when demand picks up again. We will also invest in land for housing projects and acquire businesses that meet our strategic and financial demands.

We have long worked actively with housing developments as a way to create growth. In 2011 we will step up our involvement in commercial real estate developments. The idea is to create added value for both our customers and shareholders. However, although

in certain cases we may own more for a longer time we still intend to sell our development projects. By getting more involved in developing property we can better understand and gain expertise in our customers' business. This better equips us to assist our customers in developing their projects at the same time we expand our opportunities on the market.

We will continue to identify, initiate and develop large projects such as Arenastaden in Solna, Varvsstaden in Malmö and the research centre Max IV in Lund.

INVEST IN PROFITABLE GROWTH IN THE NORDIC REGION

- Personnel recruitment strategy
- Housing developments
- Real estate developments
- Acquisitions 2010
  - Telemark Vestfold Entreprenör AS
  - Telemark Vestfold Utvikling AS
  - A-frakt AB
  - Cramo Entreprenad
  - Yttre Miljö
  - Ångström & Mellgren AB

BE SEEN AND HEARD IN THE NORDIC REGION

We intend to make Peab a household name as the Nordic community builder. By making sure we are seen and heard on the Nordic market we will boost our ability to attract customers, personnel and investors.

In the autumn of 2010 we measured how well Peab was known as a Nordic community builder and based on this information we put into place strategies to make Peab synonymous with community builder.

We also ran an advertising campaign in Norway, Sweden and Finland. It was the first time we marketed Peab simultaneously on all our markets, which was made possible through our newly created Nordic brand platform. The purpose of this campaign was to communicate the ambition of our vision, be seen and heard and attract new employees. We launched a new website parallel with this campaign that presents Peab as the Nordic community builder.

Another means of communication with the market is through our magazine the Peab Journal (not available in English) that is distributed four times a year to all our customers, shareholders and employees. We have also redesigned the Group's website to better present Peab's offer.

Peab also participates actively in community planning. For example, we have had a large part in the work to initiate and develop Arenastaden in Solna and Västra hamnen in Malmö.

We will attract customers and personnel in the Nordic market.

PIONEERS IN SUSTAINABLE COMMUNITY BUILDING

We are also going to be pioneers and contribute to a sustainable society creating value not only for our customers and their customers but for society at large, our employees and our owners. This in turn opens the door to new markets and business opportunities, both for our customers and for us.

A step on the way to realising our vision was taken in 2010 when we created our definition of sustainable community building:

All our plans and undertakings must conform to our ethical guidelines, and everything we do must be fashioned responsibly with a far reaching perspective in order to satisfy all the environmental, financial and social aspects involved in our work.

Among other things this year we began working on effective energy utilisation in construction. We have also developed and augmented our environmental organisation as well as initiated development of our CSR reporting (see pages 32-35).

PIONEERS IN SUSTAINABLE COMMUNITY BUILDING

The Environment

- We are working on increasing the use of renewable raw materials and better conserve resources in every aspect of our operations.
- We prioritise property close to mass communication and service to support maximum use of society's infrastructure.
- We minimise our impact on the ecosystem and take responsibility for preserving nature when we use and develop property.

Social responsibility

- We build so that people can live and work in a safe and healthy environment.
- We build our business on the principle that all people are equal and should have the same rights, obligations and opportunities.
- We are engaged in the development of society.

Financial responsibility

- We strive to make the economy of every project over its entire lifecycle clear to our customers and everyone involved in the project.
- We constantly work to be more effective.
- We put great store in risk assessment and planning at an early stage in order to build as efficiently as possible and conserve resources.

STRENGTHEN AND DEVELOP PEAB'S CUSTOMER RELATIONS

We continue to nurture our customer relations. We prioritise long-term relationships and build them on trust, which is why we continuously develop the way we cooperate with our customers.

Peab has used trust-based contracts for years. This means that Peab, the architects, consultants and subcontractors sit down together with the customer at an early stage to create the best prerequisites for a successful project. This form of cooperation allows us contribute our expertise to the project, which leads to shorter building times, a lower total price and higher quality. In trust-based contracts we work with open accounting and in close, unprestigious cooperation with our customer.

In addition to trust-based contracts we also work with Partnering, a form of partnership that is common on the European market.

Our cooperation with IKEA regarding their expansion in Sweden, Norway and Finland is a good example of how we work with a long-term perspective in our customer relationships. Our assignment is to develop systems and solutions that run from the construction to the administration of IKEA's stores. Our collaboration will be from conception to turning over the keys and the stores will be built with high quality, low construction costs, short building times, energy conservation and environmentally efficient construction and operation solutions.

Another way to develop our customer relations is by producing complete, specific and well thought-out concepts within specialised niche markets based on the needs we see on the market. For example, we have deepened and conceptualised our know-how when it comes to building housing, hospitals and arenas. We have developed specific routines and processes to rationalise our production in these areas. The gains are even greater when we can tie in our industrialised construction processes.

A good illustration of this is our concept for sheltered housing Annehem that we launched this year. We aim to produce several other concepts built on industrialised construction in 2011.

To make sure we meet our customers' demands we will begin regularly measuring customer satisfaction in all our operations next year and set up growth targets for the coming years.

STRENGTHEN AND DEVELOP PEAB'S CUSTOMER RELATIONS

- Trust-based contract
- Long-term perspective
- Concept development
- Continuous evaluation of relations

BEST NORDIC WORKINGPLACE

During the next few years many of our personnel will retire even as we plan to accelerate our growth rate while maintaining profitably. This requires being able to attract new co-workers.

We should be the best workplace in the industry. However, in light of current events we realise that this is not enough. We need to be able to compete with companies outside our industry. So we have raised our ambition to become the best workplace overall in the Nordic region.

We will continue to develop our organisation and its leaders, promote creativity and develop industrial construction. Naturally our whole industry needs to develop too. To achieve this the players in the construction market have to initiate an open dialogue in order to create, for example, modern employment contracts.

In Peab we work systematically to find out if our employees are well and enjoy their work. We regularly send out an extensive personnel questionnaire, the Handshake, where we chart things like how our employees view leadership, commitment, competence, customer focus, Peab as an employer as well as health and the working environment. Employees are in general very positive and the response level of the questionnaire is high, which validates the results. We base our work on further developing Peab as an employer at all levels on the results.

During the year we have produced strategies to achieve even better results in the Handshake in the coming years. We have also defined a good workplace and set up measurable targets to help us get there.

Through Peab Leisure all co-workers are offered health promoting activities like a gym pass, education in health, family outings and other pursuits. In order to enjoy their job people need to feel involved. All Peab personnel have a personal login to our intranet the Plank and their own e-mail address. This gives all our employees access to all information via Internet wherever they may be.

We work systematically to create a good mixture of ages, gender and ethnicity. For instance, we encourage more women to take on leadership positions in production and strive to create the same prerequisites for women as well as men in day-to-day work.

We invest heavily in leadership training and prioritise internal recruitment through the Peab Academy in order to retain competence within the Group and at the same time make us more attractive employers. We have specially designed management preparation programs for both white collar workers and craftsmen. During 2010 we redesigned our management and leadership program based on our vision and drew up a strategy for the coming years.

Peab encourages young people to make a career in the construction industry, in part through the Peab School, a three-year high school education for craftsmen. The school has been a huge success from the start in 2006. Today there are Peab Schools in Ängelholm, Solna and Malmö and in 2011 we will open a school in Upplands Väsby. We intend to increase our rate of expansion and are looking into the possibility of starting a school in Norway. Peab School is unique in that half of the places are saved for students who finished junior high school without being eligible for high school. In 2010 we developed a pedagogic fundament that the school is based on and have implemented it in our internal courses at Peab Academy as well.

To further increase our ability to attract young talent we conducted an extensive study on the demands and attitudes of young people today. Based on the results next year we will draw up new ideas and solutions on how to augment interest in Peab in this important target group.

BEST NORDICWORKING PLACE

What does Peab do to...

Attract new personnel
- The Peab School
- Young and promising scholarships
- Employment days
- Societal analyses

Develop personnel
- Management preparation programs
- Leadership training
- Individual development plans

Keep personnel
- The Handshake
- Internal information
- Peab Leisure
- Diverse workplace

Our organisation.

In order to run an efficient and developing company we have created a Nordic organisation that through the local presence of our divisions takes advantage of the power in local entrepreneurship while benefiting from the strength of our collective resources, competence and experience.

In addition to the divisions within our business areas we have a number of support functions on Group level tasked with assisting local operations with concepts and specialist consultation in a number of areas such as housing development, construction maintenance and property development. This allows us to create uniform cost-effective concepts, standardised solutions and common marketing campaigns.

OUR FUNDAMENTAL VALUES

Our business model describes how we work to create profitability and growth. However, what makes it unique to Peab is that it is built on our shared values that are in turn based on our four core values: Down-to-Earth, Developing, Personal and Reliable.

In addition to these core values our business is steered by a number of policy documents within quality, the working environment, the environment and ethics.

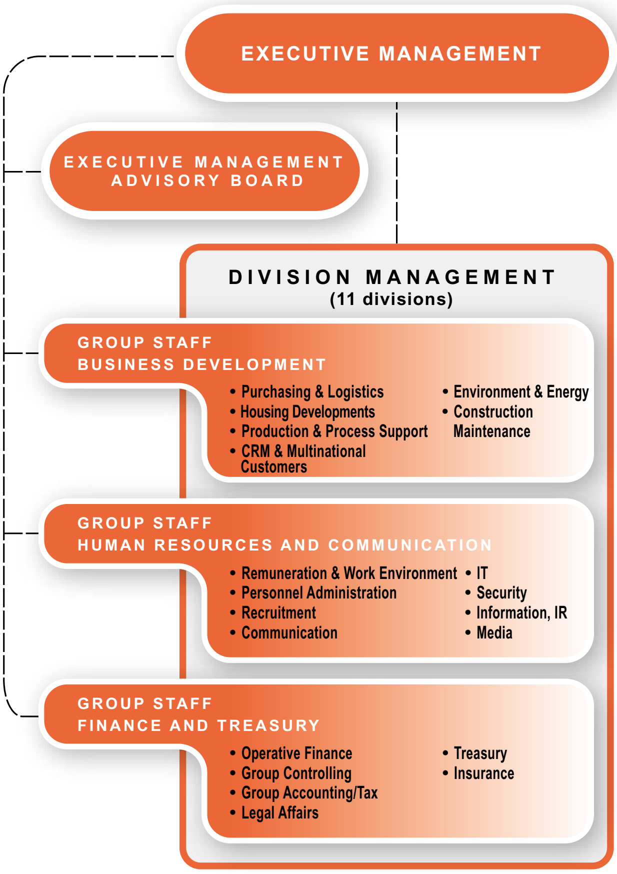
OUR CORE VALUES

Down-to-earth
We will be down-to-earth in the way we work, decision-making will be close at hand and we will be sensitive to the needs of our customers.

Developing
We will be innovative, flexible and strive for continuous improvement.

Personal
Through an honest and trustful dialogue with our customers and partners we will create and maintain long-term, good relationships.

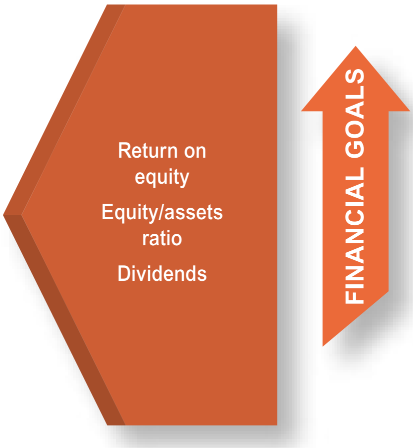
Reliable
We will always perform with good business ethics, competence and professional skill.



In 2009 Peab rebuilt Scancem's old headquarters in Malmö to homes for those who put a high price on the good things in life. The luxurious apartments are complemented by a Spa, cinema and a restaurant with both a lounge and bar.

Our financial and operative goals.

Peab's earnings will be used to development our business and deliver a return to our owners.



FINANCIAL GOALS

Peab's management steers operations based on the Board's guidelines with three financial goals - return on equity, the equity/assets ratio and dividends. They were adopted in the spring of 2007 and are valid for the entire Group. The goals are clear and simplify communication with financial markets. We will adjust our financial goals as needed if significant changes in the structure of Peab or external circumstances, such as changes on the financial markets or through political decisions, occur.

OPERATIONAL GOALS

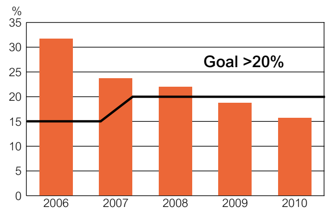
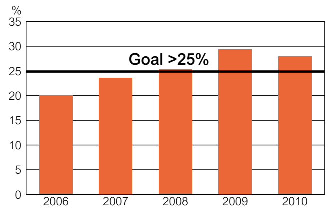
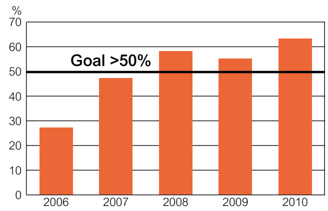
Peab consists of a number of different operations with different conditions which therefore have internal goals that fit each individual business. These goals are regularly followed up through reports in the projects and profit centres. Operational goals are primarily focused on three areas:

Profitability: This is measured through the operating margin where we focus on price-setting and particularly overhead as well as through the return on capital employed in order to ensure optimal use of the capital tied up in facilities and project developments.

Cash flow and liquidity: Cash flow before financing must always be positive in the long-term. Even if this may deviate for a particular year, the tied up working capital and investment levels must, over time, match the cash flow generated by operative units. The Group's liquid funds, including unutilised credit facilities, amounted to SEK 5.3 billion per 31 December 2010.

Tied up capital: Each division has a framework for tying up capital and return on capital employed goals. Two Group level investment teams decide on the divisions' investments for both machines and project property. This gives divisions the entrepreneurial liberty to act while ensuring the Group's tied capital is used optimally.

PEAB GROUP'S FINANCIAL GOALS

Goal	Comments	
Return on equity will be a minimum of 20 percent. The goal is set to create an effective business and a rational capital structure that limits the owners' contributed capital.	In recent years returns on equity have been higher than our goal. However, in 2009 and 2010 we did not meet this goal due to lower profits as a result of the smaller volumes that came with the economic downturn, and as a consequence of the high equity/assets ratio the past few years.	Return on equity 
Equity/assets ratio will be a minimum of 25 percent. The equity/assets ratio regulates the relationship between equity and debt. The goal, which is set to balance the owners' demands on returns and the need to safeguard the business during times with a more difficult market situation, entails that a minimum of 25 percent of Group assets are financed through equity.	The equity/assets ratio has been reached or surpassed the goal the last three years. This is in part a result of the new share issue connected to the acquisition of Peab Industri at the end of 2008 and in part stable earnings that augment Group equity.	Equity/assets ratio 
Dividends will be a minimum of 50 percent of profit after tax. The goal is set to ensure the owners' return on their contributed capital as well as meet the company's need for funds to develop operations.	A dividend of SEK 2.60 per share is proposed for 2010. Calculated as a share of consolidated booked profit after tax the proposed dividend is 63 percent. The proposed dividend corresponds to a direct return of 4.5 percent based on Peab's final market value on 31 December 2010.	Dividends[1)] 

1) Board's proposal for 2010 to the AGM

New Ulriksdal is one of Peab's larger housing projects in Stockholm. We are building 1,500 new homes, some 5,000 new workplaces and 5,000 m² commercial space.

Jan Johansson, Vice President

Together we are strong as Nordic steel.

We put a turbulent year behind us when we moved on to 2010. We had handled the financial crisis, established our new organisation and implemented the integration of Peab Industri. During the year we increased net sales and continued our development by formulating our vision, producing comprehensive strategies for the Group and sharpening our focus on leadership.

I am happy to note that all our business areas grew in 2010. Our total operative net sales increased in 2010 by all of nine percent. Housing production, both apartment buildings and single homes, grew and this was good for our construction operations.

Civil engineering increased as well in 2010, despite an unusually long, cold winter and mounting international competition. We worked actively to further improve our productivity in order to maintain our margins but were not completely successful.

More activity was good in Industry operations as well and that resulted in better capacity utilisation during the year.

Orders received levels were good overall and we started 2011 with a substantial order backlog. This means we can plan in advance and can thereby steer and adjust operations optimally.

STRATEGIC CHOICE

Our success is not by chance. It is the result of a broad engagement in our co-workers and a number of important strategic choices. When the financial crisis hit at the end of 2008 we chose to produce our own rentals. We also converted a number of planned tenant-owner properties to rentals. We did this because we are convinced that rentals are going to have a renaissance and we wanted to keep our competent housing builders.

We chose to keep personnel on as far as possible and as a result we are ready with a proficient labour force now that the market is turning. This gives us an invaluable strategic advantage. Peab has always gone its own way during downturns in the business cycle, which exemplifies how we work with a long-term perspective, thanks to our long-term owners.

DEVELOPED CUSTOMER OFFERS

We continued to develop Peab in 2010. We wanted to make sure we are attractive on the market so we reviewed our customer offers. This led to the decision to begin developing property in 2011, something our customers have asked for. In doing so we will build up an expertise in commercial property, just as we have done in housing through our own housing developments. We want to be able to offer our customers an all-encompassing concept for building communities complete with everything from hospitals, offices and other modern workplaces to rentals and shopping malls, which is why it is so important we have this know-how.

We also continued to work on conceptualising and packaging our offers so that we have a clear profile on the market. In 2010 we launched projects such as senior and sheltered homes as well as a low-cost standard home. In 2011 we will also launch a remodelling concept.

FOCUS ON LEADERSHIP

One of the biggest challenges in 2010 was the work on our new vision and new strategies. If we want to be a sustainable community builder we have to take into account all dimensions of our business; ethics, our values, the environment and diversity when we plan our operations.

In order to achieve our vision our leaders need to be active, competent and engaged. This is vital for our continued success which is why we work so intensively in this area. We have our own educational facilities in The Peab Academy, we work with internal recruitment and take measures to keep and develop our personnel. On top of that, the first 30 students in The Peab School graduated in 2010. We run the Peab School in four locations in Sweden and we plan to expand. This is a very good example of how we combine our community building with our need to recruit personnel.

STRATEGIC INVESTMENTS

One of the challenges in 2010, in the wake of the financial crisis, was solving financing because although financing was limited, demand did not disappear. We were able to finance our projects and built condominiums, tenant-owned apartments and single homes.

The situation actually made it advantageous to invest in our operations and we acquired a number of companies, bought land and invested in new machines. This made us well equipped to handle the current upturn in the market.

We also acquired 20 percent of the real estate company Catena. This was in part a very good financial investment but we also saw the potential in areas such as Haga North in Stockholm. This has proven to be a very strategically positive acquisition. Peab has always been good at taking advantage of the opportunities for good deals that open up in hard times and the acquisition of Catena is one more example of this.

FUTURE GROWTH IN THE NORDIC REGION

Peab has grown to become the largest builder in Sweden, which means that our greatest potential for growth is in Norway and Finland. During 2010, in line with our vision and strategies, we fully integrated the Nordic perspective and built a platform for growth. Development will take place both organically and through acquisitions and in 2010 we produced strategies and created an organisation to realise this. One result of our Nordic perspective is the collaboration agreement we made with IKEA at the end of 2010 encompassing stores in Sweden, Norway and Finland.

COMING TOGETHER TO REACH OUR GOALS

In 2010 we aligned our vision, strategies and resources. Now we are setting our sights on the future and on reaching our goals. We have high ambitions to grow on the market with limited resources, which requires implementing all our strategies to the hilt.

It will also require handling the expanding cost base that occurs when inflation accelerates and the need to take on more employees grows. This makes it essential to continue focusing on productivity and actively measuring and following it up. We have to conceptualise and industrialise.

Everything is in place and every unit in Peab knows which goals they have to meet in the coming years. We are heading out of the starting gate and our entire organisation is united in realising our vision.

With the greatest respect and a tremendous engagement I will take over the role of president and chief executive officer from Mats Paulsson at the Annual General Meeting. I am convinced that we with all our resources, our vision, our values and strategies and our committed and competent co-workers will reach our goals.

Net sales and operating profit per business area

	Net sales		Operating profit		Operating margin	
MSEK	**Jan-Dec 2010**	Jan-Dec 2009	**Jan-Dec 2010**	Jan-Dec 2009	**Jan-Dec 2010**	Jan-Dec 2009
Construction	24,186	22,355	835	814	3.5%	3.6%
Civil Engineering	10,664	9,339	356	446	3.3%	4.8%
Industry	8,508	7,581	544	514	6.4%	6.8%
Group functions	146	180	–172	–173		
Eliminations	–5,320	–4,315				
Operative[1)]	**38,184**	**35,140**	**1,563**	**1,601**	**4.1%**	**4.6%**
Adjustment in housing reporting [2)]	–139	–272	–60	–28		
Legal	**38,045**	**34,868**	**1,503**	**1,573**	**4.0%**	**4.5%**

1) According to percentage of completion method (IAS 11)
2) Adjustment of the accounting principle for own homes in Sweden and housing in Finland and Norway to the completion method (IAS 18)

CONSTRUCTION.

Our combined resources make us strong on the market

"With our Nordic construction organisation we have the resources necessary to work with systematic and industrialised processes throughout our market. Attractive all-encompassing solutions and deeply committed co-workers provide us with a good platform for growth in the Nordic region."

From left: Petri Suuperko, Division Manager Finland
Sven Kerstis, Division Manager West,
Petter Moe, Division Manager Norway,
Jan Hildingsson, Division Manager South,
Jan-Olof Nordin, Division Manager Stockholm Hus
and Anders Arfvén, Division Manager Northeast.
Inset: Tomas Anderson, Division Manager Property Development

Business area Construction.

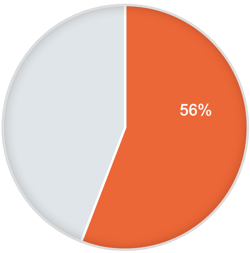
In business area Construction we perform contract work for external customers and develop our own projects. Operations comprise everything from new construction to renovation and construction maintenance. Our business is run in five geographic divisions in Sweden, one division in Norway and one in Finland. As of 1 January 2011 a new Nordic division manages Group property development.

We produce housing, public buildings like hospitals or arenas and commercial premises like shopping malls, offices and factories. Operations in Construction also include construction related services such as construction maintenance and repairs.

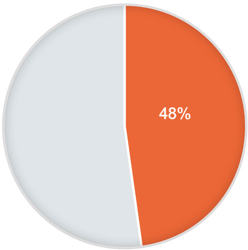
Through our local organisation we are well rooted in local markets. Our Swedish business is established and operates nationwide. Our Norwegian business operates in the areas around Oslo, Tromsö and Eastern Norway and our Finnish business is in Helsinki, Tammerfors, Åbo, Vasa, Seinäjoki, Rovaniemi and Uleåborg.

Group functions in, for example, housing developments, construction maintenance and property development support local operations with concept development and specialist expertise. With our combined resources we can offer attractive all-encompassing solutions, market adapted concepts and our experience from previous projects. Through our engagement we build up long-term relationships with our customers, which is beneficial to both parties.

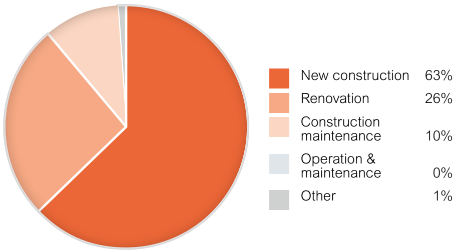
Share of Group operative net sales 2010



Share of Group operative operating profit 2010



Operative net sales per type of operations



Gradually improving Nordic construction market.

Peab is one of the largest housing developers in the Nordic region. We develop and produce thousands of homes every year in our own developments and for external customers. Our competence lies in understanding how and where people want to live. Our strength is being able to handle the entire process – from acquiring land and developing it to production and management.

HOUSING VOLUMES LIFTING FROM LOW LEVELS

Activity on the Swedish housing construction market really lifted in 2010, albeit from a low level in 2009. One of the more significant projects during the year was Porslinsfabriken in Gothenburg , a housing complex with price worthy tenant-owned apartments in the middle of the city. Another such project in the Stockholm area was Branten with 161 tenant-owned apartments in Kungsängen and Ekudden's 134 apartments in Nacka.

We have continued to produce apartments for rent and during the year built a number of apartment buildings in Kumla, Sigtuna, Jönköping, Helsingborg, Örebro, Uppsala, Espo in Finland and Oslo in Norway. A number of apartment buildings have been erected with the PGS concept (industrial construction) in Mälardalen and Malmö.

The housing market in Norway was rather stable despite the financial crisis. Although growth was not as intensive as in Sweden and Finland there was a substantial demand for homes around Oslo. The tenant-owned apartments Strömmen and the exclusive apartments on Övre Ullern Terassen are examples of housing projects carried out in 2010 in the Oslo area.

The Finnish market has been characterised by a strong consumer belief in the future and low unemployment. As a result our housing volumes are now three times as high as they were in 2009. This growth has taken place primarily in the big city regions. Two of our construction projects in Finland were the first stage of 43 apartments in Kompassi in Vaasa and Talin Trendi in Espo with 52 apartments.

It looks like volumes will continue to increase in 2011 on the Nordic market where there is still a substantial shortage of housing. Interest rates are low, purchasing power good and unemployment is at a relatively low level throughout the Nordic region, all of which creates the right conditions for a gradual increase in housing construction.

LARGE COMMERCIAL PROJECTS MEANT STABLE CAPACITY UTILISATION

Construction of commercial space was good in 2010, even though there were regional differences. A number of major projects dominated the big city areas such as Arenastaden in Stockholm and Varvstaden in Malmö. The fact is we have never had as many large projects in Stockholm before. The outlook is positive for 2011 as well and our order backlog is considerable. In northern Sweden the expanding mining industry generated most of the new projects.

Since 1 January 2011 we have a new Nordic division for property development, which will be equivalent of the housing operations we run in each division.

During the year Peab and IKEA initiated a collaboration for IKEA's further expansion in Sweden, Norway and Finland. Peab's assignment is to develop systems and solutions that run from the construction to the administration of IKEA's stores. The agreement entails building ten new stores following the expansion plans of

New Ulriksdal in Solna outside Stockholm will be a vibrant and tight city district. City terraced houses are mixed with apartment buildings.

NEEDS ASSESSMENT	PLANNING PROCESS	PROJECT PLAN	IMPLEMENTATION	OPERATION AND MAINTENANCE
We see a need and launch an assessment, either in cooperation with a customer or on our own.	We create prerequisites for the project, both physical and financial.	We plan projects, first in general and then in detail. We apply for building permits, draw up zoning plans and prepare cost estimates.	We build the project and hand it over to our customer. Our own projects are managed and sold when the market is ripe.	We run, maintain, renovate property and premises as well as build extensions.

each country. Our collaboration will be from conception to turning over the keys and the stores will be built with high quality, lower construction costs, short building times, energy conservation and environmentally efficient construction and operation solutions.

In Stockholm we completed Stockholm Waterfront, a hotel, conference and office project in the centre of Stockholm with a view over Riddarfjärden. We are building Victoria Tower at Kistamässan, a little north of Stockholm. This will be a 33 story, or 120 metre, high hotel and office building. The tower, which is expected to be finished in the autumn of 2011, will be the second highest building in Stockholm after the Kaknäs Tower. During 2010 we began work on the Stockholmsarena in the Globe district. Work on Arenastaden, which will be centred around Sweden's new national arena, the Swedbank Arena, has continued during the year. These two arenas will create 80,000 new spectator spaces in Stockholm.

In Gothenburg work started on the five-star Clarion Hotell Post. Peab received the commission from Home Properties and the contract consists of renovating and extending the classic Centralposthus on Drottning Square in central Gothenburg. Construction is expected to be completed in January 2012.

We completed the first project in the property development Varvsstaden in Malmö in 2010. SVT Malmö rents the building which is owned by Wihlborgs Fastighets AB. The next stage of construction is Media Evolution City, which will be a gathering place for different areas of the media industry. It was commissioned by Wihlborgs Mediacenter HB.

We are building Point Hyllie in Malmö's new city district Hyllie, which is located right next to City Tunnel station Hyllie. In addition to a fantastic communication site Point Hyllie's architecture is extraordinary. Stage 1, ten metres from the entrance to City Tunnel, has been completed and there are no vacancies. We are now building and renting Stage 2, which like Stage 1, contains both stores and offices.

Peab and Kruthusen's newly constructed Campus Building at Blekinge Institute of Technology in Karlskrona was the first new construction to receive the Gold Diploma according to the Sweden Green Building Council's environmental certification, Miljöbyggnad (Environmental Building). Thanks to its double-glazed façade and need-driven ventilation the new Campus Building consumes very little energy (68 kWh /m2/year).

In 2010 we also received the commission to build Max IV in Lund, a very advanced research facility with international cutting edge technology.

Commercial construction was, however, lower on the Norwegian market. This is due to an overproduction of new buildings during the previous strong economy, which in turn has led to a higher degree of vacancies. During the year we won a number of large projects, among them the construction of the new Scandic Hotel Fornebu in Olso and the renovation and extension of Oslo University College.

Operations on the Finnish market developed well during the year. One of our projects was construction of the first stage of the shopping mall in Päivöläi in Seinäjoki. We received the commission from NV Property Fund in Ky and the first stage comprises around 11,000 m^2 of the finished mall's entire 50,000 m^2.

CONSTRUCTION MAINTENANCE WITH GROWTH POTENTIAL

Peab construction maintenance works with maintenance, repairs, insurance claims, service to real estate companies and industries and smaller contracts. We also do repairs, remodelling and extensions for private homeowners and tenant-owners.

Construction maintenance is a strategically important business for Peab. Since it takes place locally and works with ongoing construction and renovation projects it is an excellent way to be in contact with the market and our customers. We therefore see a great deal of potential for expansion.

During the year developments were good in construction maintenance on the Swedish market. This business, which is usually relatively unaffected by business cycles, has grown and now has a stable platform for the future.

Construction maintenance is also growing in Norway and we see good growth potential. Construction maintenance is not in operation in Finland at this time but we have taken the initiative to start.

CONTINUED DEVELOPMENT OF THE NORDIC PLATFORM

We are one of the ten largest construction companies in Finland where the four largest players on a fragmented market are YIT, Lemminkäinen, Skanska and NCC. In 2010, we intensified the work to adapt operations to the new Nordic organisation and thereby create a platform for continued growth.

The Norwegian market is also fragmented and has around 100 companies with net sales of more than NOK 100 million. Domestic construction companies Veidekke and Skanska dominate the market and Peab is probably the eighth largest construction company in Norway. In 2010 we acquired 91 percent of the shares in Telemark Vestfold Entreprenör AS and 33 percent of the shares in Telemark Vestfold Utvikling AS. The companies are active in housing construction and project development in Norway.

All in all our strategies for growth, in combination with the fragmented market and accelerating construction business cycle, create a good foundation for further expansion in Norway and Finland, through organic growth as well as acquisitions. The same is true for Sweden although growth there will primarily be organic since the market is already relatively consolidated.

PRIORITIES IN 2011

2011 will be an interesting year with a number of activities. We will focus primarily on:

- More housing construction
- Property development
- Development of operations in Norway and Finland
- Greater productivity through better operational follow up
- Leadership, organisation and recruitment

Important projects completed in 2010

- **University Hospital in Malmö,** where the emergency and infection wards are up and running. The building received a prize for its unique exterior.

- **Stockholm Waterfront** with a congress hall, hotel and an eleven story office building in the middle of Stockholm.
- **Jail in Gothenburg** next to soccer field Ullevi with administration offices for the National Prison Authority.
- **Cargo terminal at Arlanda,** a building to handle cargo for Nordic Airport Properties and rented by SAS Spirit Cargo.
- **Fire station in Tromsö,** one of Europe's most northerly fire stations for Tromsö municipality.

KEY RATIOS	2010	2009
Operative net sales, MSEK	24,186	22,355
Operative operating profit, MSEK	835	814
Operative operating margin, %	3.5	3.6
Order backlog on 31 December, MSEK	18,316	16,751
Number of employees	7,865	7,297

Important events in 2010

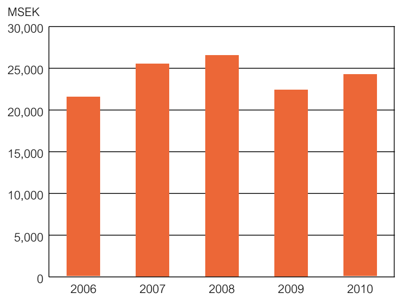
- Operative net sales increased by 8 percent primarily due to an increase in housing sales. For comparable units the increase was 7 percent.
- Operative operating margin decreased from 3.6 to 3.5 percent. Operating profit was affected negatively in part by lower margins in projects booked in 2009 and in part by the severe winter in the beginning and end of the year. An increased production rate during the year as well as our own housing development start-ups contributed to greater profitability.
- Order backlog increased by more than 9 percent as a result of more housing construction and an upturn in the economy.
- Contract with IKEA on expansion in the Nordic region.
- Acquisition of Ångström & Mellgren strengthens Peab in Mälardalen in project development, construction and construction maintenance.
- Acquisition of 91 percent of the shares in Telemark Vestfold Entreprenör AS and 33 percent of the shares in Telemark Vestfold Utvikling AS strengthens our position in housing and project development in Norway.

Important projects in production

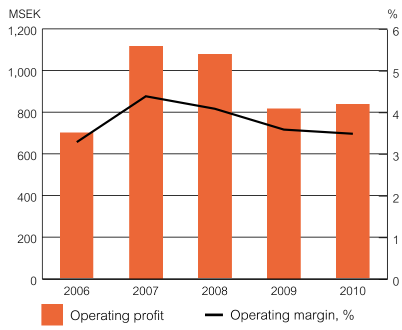
- **Hotell Post,** the classic post office in Gothenburg will be remodelled into Clarion Hotell Post.

- **Shopping mall,** the first stage of the shopping centre Avenas in Seinäjoki outside Vasa.
- **Arenastaden,** the new national arena for soccer, Vattenfall Norden's new offices, and more in Solna.
- **Multi-story car park** at Fornebu in Oslo with 1,600 parking spaces.
- **Stockholmsarenan** in the Globe district in Stockholm.

Operative net sales



Operative operating profit and margin



CIVIL ENGINEERING.

We are ready to develop on the Nordic market

"By maintaining our strong local presence, a flexible organisation with supplementary strategic resources and broad competence and we are ready to develop on the Nordic market."

Tore Nilsson, Division Manager Civil Engineering

Business area Civil Engineering.

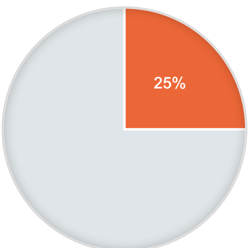
Business area Civil Engineering works on the local civil engineering market, with infrastructure projects as well as in operation and maintenance. Our business is run in Sweden, Norway and Finland.

The local civil engineering market comprises land and drainage and water supply projects, construction for industry and property development. Infrastructure includes road and railway projects as well as bridges and tunnels. Operation and maintenance works primarily with road maintenance but also provides such municipal services as park management and street maintenance.

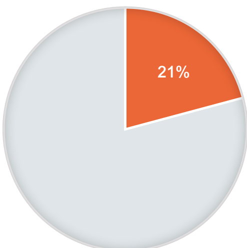
Our main customer group is the public sector where clients include the Swedish Transport Administration and municipalities. Another important customer segment is private companies. Our flexibility and ability to continually adapt to our customers' needs makes us well equipped to supply a variable market.

We have the large scale advantages of a big company at the same time our business is built on entrepreneurship close to our customers. This is the basis of our successful development.

Share of Group operative net sales 2010



Share of Group operative operating profit 2010



Larger volumes despite a tougher market and winter.

The year has been characterised by a long, drawn out winter season and the aftermath of the downturn in the economy. In spite of this we managed to increase volumes, although margins were smaller than in the previous year.

LOCAL CIVIL ENGINEERING MARKET ON THE RISE

The local civil engineering market began recovering in 2010. Activity on the civil engineering market increased as construction volumes took a radical turn for the better. The strongest signals regarding new investments came from base industries, especially in northern Sweden, and this had a positive effect on construction and civil engineering operations.

During the year we have focused on making our processes more efficient and we will continue this work in 2011. One measure is the implementation of a structured program to increase productivity.

OPERATION AND MAINTENANCE DEVELOPED WELL

Peab is a leading player in operation and maintenance and these operations developed well during the year. We are responsible for operation and maintenance in a number of municipalities in Sweden as well as some sections of public roadways for the Swedish Transport Administration. We received new contracts in 2010 while other existing contracts were extended. One example is the new collaboration with Helsingborg City around the operation and maintenance of parks, streets, drainage and water supplies and beaches we launched in May. We believe more and more municipalities will choose to outsource operation and maintenance to contractors. However, it is uncertain how quickly this will take place since this depends on political decisions.

CONTINUED HIGH ACTIVITY IN INFRASTRUCTURE

Demand in road and railway construction has been considerable the past few years and this continued in 2010. We have been successful in taking advantage of the business opportunities on the market. Although we do not expect the infrastructure market to grow further in the near future we do anticipate it will remain on a high and stable level.

General contracts and function contracts are on the rise as well as larger contracts. We are meeting these new conditions and strengthening our production organisation by developing and coordinating specific functions.

Good customer relations are important to us and we are cooperating to a much higher degree with our customers in many projects. Examples of this are the Partnering contracts for the extension of the Port of Gävle and the improvements on the railway between Emmaboda and Karlskrona.

PEAB CAN HOLD ITS OWN WITH THE COMPETITION

Lately international competition has become a much larger factor on the Nordic market, primarily in heavier infrastructure projects around big cities. We have no problem competing, which is largely due to our local roots and access to strategic know-how and resources.

Five railway bridges were inaugurated in Vanda outside Helsinki in Finland in the autumn of 2010. The National Rail Administration and Vanda City commissioned the project which also included foundation work.

NEEDS ASSESSMENT	PLANNING PROCESS	IMPLEMENTATION	OPERATION AND MAINTENANCE
We analyse a customer's needs and wishes.	We plan the project and create a framework and functions based on given conditions.	We lead the project and make sure we fulfil our customer's wishes.	We take care of highways, roads, ports and parks.

A GOOD NORDIC PLATFORM FOR FURTHER DEVELOPMENT

2010 was the first year the civil engineering operations in Norway and Finland were fully integrated into the Business area Civil Engineering. Operations in both countries are small in relationship to Sweden and we are working actively to increase our presence on these markets.

The market in Norway was much weaker in 2010 than in 2009, although it began to recover in the autumn due to government investments. We therefore focused on certain selected projects in 2010 and at the same time overhauled the business.

We are in the process of building up civil engineering operations in Finland.

Our ambition is to grow profitability in both Finland and Norway, organically and through the right acquisitions.

PRIORITIES IN 2011

2011 will be an interesting year with a number of ongoing activities. We will primarily focus on:

- A strong Nordic perspective
- Synergies in the business area
- Increasing productivity

Peab was commissioned to build another stage of Norra länken at Frescati in Stockholm. The work includes two concrete tunnels with connecting roads to Roslagsvägen. The job requires circumventing traffic where around 60,000 vehicles pass by every day. This stage is expected to be completed in July 2015.

Important projects completed in 2010

- **E18, highway** between Sagån and Enköping

- **Cooling water pipeline,** Malmö
- **Railway, BanaVäg i Väst,** stage 21 Älvängen
- **Birsta mass transit facility,** Sundsvall
- **Storrotliden Wind Park,** Fredrika, 40 foundations
- **E6, highway in Bohus County,** stage Lugnet-Skee
- **Railway bridges,** Vanda outside Helsinki

KEY RATIOS	2010	2009
Net sales, MSEK	10,664	9,339
Operating profit, MSEK	356	446
Operating margin, %	3.3	4.8
Order backlog on 31 December, MSEK	8,747	7,736
Number of employees	3,201	2,978

Important events in 2010

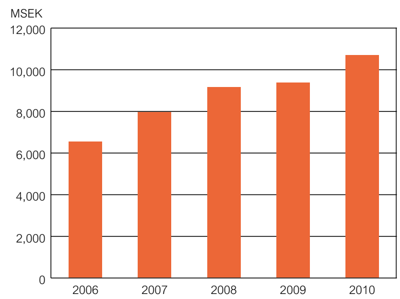
- Net sales increased by 14 percent as a result of stable demand in infrastructure projects, new work in operations and maintenance and during the year an improving civil engineering market.
- Operating margin fell to 3.3 percent compared to 4.8 percent last year. Operating profit was negatively affected by the severe winter at the beginning and at the end of the year as well as the increased competition on the civil engineering market. The margin was positively affected by greater productivity.
- Order backlog increased by 13 percent as a result of continued high market activity.
- Strong production organisation for large infrastructure projects.

Important projects in 2011

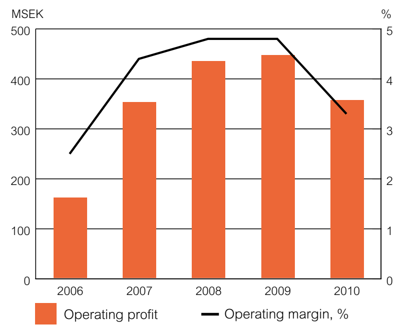
- **The Port of Gävle,** extension, 2009-2015

- **City track Tomteboda,** concrete tunnel, 2009-2013
- **E45,** highway Älvängen-Ramstorp, 2010-2012
- **Operational area Ljungby** and Öland, operations and maintenance of roads, start 2010, 3+3 years
- **Power and heating plant,** Landskrona, 2010-2012
- **Akkats hydroelectric power station,** renovation, 2008-2014
- **Railway bridges,** Södertälje, 2010-2013
- **Fornebu,** car park in basement, 2009-2011
- **Railway,** Mjölby-Motala, 2011-2012

Net sales



Operating profit and margin



Our broad range makes us strong on the Nordic market

"We can offer attractive all-encompassing solutions on the Nordic market through the stable foundation created by our combined resources, local roots and skilled personnel."

Stefan Björck (left) Division Manager Construction Systems
K-G Karlsson (right) Division Manager Industry

Business area Industry.

Peab's industrial business is run in business area Industry which is divided into two divisions, Industry and Construction Systems.

Business area Industry's strategically placed resources and its produce range means we can safeguard Peab's industrial processes and meet the needs of our external customers in the public and private sectors. The business area's external sales are between 60 to 80 percent.

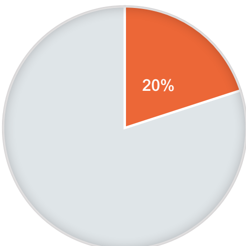
Division Industry is comprised of the companies and brands that primarily work on the Nordic civil engineering market. Business consists of supplying gravel and rock, ready-mixed concrete, manufacturing and laying asphalt, foundation work, transportation and machine services.

We have a number of competitive advantages in all these areas. We are the leaders, we are rooted locally and we are close to our customers. We also have are own accredited laboratories where we develop products in concrete and asphalt. All our operations are environmentally and quality certified according to ISO 14001 and ISO 9002.

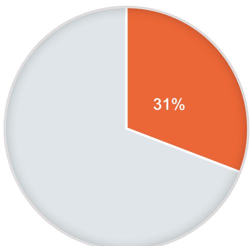
Division Construction Systems is comprised of the companies and brands that primarily work on the Nordic construction market. Business consists of constructions systems and construction related services such as cranes, machines and electricity.

Division Construction Systems develops industrial products such as prefabricated concrete elements. Our standardised and ready-made products together with our efficient logistic solutions provide us with a competitive edge. We are a leading renter with highly utilised, modern machinery that we continually invest in.

Share of Group operative net sales 2010



Share of Group operative operating profit 2010



Good result despite an unusually long winter season.

Profit in business area Industry in 2010 was good despite the long, drawn out winter periods. The cold weather slowed down asphalt worked since it requires temperatures above freezing. Concrete casting on site is also affected by the cold but it can still be carried out. However, cold weather means added costs like heating. Both division Industry, concentrated on civil engineering, and division Construction Systems, focused on building, have been positively affected by the increased activity in construction.

Division Industry

LARGE VOLUMES DESPITE SHORT SEASON

Volumes increased in 2010. Construction has blossomed and there is a substantial demand in big city areas. This generated sales of ready-mixed concrete in Sweden and Finland.

Regarding infrastructure projects the level of government funds was stable and we expect this to continue in 2011.

During the year we grew in the area of transportation and machinery, primarily through the acquisition of the cargo company A-frakt AB in northern Sweden and Cramo Entreprenad in Stockholm. Although there was less activity in 2010 in some regions development was good in others. One of them is northern Sweden where the mining industry is in the process of expanding. We are responsible for all the transportation and logistics in LKAB's mine in Svappavaara. We are also involved in the civil engineering side of the start-up of a new mine in Pajala for Northland Resources.

It was also a positive year for foundation work with high net sales and good profit. Growth was generated by the upturn in housing production and infrastructure investments as well as a better industrial business cycle. We have a sizeable order backlog containing several large projects. One of them is the deep sea port of Gävle where technology we have developed is the basis of an EU funded project to stabilise and recycle polluted bottom soil. Negotiations are currently being held with several other ports for similar commissions.

BETTER RESOURCE UTILISATION CREATES COMPETITIVE EDGE

The competition is definitely growing harder on the Swedish market. More players, in particular international companies, have entered the market, primarily in civil engineering. New companies in the region also raise competition for personnel, which is why we work actively to keep, develop and recruit skilled employees.

We are also working on several fronts to meet our customers' needs and improve our competitiveness. One measure is rationalising costs. Another is reducing energy consumption, which is in line with our strategy to be a sustainable community builder.

Our local presence and expertise gives us an advantage and in many cases makes us an attractive partner for players interested in the Nordic market.

Competition is also growing in gravel and rock as well but not as intensely. This is because quarries take time to establish, which makes them a strategic resource for cost-effective operations. Establishing a new quarry near a big city can take up to ten years.

Skandinaviska Byggelement delivered prefab walls, base course and balconies to Fjärilsparken – a green environment in the middle of Vellinge outside Malmö. Brf Fjärilsparken consists of a total of 32 tenant-owned apartments and occupation is expected to begin in May 2011. The picture shows a wall with a window opening being lifted into place.

MATERIAL	PREFAB	MACHINES	CIVIL ENGINEERING	MAINTENANCE
We produce and deliver material such as asphalt, gravel, rock and concrete.	We produce and deliver prefabricated units for concrete elements and entire concrete buildings.	We rent cranes, machines, work wagons, electricity stations and transport equipment for both construction and civil engineering projects.	We provide the machines, material and competence needed for civil engineering projects.	We handle the maintenance of road surfaces, streets and ports.

For this reason we have a long-term perspective on our investment in establishing gravel and rock operations in Norway and Finland and this expansion will be both organic and through acquisitions.

During the year there was some growth in Norway in 2010 but we have focused on reorganising and investing in modern machines.

We also grew in Finland with positive results. We are one of the leading players on the Finnish market for ready-made concrete.

Division Construction Systems

WELL EQUIPPED FOR AN EXPECTED UPTURN

Peab's own housing developments made it possible for us to maintain volumes and keep our competent staff during the downturn in the economy and in 2010 we were able to take advantage of the increasing market activity, which improved our results.

Nonetheless, the market has not fully recovered. It will take time in Norway and Finland before approved projects start up, which affects machinery operations, but everything points to an upturn in 2011.

A FUNCTIONING ORGANISATION AND EXPANDING VOLUMES

During the year we worked to develop our organisation. We expanded our volumes and achieved a higher capacity utilisation. We will continue working to increase volumes within our industrial construction concept PGS, which is full of potential and constantly under development.

Division Construction Systems consists of four, clearly defined units; Skandinaviska Byggelement, Lambertsson, Interoc and PGS. In our work to develop the division we have continued concentration on our core business. To this end we sold NeTel which works with distribution networks for telecommunication, computers and electricity in 2010. We will develop our competence in power grids through our company ATS, a contractor that delivers extensions and maintenance to power and distribution grids. Together with Lambertsson this provides Peab with the resources to serve the power grid construction planned in Sweden and Norway in the coming years.

FOCUS ON CONTINUING TO DEVELOP THE DIVISION

In 2011 we will focus on further increasing our capacity utilisation and develop our operations in industrial construction systems and logistics. By creating a strong concept around industrial processes, logistics and purchasing we clearly define our role as an organisation for the development of industrial construction systems and prefab construction.

We can grow in both Norway and Finland and plan to prioritise further integration in our Finnish operations.

PRIORITIES IN 2011

In business area Industry will focus on:

- Greater profitability through improved capacity utilisation and more efficient processes
- Continued development of industrial construction and logistic solutions
- Ensuring we have personnel
- Continue our Nordic establishment

Well known local brands with Peab's strength

SWEROCK

Swerock is a supplier of ready-mixed concrete, gravel and rock in Sweden.

PEAB
Peab Asfalt

Peab Asfalt manufactures and lays warm, half-warm and cold asphalt in Sweden and Norway.

KRANOR AS
- La oss gi deg et løft!

Kranor AS rents cranes, elevators and mastclimbers in Norway.

BÄRARELAGET KRANCENTER

Bärarelaget is a complete partner in mobile cranes, trucks and crane trucks.

MBR
Marttilan Betonirakennus Oy

Marttilan Betonirakennus is a supplier of ready-mixed concrete in Finland.

CLIFFTON

Cliffton offers services within transportation and machines in Sweden.

Lambertsson

Lambertsson rents cranes, elevators, mastclimbers, work wagons, scaffolding, electrical material and generators and more in Sweden, Norway and Finland.

SKANDINAVISKA BYGGELEMENT

Skandinaviska Byggelement manufactures prefabricated concrete elements for housing, offices, industries and farm buildings in Sweden.

VIRTANEN

Nosturiasennus Virtanen rents cranes, elevators, mastclimbers and more in Finland.

PEAB
Peab Grundläggning

Peab Grundläggning works with foundation fortification, pile-driving, tonguing and drill plinths in Sweden.

SMEFA

Smefa works with foundation fortification, pile-driving, tonguing, drill plinths and more in Norway.

NSP

NSP works with foundation fortification, pile-driving, tonguing, drill plinths and more in Norway.

Asfaltsbeläggningar i Boden perfroms land and pavement work in Sweden.

ATS KRAFT SERVICE AB

ATS Kraft delivers services in energy technology and contracting.

INTEROC

Interoc works in acustics, facades, tiling, drainage and water supply.

wbm

WBM rents cranes to construction companies and industries in the Stockholm region.

Ralling

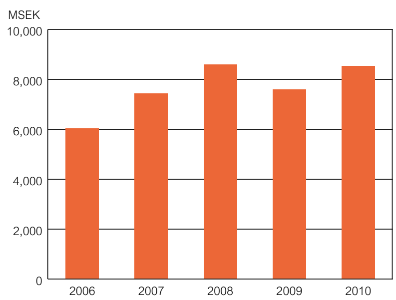
Ralling rents cranes to construction companies and industries in western and southern Sweden.

KEY RATIOS	2010	2009
Net sales, MSEK	8,508	7,581
Operating profit, MSEK	544	514
Operating margin, %	6.4	6.8
Number of employees	2,669	2,537

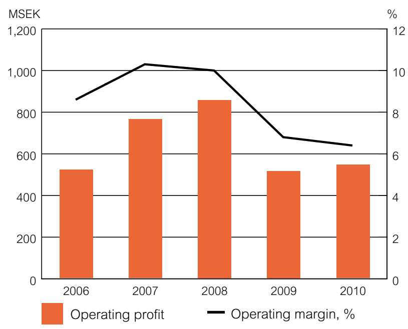
Important events in 2010

- Net sales rose by 12 percent. Adjusted for acquired and divested units net sales rose by 17 percent. Behind the increase is the recovery in construction and civil engineering markets.
- Operating margin shrunk to 6.4 percent compared to 6.8 percent last year due to greater competition and lower capacity utilisation at the beginning of the year. An increase in capacity utilisation and better profitability was perceptible in the fourth quarter.
- Acquisition of A-frakt strengthens division Industry's position in northern Sweden.
- Acquisition of Cramo Entreprenad strengthens division Industry's capacity.
- Divestiture of NeTel and Compwell was part of the division Construction System's concentration.
- Investments made to modernise machinery.

Net sales



Operating profit and margin



A responsible partner

"Our vision is to be a sustainable community builder, which is why we are systematic in our work with employees, the environment and ethics. In 2010 we began work on producing a highly developed sustainable report."

Jan Johansson, Vice President

A sustainable community builder.

Peab is in the middle of the process that will enable us to report our work with sustainability based on the guidelines laid down by the Global Reporting Initiative (GRI). GRI defines certain key ratios for sustainable development that can be reported, revised, followed up and evaluated afterwards.

Starting in 2012 we will report direct energy consumption and emissions attributable to the heating, vehicles and machines in our operations as well as indirect energy consumption and emissions. In addition to climate and energy aspects we will report staff education and training in professional skills as well as ethics, equality and diversity. We will also report on the relations between employees and company leadership.

Peab will be the best workplace in the Nordic region

Peab considers its personnel its most important resource. For this reason we prioritise working with our own employees and endeavour to make sure that they enjoy their work and are safe at work. It's important that all Peab employees feel they are part of improving their working environment.

LONG-TERM CO-WORKER RELATIONSHIPS

Our success is dependent on good and effective cooperation amongst our employees, which is why we work to develop and establish natural ways for employees to influence Peab, receive and provide information and be part of the creative process. We work actively to put our employees' expertise to good use and create a positive and safe working environment. Peab's relation to individual co-workers is characterised by our desire to create long-term relationships, trust and confidence.

SYSTEMATIC DEVELOPMENT OF HEALTH AND THE WORK ENVIRONMENT

We began a process in 2010 to systematically create an annual action plan that contains measures for improvements in health and the working environment. This means that every year we will carry out a current status analysis of personnel statistics, employee questionnaires, development discussions and occupational health services. Based on this analysis we will derive cause and effect connections and decide on prioritised areas, improvement goals and measures to be taken. The purpose of all this is to continuously make improvements in health and the working environment.

WORKPLACE REVIEWS

Peab's work environment managers have visited many workplaces during the year and conducted educational workplace reviews in order to on site monitor the effectiveness of working environment measures, point out ways to make improvements and draw up action plans. We also work with the working environment in our leadership courses.

PREVENTING PROBLEMS

We work to prevent problems by initiating working environment issues in the planning phase. We incorporate a good working environment perspective when purchasing material and planning workplaces. For this reason everyone involved in planning receives education on a regular basis in these areas.

ELIMINATING WORKPLACE ACCIDENTS

Peab has a zero error vision when it comes to workplace accidents. This vision applies to our own employees and our subcontractors as well. All incidents are followed up and where possible improved working methods are implemented. This has led to a steady decline in accidents at work the past four years. In 2010 we further improved reporting by implementing a Web-based system for the registration of accidents and incidents in Sweden called OTR (Accident and Incident Registration). A total of 1,560 unwanted events were reported in OTR 2010. The improved reporting system led, however, to a rise in the number of reported accidents in the Group by 0.6 percent to 9.9 accidents per one million man hours in 2010.

SICK LEAVE IS SHRINKING

Sick leave, in particular long-term absence due to illness, is shrinking. Total sick leave in 2010 dropped to 3.6 percent from 3.9 percent in 2009. We actively monitor sick leave through our personal administration system and follow up its causes. We work with a wide variety of rehabilitation measures in cooperation with Försäkringskassan (national insurance agency) and our occupational health service.

EMPLOYEE QUESTIONNAIRE THE HANDSHAKE

Every other year we distribute our personnel questionnaire, the Handshake. It is an extensive questionnaire with questions concerning how our employees view their working environment, leadership and Peab as an employer. The most recent questionnaire was carried out in 2009 and we are pleased to note that the majority of our employees are positive. For instance, all of 77 percent say that they would happily recommend others to work at Peab. However, the main aim of the Handshake is to give us an overall view of which areas we still need to develop.

DEVELOPMENTAL LEISURE

Free time well spent is a prerequisite for a good work environment. For this reason Peab has developed a nationwide concept containing physical fitness measures and meaningful leisure, called Peab Health and Leisure. Special human resource consultants manage and develop the concept which, among other things, offers sports and exercise and family activities as well.

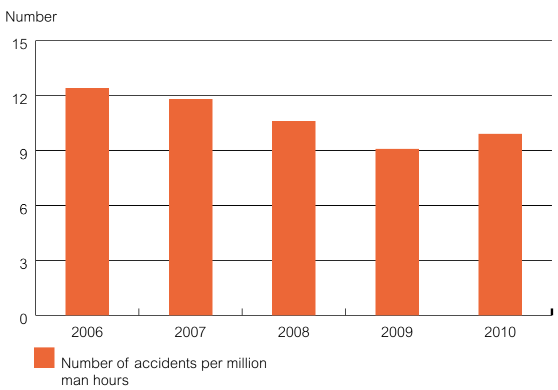
In 2010 we began working on developing the concept and the idea is to make Peab Health and Leisure more strategically part of Peab's systematic health and working environment program and contribute to making Peab the healthiest company in the industry.

Peab will minimise its environmental impact

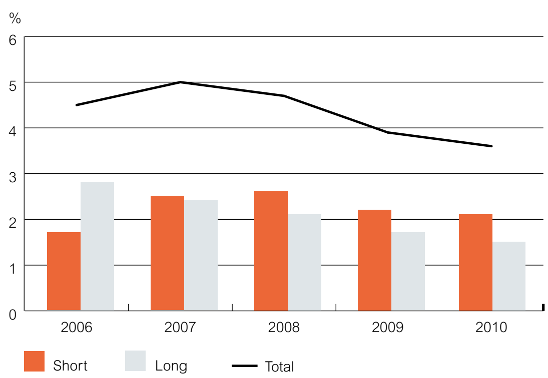
According to our new vision Peab will lead our industry in sustainable community building. Based on this vision and our new strategic goals we have begun to make our operations sustainable from an environmental and energy conservation point of view. Our work is based on five targeted areas:

- Conservation of resources (products and materials)
- Energy efficiency (in our production and the buildings we erect)
- Waste management
- Choice of products and chemicals
- Transportation

Development in work related accidents



Development in sick leave at Peab



PREVENTIONAL AND EDUCATIONAL ACTIVITIES

It's our day-to-day practical environmental work that determines whether or not we succeed, and for this reason Peab continually trains and educates its personnel, for our leaders through The Peab Academy and out in the organisation locally. In 2010 we prepared and began to implement a course in environmental law for those employees who work with projects in the early stages. In 2011 we will carry out a course in environmental purchasing to ensure we make the right demands and that the purchases we make then meet these demands.

During the year we worked intensively to inform all our units about what our new strategies and goals entail practically. Our objective is initiate environmental consideration even earlier in our processes, which requires improving and developing our procedures.

Another vital factor is risk elimination. We analysis and document the risks in our projects and work preventively to minimise them. The project's environmental risks, requirements, preventative measures, follow-up and documentation is identified and steered with the help of a project plan and accompanying checklists.

OPERATIONS MANAGEMENT SYSTEM FOR HIGHER QUALITY

Peab works with our own operations management system (VLS) in which we have integrated environmental issues into our work processes. The system meets the requirements in ISO 9001 and ISO 14001. During the year Peab Asfalt in business area Industry was in its entirety certified according to ISO 14001 and Division Northeast in business area Construction began work on certification. Previously Swerock in business area Industry and Division West in Construction were certified according to both standards and Peab Oy were quality certified.

Our ambition is to environmentally certify the entire Group but we have not set a date for the achievement of this. Every division works at its own pace based on their individual circumstances.

ENVIRONMENTALLY CLASSIFIED BUILDINGS

Peab has worked with environmentally classifying different kinds of buildings for many years. One of the latest examples is Villa Aspen that meets the requirements for a Miljöbyggnad (Environmental Building) Gold which is the highest level of Miljöbyggnad.

In December 2010 we decided that all the buildings we erect in our own developments will be environmentally classified according to Miljöbyggnad. This is a Swedish environmental classification system that provides a number of tools for energy conservation, improving indoor environments and reducing the use of hazardous elements that can damage our climate and environment. Miljöbyggnad is handled by the Sweden Green Building Council, which is responsible for certification and the development of the standard.

Commercial buildings are classified according to the international system BREEAM which makes an international comparison of environmental performance possible. The Sweden Green Building Council has begun to adopt BREEAM to Swedish circumstances and will in 2011 be able to environmentally certify buildings like offices with the Swedish BREEAM. Buildings that Peab develops in Norway will be classified according to the international system BREEAM. In Finland the international system LEED dominates and will therefore be used as the standard for Peab's commercial buildings.

In all other projects we will work with the environmental classification chosen by our customers, which in addition to those mentioned above may be the American system LEED or EU's Green Building. Regarding energy efficiency our general goal is an energy consumption in our buildings of approximately 25-30 percent less than the amount permitted by building norms for houses heated by district heating. We only use green electricity in our production.

BETTER WASTE MANAGEMENT

Peab signed a new, three-year contract for waste management in 2009. The first review was made in 2010 and showed savings through less waste and lower costs. We intend to improve these savings by sorting more waste and reducing waste levels as time goes on. We currently sort 65 percent of all waste but our goal is to recycle 70 percent. In principle all hazardous waste is handled correctly.

PEAB BUILDING DECLARATION

Peab Building Declaration is a Web-based system for reviewing and documenting building products' status concerning suitability, compatibility and environmental impact. The system is used to check the compatibility of different construction products and that they are not a source of improper function and unwanted reactions.

The system is administrated by Svensk Husdeklaration AB and Peab is the only construction company with the right to use the system. The system has been improved and now suppliers can enter it themselves and define the suitability of their products. This reduces the risk of creating environmental problems through incorrect usage.

Ethics

PEAB IS GOOD TO DO BUSINESS WITH

Peab is a big company with many employees and contacts, which means our business also influences the world around us. Therefore it's important for us to have clear guidelines regulating our behaviour in the company, in the community and in business. For us ethics is all about how we relate to each other and our interested parties. We strengthen our relationships and brand because we build our business on trust while we also ensure good profitability.

WE PUT DEMANDS ON OUR PARTNERS

Our responsibility to the world around us requires that our partners adhere to our established sustainable principles. We have therefore produced a Code of Conduct based on the UN's Global Compact. The work on following up how our suppliers and other partners deal with sustainability has come a long way in Sweden but as globalisation increases we must also be able to monitor our foreign suppliers. For this reason we continue to develop control systems that ensure the entire Group is run on our environmental, social and ethical principles. Our Code of Conduct is included in the central purchasing contracts our suppliers and sub-contractors are obligated to follow.

Peab has also signed an agreement with the National Tax Authority to actively cooperate in the prevention of economic crime. This agreement is valid for Division Stockholm Hus and Division Housing in Construction and Civil Engineering Region East. Peab's objective is to create safe workplaces and avoid the problems that occur when rogue companies are employed. This cooperation makes it easier for Peab to ensure that sub-contractors and suppliers have proper accounting and pay their taxes and fees before signing a contract. This agreement boosts the trust our customers, suppliers, contractors, employees and other interested parties put in Peab.

WE MAKE DEMANDS ON OURSELVES

The first round of the leadership program we call the Ethics Tour will conclude in 2011. All leaders from manager level are receiving an education in ethics based on the Group's overriding guidelines. Our objective is to ensure that all company leaders are familiar with and follow the Group's ethical guidelines. The program is built on different real life situations that describe ethic dilemmas relative to our industry. Participants sign an ethics obligation after they have gone through the program. All the leaders in our Swedish operations will have gone through the program by summer 2011 and the latter part of 2011 in our Norwegian and Finnish operations. The Ethics Tour will then continue to other groups in Peab as well as newly appointed leaders. New sections will be added to the program as society develops and needs are identified.

WE ACT IF SOMETHING HAPPENS ANYWAY

Unfortunately there is no guarantee that someone, although they know better, breaks our ethical rules. If this happens we always act consequently and effectively. Peab has an ethical council that deals with this kind of situation. It is made up of representatives from the Group as well as the responsible superior involved. We thereby ensure that all such errands are dealt with equally throughout the Group. The ethical council can decide on measures that range from a reprimand to dismissal. Where necessary it may even report the matter to the police.

PEAB'S ETHICAL GUIDELINES

We follow regulations

Peab only deals in business that strictly follows national laws and good business ethics. Laws, regulations and norms are, however, only a minimum. In many different areas Peab has higher ambitions, which is evident in our ethical guidelines. An educational package in ethics for all managers was put together in 2010 and will be rolled out to the entire organisation in 2011.

We are honest

Peab has been built up and become a large company in competition with others. We believe competition is a prerequisite for continued healthy development and we do not allow any form of price collaboration, cartel building or the misuse of any possible market dominance we may have. Every part of Peab's operations must support correct and healthy competition.

We contribute

We sponsor carefully chosen programs with social and humanitarian goals as well as sports. We do not, however, ever contribute financially to political parties or individual politicians.

We follow up

We can only run our business ethically if all our co-workers take a personal responsibility. At the same time individual supervisors are responsible for making sure that all co-workers receive information on, accept and act according to these guidelines. Peab's executive management is responsible for following up and further developing these ethical guidelines. Peab employs the grandfather principle, in which a co-worker can always go to his supervisor's boss if he or she feels they cannot discuss a certain matter with their closest boss.

When Vattenfall AB built a biofuel run facility in Jordbro Värmeverk 2009-2010 Peab did the ground work, foundations and concrete work for a new boiler house that included a fuel store and tipping pockets. This was a general contract.

The Board of Directors and the Chief Executive Officer of Peab AB (publ), Corporate ID Number: 556061-4330, hereby submit the following annual report and consolidated accounts for the 2010 financial year.

BUSINESS

Peab is one of the Nordic region's leading construction and civil engineering companies. The Group primarily conducts business in Sweden, where Peab operates nationwide, but it also operates in Norway and Finland where it focuses on the capital city areas.

CHANGED ACCOUNTING PRINCIPLES FOR HOUSING

From 1 January 2010 Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in the reporting. 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.

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. There is a bridge in segment reporting between operative reporting according to the percentage of completion method and legal reporting. The comparable items for 2009 below have been recalculated according to the new accounting principle. For more information concerning the recalculation of comparable items, please see note 2.

NET SALES

Group operative net sales for 2010 amounted to SEK 38,184 million (35,140), which was an increase of 9 percent. Even after adjustments for acquired and divested units operative net sales increased by 9 percent compared to the previous year. The increase is a result of the improvement on the Nordic market during the year. Adjustments in housing reporting affected net sales by SEK -139 million (-272). The negative adjustment stems from the fact that there are more housing start-ups, primarily in Norway and Finland, in relation to projects that have been completed and delivered to their owners. Group net sales for 2010 increased by 9 percent to SEK 38,045 million (34,868). Of the period's net sales, SEK 5,425 million (4,705) was attributable to sales and production outside Sweden. Peab completed construction of a six story, 17,000 m2 office building in September 2010. Dockums, Skåneland 1 district in Malmö contains office space, a reception, a restaurant and cafeteria and an atrium.

OPERATING PROFIT

Group operative operating profit for 2010 amounted to SEK 1,563 million compared to SEK 1,601 million for the previous year. Adjustments in housing reporting affected operating profit by SEK -60 million (-28). Operating profit for 2010 amounted to SEK 1,503 million compared to SEK 1,573 million for the previous year. The unusually severe winter weather had a negative effect on net sales and operating profit during the first quarter. The rate of production has been high ever since but operating profit has been affected by lower margins in orders received in 2009.

Depreciation for the year amounted to SEK 725 million (747). Profit from participation in joint ventures and associated companies increased to SEK 95 million compared to SEK 19 million in 2009.

Net financial items amounted to SEK 10 million (46), of which net interest expense amounted to SEK -175 million (-173). The effect of valuing financial instruments at fair value affected net financial items by SEK 166 million (220), of which the income effect of valuing the Brinova holding at fair value amounted to SEK 179 million (218). The shareholding is reported at market price on the balance sheet date.

Pre-tax profit amounted to SEK 1,513 million compared to SEK 1,619 million for the previous year.

Tax for the year was SEK -323 million (-318) which is equivalent to a tax rate of 21 percent (20).

Profit for the year amounted to SEK 1,190 million (1,301).

FINANCIAL POSITION

The equity/assets ratio on 31 December 2010 was 27.8 percent compared with 28.6 percent at the previous year-end. Interest-bearing net debt amounted to SEK 5,719 million compared to SEK 4,571 million at previous year-end. The increase is in part due to dividends paid, an increase in funds tied up in working capital in projects such as Fältjägaren Fastigheter AB and the purchase of shares in Catena AB. The average interest rate in the loan portfolio on 31 December 2010 was 2.9 percent (2.1).

Group liquid funds, including non-utilised credit facilities, amounted to SEK 5,274 million at the end of the year compared to SEK 6,709 million on 31 December 2009.

At the end of the year, Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 1,602 million compared to SEK 1,999 million on 31 December 2009. Of contingent liabilities, obligations to tenant-owners' associations under construction amounted to SEK 1,449 million compared to SEK 1,624 million at the previous year-end.

INVESTMENTS

Net investment of tangible and intangible assets amounted to SEK 597 million during the year. Net investments were SEK 1,493 million during the last year, of which SEK 419 million was part of the acquisition of Annehem Fastigheter. Project and development properties were acquired for a total of SEK 789 million (518) during 2010.

CASH FLOW

Cash flow from current operations before changes in working capital was SEK 1,890 million (2,086), which was charged with paid tax of SEK -184 million attributable to the fiscal year 2008. Cash flow from changes in working capital was SEK -727 million (-411). Included in the change in working capital are project and development properties invested with SEK -634 million (-371).

Cash flow from investment activities amounted to SEK -1,478 million compared to SEK -884 million the last year. This includes the acquisition of project and development properties through

Peab completed construction of a six story, 17,000 m2 office building in September 2010. Dockums, Skåneland 1 district in Malmö, contains office space, a reception, a restaurant and cafeteria and an atrium.

company acquisitions. In addition, Peab acquired 19.97 percent of the shares in Catena AB (publ) during the year. Investments in tangible assets amounted to SEK 873 million (888).

Cash flow before financing amounted to SEK -315 million compared to SEK 719 million the previous year.

COMMENTS ON THE BUSINESS AREAS

Peab's business areas Construction, Civil Engineering and Industry correspond to operating segment. For further information concerning operating segment, see note 4.

CONSTRUCTION

The Construction business area comprises the Group's construction related services and during 2010 has been run in five divisions in Sweden, one division in Norway and one division in Finland. As of 1 January 2011 a new Nordic division has been added to the business area that handles Group property development.

Operative net sales for 2010 amounted to SEK 24,186 million compared with SEK 22,355 million for the previous year, which is an increase of 8 percent. After adjustments for acquired and divested units the increase was 7 percent.

Operative operating profit for 2010 amounted to SEK 835 million compared with SEK 814 million during the previous year. Operative operating margin sank to 3.5 percent compared with 3.6 percent for the previous year.

Operating profit has been negatively affected by the severe winter during the first quarter but the rate of production has been high ever since. Start-ups in our own housing developments have contributed to greater profitability but operating profit has been affected by lower margins in orders received in 2009.

CIVIL ENGINEERING

The Civil Engineering business area consists of civil engineering related operations and is run in a single Nordic division.

Net sales for 2010 amounted to SEK 10,664 million compared with SEK 9,339 million the previous year, which is an increase of 14 percent. Even after adjustments for acquired and divested units the increase was 14 percent.

Operating profit for the year amounted to SEK 356 million compared with SEK 446 million for the previous year. Operating margin sank to 3.3 percent compared with 4.8 percent for the previous year.

Operating profit has been negatively affected by the severe winter as well as greater competition on the civil engineering market.

INDUSTRY

The Industry business area is run in two divisions, Industry and Construction systems. Both of them are focused on the Nordic construction and civil engineering markets.

Net sales for 2010 amounted to SEK 8,508 million compared with SEK 7,581 million for the previous year, which is an increase of 12 percent. After adjustments for acquired and divested units net sales increased by 17 percent.

Operating profit for the year amounted to SEK 544 million compared with SEK 514 million for the previous year. Operating margin sank to 6.4 percent compared with 6.8 percent for the previous year.

As a result of more activity in both construction and civil engineering operations the business area has recovered from a weak first quarter. In the fourth quarter we have seen a clear trend of improved capacity utilization and profitability.

ORDERS RECEIVED AND ORDER BACKLOG CONSTRUCTON AND CIVIL ENGINEERING

Orders received for 2010 amounted to SEK 34,764 million compared to SEK 30,393 million for 2009. Order backlog yet to be produced at the end of the year amounted to SEK 27,063 million compared to SEK 24,487 million at the end of last year. Order backlog has increased in both construction and civil engineering operations since the end of 2009. Of the total order backlog, 29 percent (29) is expected to be produced after 2011. Construction projects accounted for 68 percent (68) of the order backlog. Swedish operations accounted for 88 percent (89) of the order backlog. No orders received or order backlog is given for the business area Industry.

ORDERS RECEIVED AND ORDER BACKLOG

Construction and Civil Engineering

MSEK	31 Dec 2010	31 Dec 2009	31 Dec 2008
Coming financial year	19,137	17,338	18,445
Next financial year	6,374	5,191	4,493
Thereafter	1,552	1,958	1,295
Total order backlog	**27,063**	**24,487**	**24,233**
Orders received	**34,764**	**30,393**	**32,269**

HOUSING PRODUCTION

Peab also works with its own housing development production, for example tenant-owner housing and single homes. Our own hous-

Netsales and operating profit per business area

MSEK	Net sales Jan-Dec 2010	Net sales Jan-Dec 2009	Operating profit Jan-Dec 2010	Operating profit Jan-Dec 2009	Operating margin Jan-Dec 2010	Operating margin Jan-Dec 2009
Construction	24,186	22,355	835	814	3.5%	3.6%
Civil Engineering	10,664	9,339	356	446	3.3%	4.8%
Industry	8,508	7,581	544	514	6.4%	6.8%
Group functions	146	180	–172	–173		
Eliminations	–5,320	–4,315				
Operative [1]	**38,184**	**35,140**	**1,563**	**1,601**	**4.1%**	**4.6%**
Adjustment for housing reporting [2]	–139	–272	–60	–28		
Legal	**38,045**	**34,868**	**1,503**	**1,573**	**4.0%**	**4.5%**

1) According to the percentage of completion method (IAS 11).
2) Adjustment in accounting principle for own single homes in Sweden as well as housing in Finland and Norway according to the completed contract method (IAS 18).

ing developments do not include rentals production. New production of Peab's own housing developments made up 9 percent of operative net sales for 2010 compared with 7 percent for full year 2009.

The number of homes in production at the end of the year was 3,212 compared with 2,832 at the end of 2009. The level of own housing development start-ups is considerably higher than last year and amounted to 2,113 (910). The portion of sold homes in production was 77 percent compared with 76 percent at the end of 2009. Low interest rates and housing shortages have contributed to the increased sales. The number of sold homes during the year was 2,179 compared with 1,082 during 2009.

We also see a continued increase in demand for rentals and we work actively with several municipalities to find solutions to the housing shortage that exists in many places throughout the country. Through our partnership in Tornet AB we have established cooperation with a long-term owner of rentals and together we are developing a number of ongoing and planned housing projects.

The total holding of project and development properties at the end of the year amounted to SEK 4,921 million compared with SEK 4,132 million per 31 December 2009. The number of repurchased homes on 31 December 2010 was 213 (258), of which 66 (156) are attributable to Finnish housing companies.

GROUP FUNCTIONS

Central companies, certain subsidiaries and joint ventures and other holdings are reported under Group functions. The central companies primarily consist of the parent company Peab AB and Peab Finans AB. Peab AB's operations consist of Group management and common Group functions. The internal bank Peab Finans AB handles the Group's liquidity and debt management as well as financial risk exposure. The company is also a service function for the subsidiaries and creates solutions for loans and investments, project-related financing and currency risk hedging.

Operating profit for the year was SEK -172 million (-173).

RESEARCH AND DEVELOPMENT

Peab has an ongoing R&D program in our day-to-day production, in part to be able to offer our customers improved products and services, and in part to boost Peab's competitiveness.

One of the development projects that has been in progress a while is PGS (Peab General System). PGS develops and supplies a flexible system of pre-fab building components that are assembled to make up a complete apartment building. PGS involves industrial building all the way from design to final assembly. The first PGS concept buildings were constructed in 2009 och and today PGS houses are constructed from southern Sweden up to the Mälardalen region in the centre of Sweden.

Within Peab we focus in particular on developing low-temperature asphalt having less impact on both the environment and working environment. Eco-Paving is the collective name for Peab Asphalt environmentally friendly and energy-efficient coating technologies for low-temperature asphalt. The project is supported by the Swedish Construction Industry Development Fund (SBUF) and The Swedish Transport Administration, and include both laboratory studies as full-scale test out on the road.

MATERIAL RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed both to operational and financial risks. Operational risks are as a rule greater than the financial ones. The parent company is indirectly affected by the risks described in this section.

RISK MANAGEMENT

The management of operational risks is a continuous process considering the large number of projects the company has in progress that are started up, carried out and completed. Financial risks are associated with capital tied up in the company and its capital requirements, as well as interest and currency risks in foreign activities.

OPERATIONAL RISKS

Peab's business is largely project related. Operational risks in day-to-day business are connected to bids, percentage of completion and volume and price risks.

Financial risks

The Group is also exposed to financial risks, such as interest rate risks linked to changes in debt and interest rate levels. Peab's shareholding in Brinova creates considerable exposure for the company through a single holding. Large fluctuations in the price of the Brinova share exert a major impact on the valuation of the holding, which affects Peab's net financial items. For further information on financial risks, see note 38.

SENSITIVITY ANALYSIS

Peab's operations are sensitive to changes in, among other

Peab's own housing development construction

	Jan-Dec 2010	Jan-Dec 2009	Jan-Dec 2008
Number of housing starts during the year	2,113	910	1,496
Number of homes sold during the year	2,179	1,082	1,282
Total number of homes under construction, at the end of the year	3,212	2,832	3,612
Share of sold homes under construction, at the end of the year	77%	76%	68%
Number of repurchased homes in the balance sheet, at the end of the year	213	258	181

Risk	Risk management
Tenders Erroneous tenders and cost estimates can lead to significant losses in projects as well as the loss of an order.	Structured risk assessment is crucial in the construction business to ensure that risks are identified, correctly priced in tenders submitted and that the proper resources are available.
Percentage of completion Peab applies percentage of completion in most of its projects. Miscalculation of percentage of completion can result in external accounting being seriously misleading or that strategic decisions are based on incorrect information.	A prerequisite for percentage of completion is reliable forecasting. Well-developed procedures and system support for the monitoring and forecasting of each project is crucial to limiting risks of erroneous percentage of completion.
Price risks For Peab, price risks refer to such aspects as unforeseen price hikes for materials, subcontractors and wages. Risks vary according to the type of contract. Fixed price contracts also involve the risk of incorrect tender calculations and the risk that price hikes deteriorate profits because the company cannot demand compensation from the customer for them.	Methods of limiting price risks include rationalising construction processes and purchasing procedures and always endeavouring to procure materials and subcontractors back in the tender stage or as early as possible in the process.
Circumstantial risk The uncertainty in the world around us and the financial markets can cause financing difficulties for customers, suppliers and sub-contractors. This can in turn lead to postponement of planned investments as well as difficulties in meeting existing obligations.s.	Customers' and suppliers' credit worthiness is assessed and handled in the businesses. A prerequisite for contract project initiation is that the client has found financing for the project.

things, volumes and margins. The sensitivity analysis below describes how pre-tax profit is affected by changes in some of the important Group variables.

SENSITIVITY ANALYSIS

MSEK	Calculation basis	Change	Pre-tax profit effect
Operative			
Volume (operating margin constant)	38,000	+/– 10%	+/– 152
Operating margin (volume constant)	4.0%	+/– 1%	+/– 380
Material and subcontractors	18,340	+/– 1%	–/+ 183
Financial			
Net debt (interest rate constant)	5,700	+/– 10%	–/+ 17
Average effective int. rate[1)] (net debt constant)	2.9%	+/– 1%	–/+ 35
Holding of Brinova shares (book value)	572	+/-10%	+/– 57

1) The calculation is based on the assumption that SEK 3,494 million of net debt has a fixed interest period shorter than one year and thereby affected more or less at once by a change in market interest rates.

ACQUISITIONS DURING THE YEAR

Peab has from Norrvidden acquired 50 percent of the shares in Fältjägaren Fastigheter AB in Östersund and becomes sole owner of Fältjägaren. Fältjägaren owns and develops the former regimental area I5 in central Östersund. In 2005 the work began with rebuilding the barrack buildings and new construction of commercial space. The next step in the development is the construction of flats, as there is a great need in Östersund.

Peab has acquired all the shares in the company Ångström & Mellgren AB. The company conducts operations within project development, construction and construction maintenance in the Mälardalen region in the centre of Sweden. Ångström & Mellgren has about 85 employees and sales during 2009 amounted to SEK 247 million.

Peab has acquired a total of 2,310,000 shares, corresponding to 19.97 percent of the capital and votes in Catena AB (publ). We consider the company an interesting financial investment, short-term because of its good direct return and long-term because of the opportunities for development in the company's property.

Peab has acquired Cramo Entreprenad AB and Yttre Miljö AB that have combined net sales in 2009 of SEK 120 milllion.

Peab has acquired all the shares in A-frakt AB. The company, which is domiciled in Arvidsjaur, runs transportation operations in the north of Sweden. In 2009 the company's net sales were SEK 110 million.

Peab has acquired 91 percent of the shares in Telemark Vestfold Entreprenör AS and 33 percent of the shares in Telemark Vestfold Utvikling AS. Net sales in the acquired companies amount to NOK 250 million and they are domiciled in Skien. The takeover was in January 2011.

IMPORTANT EVENTS DURING THE YEAR

Peab, Fabege and Brinova founded in 2009 a new real estate company, Tornet AB, for rental properties. In the beginning of 2010 Peab transferred to Tornet AB 314 rentals and commercial premises with a total floor space of approximately 49,000 square metres and a market value of approximately SEK 440 million, which corresponded to its book value. Peab gained ownership of the property in 2009 when it acquired Annehem Fastigheter. The property is concentrated to the Skåne region, in particular Landskrona and Ystad. The existing loan financing of the property has been transferred to Tornet AB. These transactions have not had any effect on Peab's profit.

On 9 July 2010, an Extra General Meeting decided to divest two companies according to a section of the Companies Act (Leo-lagen). The sales referred to CompWell AB and NeTel AB. CompWell works with measuring energy and had net sales of around SEK 10 million in 2009 and a slightly negative operating profit. NeTel works within the electricity and telecom sectors and had net sales of some SEK 240 million in 2009 and near null in operating profit.

Petter Moe has been appointed new Division Manager for

Peab's Norwegian construction operations. Petter is 50 years old and has recently left NCC. Petter will take over from Stein Eriksen who has chosen to leave Peab.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

Jan Johansson has been appointed new President and CEO of Peab and will take up this position at the AGM on 10 May 2011. Jan Johansson, 52, has a master of science in engineering and joined Peab 1986. Jan has held the position of Deputy CEO with responsibility for Peab's operations since 2009. Mats Paulsson is nominated as Vice chairman of the Board.

ENVIRONMENT

Our vision is to be a sustainable community builder, which is why we are systematic in our work with employees, the environment and ethics. In 2010 we began a process that will enable us to report our work with sustainability based on the guidelines laid down by the Global Reporting Initiative (GRI). GRI defines certain key ratios for sustainable development that can be reported, revised, followed up and evaluated afterwards.

In 2010 we began to make our operations sustainable from an environmental and energy conservation point of view. Our work is based on five targeted areas: Conservation of resources (products and materials), Energy efficiency (in our production and the buildings we erect), Waste management, Choice of products and chemicals and Transportation. During the year we worked intensively to inform all our units about what our new strategies and goals entail practically.

In 2010 we prepared and began to implement a course in environmental law for those employees who work with projects in the early stages. In 2011 we will carry out a course in environmental purchasing to ensure we make the right demands and that the purchases we make then meet these demands.

Peab also works with risk elimination in all our projects. We analysis and document the risks in our projects and work preventively to minimise them. The project's environmental risks, requirements, preventative measures, follow-up and documentation is identified and steered with the help of a project plan and accompanying checklists.

Peab has many units that are certified according to ISO 9001 and ISO 14001. During the year Peab Asfalt in Business area Industry was in its entirety certified according to ISO 14001 and Division Northeast in Business area Construction began work on certification. In construction and civil engineering operations Peab works with its own operations management system (VLS) that meets the criteria in ISO 9001 and ISO 14001.

In December 2010 we decided that all the buildings we erect in our own developments will be environmentally classified. Homes in Sweden will be classified according to Miljöbyggnad. This is a Swedish environmental classification system that provides a number of tools for energy conservation, improving indoor environments and reducing the use of hazardous elements that can damage our climate and environment. Miljöbyggnad is handled by the Sweden Green Building Council, which is responsible for certification and the development of the standard.

Commercial buildings are classified according to the international system BREEAM which makes an international comparison of environmental performance possible. Buildings that Peab develops in Norway will be classified according to the international system BREEAM. In Finland the international system LEED dominates and will therefore be used as the standard for Peab's commercial buildings.

In all other projects we will work with the environmental classification chosen by our customers, which in addition to those mentioned above may be the American system LEED or EU's Green Building. Regarding energy efficiency our general goal is an energy consumption in our buildings of 25-20 percent less than the amount permitted by building norms for houses heated by district heating. We only use green electricity in our production.

Peab signed a new, three-year contract for waste management in 2009. The first review was made in 2010 and showed savings through less waste and lower costs. We intend to improve these savings by sorting more waste and reducing waste levels as time goes on. We currently sort 65 percent of all waste but our goal is to recycle 70 percent. In principle all hazardous waste is handled correctly.

Peab Building Declaration is a Web-based system for reviewing and documenting building products' status concerning suitability, compatibility and environmental impact. The system is used to check the compatibility of different construction products and that they are not a source of improper function and unwanted reactions. During the year we spread information concerning the usefulness of this tool which led to greater utilisation of it.

ENVIRONMENTAL PERMITS

Peab runs operations required to have permits according to the Environmental Act in the Swedish subsidiaries Swerock, Skandinaviska Byggelement and Peab Asfalt. There are operations that require permits according to the Environmental Act in Finland.

In Sweden the operations required to have permits handle gravel pits, rock quarries, transport of waste and hazardous waste and asphalting units. These operations' primary environmental impact is by using non-renewable raw materials and on the future use of land. The operations in Finland requiring a permit primarily work with ballast and manufacturing concrete. The operations required to have permits represent about three percent of Group net sales 2010. Renewal and supplementation of permits is continuous.

Swerock's concrete plants and Skandinaviska Byggelement's concrete product plants and Peab Asfalt's stationary and mobile units must submit reports. Operations that must submit reports represent about five percent of the Group's total net sales 2010.

PEAB'S PERSONNEL

Peab prioritises working with our own employees and endeavour to make sure that they enjoy their work and are safe at work. We began a process in 2010 to systematically create an annual action plan that contains measures for improvements in health and the working environment. The purpose of all this is to continuously make improvements in health and the working environment. Peab's work environment managers have visited many workplaces during the year and conducted educational workplace reviews in order to on site monitor the effectiveness of working environment measures, point out ways to make improvements and draw up action plans. We also work with the working environment in our leadership courses.

We work to prevent problems by initiating working environment issues in the planning phase. We incorporate a good working environment perspective when purchasing material and planning workplaces. For this reason everyone involved in planning receives education on a regular basis in these areas.

Peab has a zero error vision when it comes to workplace accidents. This vision applies to our own employees and our subcontractors as well. All incidents are followed up and where possible improved working methods are implemented.

Sick leave, in particular long-term absence due to illness, is shrinking. Total sick leave in 2010 dropped from 3.9 percent in 2009 to 3.6 percent in 2010. We actively monitor sick leave and work with rehabilitation measures in cooperation with Försäkringskassan (national insurance agency) and our occupational health service.

Free time well spent is a prerequisite for a good work environment. We have developed a nationwide concept containing physical fitness measures and meaningful leisure, called Peab Health and Leisure. In 2010 we began working on developing the concept and the idea is to make Peab Health and Leisure more strategically part of Peab's systematic health and working environment program and contribute to making Peab the healthiest company in the industry.

Peab has always endeavoured to get our employees involved in the business. With this in mind we created a profit sharing foundation and a convertible program for our personnel.

The average number of Peab Group employees in 2010 was 13,541 compared with 13,633 in 2009.

THE PEAB SHARE

At the end of the year Peab's share capital amounted to SEK 1,583,866,056 million divided among a total of 296,049,730 shares, resulting in a nominal value of SEK 5.35 per share.

Of the shares, 34,319,957 are A shares with ten votes per share, and 261,729,773 are B shares with one vote per share. All shares carry equal rights to participation in the company's assets, profits and dividends. There are no restrictions in the articles of association concerning the possibility of transferring shares or votes at the AGM.

On 28 February 2011 there were approximately 33,000 shareholders in Peab. Mats Paulsson and his companies represent the largest single shareholder with 14.9 percent of the capital and 21.8 percent of the votes. The joint ownership related to the company's founders Mats and Erik Paulsson amounted on 28 February 2011 to 32 percent of the capital and 66 percent of the votes.

The company has no knowledge of any agreements between shareholders that can result in restriction of the right to transfer shares.

The articles of association specify that the Board members shall be appointed at the AGM. The articles of association do not include any stipulation on the dismissal of Board members or changes to the articles of association.

In 2007, Peab established a profit sharing foundation. The assets of the foundation shall in accordance with its investment policy mainly be placed in shares in Peab. As of 31 December 2010 the foundation owns 5,685,108 B shares in Peab.

Peab's Annual General Meeting on 11 May 2010 resolved to authorise the Board to, during the period until the next Annual General Meeting, acquire shares so that the company would have at most 10 percent of the total shares in Peab. As of 31 December 2010, Peab's own B share holding amounted to 9,308,220 B shares, corresponding to 3.1 percent of the total number of shares.

The AGM 2007 resolved to issue and offer convertibles to all employees. In all, 41 percent of Peab's employees applied to subscribe for convertibles. The convertibles run from 1 December 2007 until 30 November 2012. The conversion rate for the Convertible Promissory Notes 2007/2012 was fixed at SEK 68 and the issue amount was SEK 598,400,000 corresponding to 8,800,000 new convertibles. Upon conversion to shares, dilution will amount to 2.97 percent of the share capital and 1.45 percent of the votes, based on the number of shares registered per 31 December 2010.

HOLDINGS OF OWN SHARES

At the beginning of 2010 Peab's own B share holding was 4,906,220 which corresponds to 1.7 percent of the total number of shares. In order to offset any dilution effects from the convertible programs, to use in the financing of acquisitions etc. as well as adjust the Group's capital structure, Peab's Annual General Meeting on 11 May 2010 resolved to authorise the Board to, during the period until the next Annual General Meeting, acquire shares so that the company would have at most 10 percent of the total shares in Peab AB. During 2010, 4,524,000 B shares were repurchased for a total of SEK 177 million. In connection with acquisitions 122,000 of Peab's own B shares worth SEK 4 million were sold. On 31 December 2010 the Group held 9,308,220 B shares to a nominal value of SEK 5.35 per share, corresponding to share capital of SEK 50 million, which makes up 3.1 percent of the total share capital. See note 30 for further information.

CORPORATE GOVERNANCE

For a detailed description of the work of the Board of Directors, corporate governance and system for internal control, see page 99, report on Corporate governance.

REMUNERATION FOR SENIOR OFFICERS

The Boards' proposal for guidelines to the Annual General Meeting 10 May 2011:

This remuneration policy comprises salary and other terms for the executive management of Peab AB ("Peab") including the Chief Executive Officer and other members of executive management, here referred to as "Senior officers".

This remuneration policy must be used for any new agreements or changes in existing agreements made with Senior officers after the Annual General Meeting of Peab has adopted the policy.

Salary and other terms of employment must be of such standing that Peab will always be able to attract and keep competent Senior

officers.
Senior officers must be offered a fixed salary on market terms based on the responsibility and qualifications of the Senior officer. Salaries are determined for each calendar year.

From time to time Senior officers may be offered variable remuneration. Such variable remuneration may not exceed 60 percent of the regular salary and must above all be based on the profit before tax of the Peab Group. Variable remuneration is determined for each fiscal year. Variable remuneration is settled the year after being earned and may either be paid out as a salary or as a lump sum pension premium. The Board must annually consider proposing a share-related incentive program to the Annual General Meeting.

From time to time Senior officers may be offered participation in a LTI program (Long-term Incentive program). The condition for participation in a LTI program is that the Senior officer reserves a minimum of 50 percent of his/her annual variable wage as a one-off pension premium. The maximum annual amount in a LTI program may not exceed 40 percent of basic wages. The amount in a LTI program, as with the reserve from the annual variable wages, are placed in a pension savings fund linked to the Peab share.

Senior officers are entitled to pension according to collective bargaining agreements and contracts with Peab. All pension obligations must be defined contribution pensions. Wage waives may be used to increase pension contributions through lump sum pension premiums provided that the total cost for Peab is neutral.

Senior officers are entitled to extra health insurance as well as those benefits otherwise enjoyed by other Peab employees.

The period of notice from Peab is, at the most, 24 months and the period of notice from Senior officers is, at the most, 6 months. No severance pay apart from salary is paid during the period of notice.

The Board of Directors decides on the salary and other terms for the Chief Executive Officer based on a proposal from the Board's remuneration committee. The Board's remuneration committee decides on salary and other terms for remaining Senior officers based on a proposal from the Chief Executive Officer.

According the Companies Act the Board has the right in certain cases to deviate from these guidelines. For more information on adopted guidelines regarding wage determination and other remuneration to the Chief Executive Officer and other Senior officers, see note 9.

ANTICIPATED FUTURE DEVELOPMENT

In 2010 Nordic building construction made a dramatic recovery in nearly every sector.

Recovery in Swedish building construction has continued and in part accelerated. The analytics company Industrifakta's forecasts now indicates an increase took place in building construction in progress in the area of 30 percent in 2010. Taking into consideration this unexpectedly rapid rise they have slightly lowered their forecast for building construction in 2011 to 2 percent and there may be some capacity shortages in certain sectors of the market during the year. Close to null growth or perhaps even a slight decline is indicated in the civil engineering market for 2010, but an increase of around 2 percent is anticipated in 2011. All in all this entails a total increase in start-ups in construction investments in Sweden by 16 percent in 2010 and 2 percent in 2011.

Recovery in Norway also advanced faster than expected in 2010, particularly in start-up investments in other building construction. Housing construction, on the other hand, is on par with previous forecasts of strong growth. A certain levelling out of other building construction is forecasted for 2011 while housing construction is expected to continue to grow. Building construction is believed in total to have increased by 8 percent in 2010 and the forecast for 2011 is 9 percent. There is an estimated growth of 3 percent in 2010 in the Norwegian civil engineering market and a further few percent is anticipated in 2011. All in all this entails a total increase in ongoing construction investments in Norway of 6 percent in 2010 and 8 percent in 2011.

Like Sweden housing construction in Finland has grown much more than expected. Even other building construction has developed substantially. However, a tangible levelling out is anticipated in 2011 for housing construction putting the forecast close to null growth with a little growth in other building construction. Building construction is believed to have increased in total by 14 percent in 2010 while the forecast for 2011 is 2 percent growth. Developments in civil engineering construction in Finland, however, are less positive. It looks like there has been a decline in 2010 of 2 percent and that there will be null growth in 2011. All in all this entails a total increase in ongoing construction investments by 10 percent in 2010 and 2 percent in 2011.

PARENT COMPANY

The activities of the parent company consist of Group management and common Group functions. Operating profit 2010 amounted to SEK –70 million (–57).

PROPOSED APPROPRIATION OF PROFITS

The following amounts in SEK are at the disposal of the Annual General Meeting:

Share premium reserve	2,308,208,948
Special reserve	55,000,000
Profit brought forward	1,678,010,662
Profit for the year	1,429,248,984
Total	**5,470,468,594**

The Board of Directors propose the following appropriation of disposable profits and non-restricted reserves:

Dividend, 296,049,730 shares at SEK 2.60 per share	769,729,298
Carried forward[1]	4,700,739,296
Total	**5,470,468,594**

[1] Of which to share premium reserve	2,308,208,948
Of which to special reserve	55,000,000

INCOME STATEMENT AND REPORT ON COMPREHENSIVE INCOME FOR THE GROUP

Income statement for the Group

MSEK	Note	2010	2009
Net sales	2, 3, 4	38,045	34,868
Production costs		–34,533	–31,286
Gross profit		**3,512**	**3,582**
Sales and administrative expenses		–2,139	–2,118
Profit from participation in associated companies and joint ventures	18, 19	95	19
Other operating income	6	38	90
Other operating costs	7	–3	0
Operating profit	2, 4, 8, 9, 10, 11, 39	**1,503**	**1,573**
Financial income		264	321
Financial expenses		–252	–274
Profit from participation in joint ventures	19	–2	–1
Net finance	12	**10**	**46**
Pre-tax profit		**1,513**	**1,619**
Tax	14	–323	–318
Profit for the year		**1,190**	**1,301**
Profit for the year attributable to:			
Shareholders in parent company		1,187	1,295
Non-controlling interests		3	6
Profit for the year		**1,190**	**1,301**
Profit per share	15		
before dilution, SEK		4.11	4.52
after dilution, SEK		4.10	4.52

Report on comprehensive income for the Group

MSEK	Note	2010	2009
Profit for the year		**1,190**	**1,301**
Other comprehensive income			
Translation difference for the year when translating foreign operations		–167	61
Profit/loss from exchange risk hedging in foreign operations		65	–51
Translation differences transferred to profit for the year		–3	–
Change for the year in fair value of cash flow hedges		33	283
Changes in fair value of cash flow hedges recognised in this year's profit		–	3
Tax attributable to components in other comprehensive income	14	–47	–50
Other comprehensive income for the year		**–119**	**246**
Total comprehensive income for the year		**1,071**	**1,547**
Total comprehensive income for the year attributable to:			
Shareholders in parent company		1,068	1,540
Non-controlling interests		3	7
Total comprehensive income for the year		**1,071**	**1,547**

MSEK	Note	2010	2009	2008
Assets				
Intangible assets	16	2,190	2,281	2,112
Tangible assets	17	4,847	4,904	4,335
Participation in associated companies	18	208	0	0
Participation in joint ventures	19	1,065	668	325
Other securities held as fixed assets	22, 37, 38	704	536	302
Interest-bearing long-term receivables	21, 37, 38	474	387	453
Deferred tax recoverables	14	90	157	621
Other long-term receivables	23	79	49	69
Total fixed assets		**9,657**	**8,982**	**8,217**
Project and development properties	24	4,921	4,132	3,823
Inventories	25	411	492	528
Work in progress	26	1,263	1,216	1,287
Accounts receivable	27, 37, 38	5,955	5,145	5,907
Interest-bearing current receivables	21, 37, 38	36	388	329
Tax assets		98	97	81
Recognised but not invoiced income	28	3,801	2,827	3,509
Prepaid expenses and accrued income		342	364	420
Other current receivables	23, 38	286	483	462
Short-term holdings	37, 38	1	904	1,007
Liquid funds	37, 38	809	1,584	984
Total current assets		**17,923**	**17,632**	**18,337**
Total assets		**27,580**	**26,614**	**26,554**
Equity	30			
Share capital		1,584	1,584	1,557
Other contributed capital		2,576	2,576	2,470
Reserves		125	244	–2
Profit brought forward included profit for the year		3,388	3,159	2,261
Equity attributable to shareholders in parent company		**7,673**	**7,563**	**6,286**
Non-controlling interests		**0**	**43**	**92**
Total equity		**7,673**	**7,606**	**6,378**
Liabilities				
Interest-bearing long-term liabilities	31, 37, 38	5,425	5,721	5,750
Other long-term liabilities	34, 37	35	61	92
Deferred tax liabilities	14	326	–	–
Provisions for pensions	32, 37	12	20	16
Other provisions	33	263	258	226
Total long-term liabilities		**6,061**	**6,060**	**6,084**
Interest-bearing short-term liabilities	31, 37, 38	1,602	2,093	1,257
Accounts payable	37, 38	4,074	3,069	4,044
Income tax liabilities		101	273	307
Invoiced income not yet recognised	35	4,133	3,856	3,655
Accrued expenses and deferred income		2,590	2,330	2,634
Other short-term liabilities	34, 37	1,287	1,267	2,076
Provisions	33	59	60	119
Total short-term liabilities		**13,846**	**12,948**	**14,092**
Total liabilities		**19,907**	**19,008**	**20,176**
Total equity and liabilities		**27,580**	**26,614**	**26,554**

See note 41 for information concerning the Group's pledged assets and contingent liabilities.

REPORT ON CHANGES IN GROUP'S EQUITY

MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Profit brought forward included profit for the year	Total	Non-controlling interests	Total equity
	Equity attributable to shareholders in parent company							
Opening balance equity 2009-01-01	**1,557**	**2,470**	**165**	**–167**	**2,345**	**6,370**	**92**	**6,462**
Adjustment for retroactive application/change					–84	–84		–84
Adjusted equity 2009-01-01	1,557	2,470	165	–167	2,261	6,286	92	6,378
Comprehensive income for the year								
Profit for the year					1,294	1,294	7	1,301
Other comprehensive income for the year			29	217		246		246
Comprehensive income for the year	**0**	**0**	**29**	**217**	**1,294**	**1,540**	**7**	**1,547**
Transactions with Group owners								
Contribution from and value transferred to owners								
Dividends					–637	–637		–637
New share issue	27	106				133		133
Acquisition of own shares					–11	–11		–11
Sales of own shares					252	252		252
Total contribution from and value transferred to owners	27	106	0	0	–396	–263	0	–263
Changes in participation in subsidiaries								
Acquisition of jointly owned subsidiaries, previous controlling interests							–57	–57
Acquisition of jointly owned subsidiaries, previous non-controlling interests							1	1
Total transactions with Group owners	27	106	0	0	–396	–263	–56	–319
Closing balance equity 2009-12-31	**1,584**	**2,576**	**194**	**50**	**3,159**	**7,563**	**43**	**7,606**

Opening balance equity 2010-01-01	**1,584**	**2,576**	**194**	**50**	**3,159**	**7,563**	**43**	**7,606**
Comprehensive income for the year								
Profit for the year					1,187	1,187	3	1,190
Other comprehensive income for the year			–155	36		–119		–119
Comprehensive income for the year	**0**	**0**	**–155**	**36**	**1,187**	**1,068**	**3**	**1,071**
Transactions with Group owners								
Contribution from and value transferred to owners								
Dividends					–728	–728		–728
Acquisition of own shares					–177	–177		–177
Sales of own shares					4	4		4
Total contribution from and value transferred to owners	0	0	0	0	–901	–901	0	–901
Changes in participation in subsidiaries								
Acquisition of non-controlling interests, previous controlling interests					–57	–57	–46	–103
Total transactions with Group owners	0	0	0	0	–958	–958	–46	–1,004
Closing balance equity 2010-12-31	**1,584**	**2,576**	**39**	**86**	**3,388**	**7,673**	**0**	**7,673**

MSEK	Note	2010	2009
Current operations	44		
Pre-tax profit		1,513	1,619
Adjustments for non-cash items		546	528
Income tax paid		–169	–61
Cash flow from current operations before working capital changes		**1,890**	**2,086**
Cash flow from changes in working capital			
Increase (-) /Decrease (+) project- and development properties		–634	–371
Increase (-) /Decrease (+) inventories		46	140
Increase (-) /Decrease (+) current receivables		–1,774	1,686
Increase (+) /Decrease (-) current liabilities		1,635	–1,866
Cash flow from changes in working capital		**–727**	**–411**
Cash flow from current operations		**1,163**	**1,675**
Investment operations			
Acquisition of subsidiaries, net effect on liquid funds		–400	62
Sale of subsidiaries, net effect on liquid funds		58	–16
Acquisition of intangible fixed assets		–17	–24
Acquisition of tangible fixed assets		–873	–888
Sale of tangible fixed assets		162	108
Acquisition of financial assets		–408	–157
Sale of financial assets		–	31
Cash flow from investment operations		**–1,478**	**–884**
Cash flow before financing		**–315**	**791**
Financing operations			
Repurchases of own shares		–177	–11
Borrowings		–425	338
Dividend distributed to the shareholders of the parent company		–728	–637
Cash flow from financing operations		**–1,330**	**–310**
Cash flow for the year		**–1,645**	**481**
Cash at the beginning of the year		2,488	1,991
Exchange rate differences in cash		–33	16
Cash at year-end		**810**	**2,488**

INCOME STATEMENT FOR THE PARENT COMPANY

MSEK	Note	2010	2009
Net sales	3	82	96
Administrative expenses	9, 10	–152	–153
Operating profit		**–70**	**–57**
Result from financial investments	12		
Result from participations in Group companies		1,390	365
Result from participations in associated companies		59	–
Result from securities and receivables accounted for as fixed assets		233	273
Other interest income and similar profit items		3	10
Interest expenses and similar loss items		–251	–242
Profit after financial items		**1,364**	**349**
Appropriations	13	0	160
Pre-tax profit		**1,364**	**509**
Tax	14	65	13
Profit and comprehensive income for the year		**1,429**	**522**

MSEK	Note	2010	2009
Assets			
Fixed assets			
Tangible assets			
Machinery and equipment	17	2	2
Total tangible assets		**2**	**2**
Financial assets			
Participations in Group companies	43	11,728	11,634
Participations in associated companies	18	263	–
Receivables from Group companies	20, 37	1,015	1,546
Other securities held as fixed assets	22, 37	602	430
Other long-term receivables	23, 37	1	1
Total financial assets		**13,609**	**13,611**
Total fixed assets		**13,611**	**13,613**
Current assets			
Short-term receivables			
Accounts receivables	27, 37	0	0
Receivables from Group companies	37	27	59
Interest-bearing short-term receivables	21, 37	5	284
Prepaid expenses and accrued income	29	8	8
Total short-term receivables		**40**	**351**
Liquid funds	37	3	11
Total current assets		**43**	**362**
Total assets		**13,654**	**13,975**
Equity and liabilities			
Equity	30		
Restricted equity			
Share capital		1,584	1,584
Statutory reserve		300	300
Non-restricted equity			
Share premium reserve		2,308	2,308
Special reserve		55	55
Profit brought forward		1,679	1,877
Profit for the year		1,429	522
Total equity		**7,355**	**6,646**
Long-term liabilities			
Liabilities to Group companies	37	5,670	6,567
Convertible promissory note	37, 38	581	573
Deferred tax liabilities	14	5	7
Total long-term liabilities		**6,256**	**7,147**
Short-term liabilities			
Accounts payable	37	4	7
Liabilities to Group companies	37	4	5
Tax liabilities		1	136
Other short-term liabilities	34, 37	4	6
Accrued expenses and deferred income	36	30	28
Total short-term liabilities		**43**	**182**
Total equity and liabilities		**13,654**	**13 ,975**
Pledged assets and contingent liabilities for parent company			
Pledged assets		–	–
Contingent liabilities	41	15,126	13,626

REPORT ON CHANGES IN THE PARENT COMPANY'S EQUITY

MSEK	Restricted capital: Share capital	Restricted capital: Statutory reserve	Non-restricted capital: Share premium reserve	Non-restricted capital: Special reserve	Non-restricted capital: Profit/loss brought forward	Non-restricted capital: Profit for the year	Total equity
Opening balance equity, 1 January 2009	**1,557**	**300**	**2,202**	**55**	**2,575**	**–347**	**6,342**
Profit for the year						522	522
Allocation of profits					–347	347	0
Group contribution received					61		61
Tax attributable to Group contribution					–16		–16
Cash dividend					–637		–637
New share issue	27		106				133
Acquisition of own shares					–11		–11
Withdrawal of own shares					252		252
Closing balance equity, 31 December 2009	**1,584**	**300**	**2,308**	**55**	**1,877**	**522**	**6,646**
Opening balance equity, 1 January 2010	**1,584**	**300**	**2,308**	**55**	**1,877**	**522**	**6,646**
Profit for the year						1,429	1,429
Allocation of profits					522	–522	0
Group contribution received					245		245
Tax attributable to Group contribution					–64		–64
Cash dividend					–728		–728
Acquisition of own shares					–177		–177
Withdrawal of own shares					4		4
Closing balance equity, 31 December 2010	**1,584**	**300**	**2,308**	**55**	**1,679**	**1,429**	**7,355**

MSEK	Note	2010	2009
Current operations	44		
Pre-tax profit		1,364	349
Adjustments for non-cash items		–1,554	–576
Income tax paid		–136	–1
Cash flow from current operations before working capital changes		**–326**	**–228**
Cash flow from changes in working capital			
Increase (-) /Decrease (+) current receivables		32	8
Increase (+) /Decrease (-) current liabilities		–4	–169
Cash flow from changes in working capital		**28**	**–161**
Cash flow from current operations		**–298**	**–389**
Investment operations			
Acquisition of tangible fixed assets		0	0
Acquisition of financial assets		–326	–67
Sale of financial assets		816	380
Cash flow from investment operations		**490**	**313**
Cash flow before financing		**192**	**–76**
Financing operations			
Repurchase of own shares		–177	–11
Borrowings		705	733
Dividend distributed		–728	–637
Cash flow from financing operations		**–200**	**85**
Cash flow for the year		**–8**	**9**
Cash at the beginning of the year		11	2
Cash at year-end		**3**	**11**

In 2010 Peab built Ski Lodge Village in Sälen
with interior and exterior design in mind.

Notes.

Note 1 Accounting principles

Compliance with standards and legislation

The consolidated accounts have been drawn up in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations from International Financial Reporting Interpretations Committee (IFRIC) which have been adopted by EU. In addition, the Swedish Financial Reporting Board recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

The accounting principles given below for the Group have been applied consequently for all the periods presented in the consolidated financial reports, if not otherwise stated. The Group's accounting principles have been applied consequently for reports and the consolidation of the parent company, subsidiaries, associated companies and joint ventures in the consolidated financial reports.

The parent company applies the same accounting principles as the Group except in the cases stated below in the section on the parent company accounting principles.

The annual report and the consolidated accounts have been approved of by the board and CEO for publication on 4 April 2011. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on 10 May 2011.

Valuation basis applied for preparation of the parent company and group financial reports

Assets and liabilities are reported at historical acquisition values except for certain financial assets and liabilities which are assessed at fair value. Financial assets and liabilities valued at fair value consist of derivatives, financial assets classified as financial assets valued at fair value through profit and loss or as financial assets available for sale.

Functional currency and reporting currency

The parent company's functional currency is the Swedish crown, which is also the currency in which the accounts of the parent company and the Group are reported. Thus the financial reports are presented in Swedish crowns. Unless otherwise indicated all amounts are rounded off to the nearest million.

Estimates and assessments in the financial reports

Preparing the financial reports in accordance with the IFRSs requires that the company management make estimates and assessments and make assumptions which affect the application of the accounting policies and the recognised amounts with regard to assets, liabilities, revenues and costs. The actual outcome may vary from these estimates and assessments.

Estimates and assumptions are regularly reviewed. Changes to estimates are entered in the accounts of the period the change is made if the change only affects this period or in the period the change is made and in future periods if the change affects both the current period and future periods.

Assessments made by the company management when applying the IFRSs which have a significant impact on the financial reports and assessments made, which could result in substantial adjustments to following years' financial reports, are described in more detail in note 45.

Changed accounting principles

Described below are the accounting principles applied by the Group from 1 January 2010. Other amendments of IFRSs applied from 1 January 2010 have not had any significant effect on Group accounting.

From 1 January 2010 the Group has applied the revised IFRS 3 Business combinations and the amended IAS 27 Consolidated and separate financial statements. The changed accounting principles affect acquisitions made by the Group from 2010. Acquisitions costs are expensed instead of being included in goodwill. Conditional consideration is measured at fair value at the time of acquisition and subsequent changes in fair value are recognised in profit and loss as they occur. Previously conditional consideration was only reported when it was possible to calculate a probable and reliable amount and any adjustments thereafter were recognised in goodwill.

In business combinations achieved in stages the previously acquired shares are remeasured in accordance with the latest acquired share and the resulting profit or loss is recognised in the income statement. Step acquisitions were previously reported as an aggregation of the acquisition-date values.

Non-controlling interests (previously called minority interests) may be reported with or without goodwill calculated at acquisition-date fair value. Previously all non-controlling interests were reported without goodwill.

When control has been achieved the change in ownership is reported as a transfer in equity between the parent company and the non-controlling interests, without remeasuring the subsidiary's net assets. Changes in ownership while maintaining control were previously reported as adjustments in goodwill.

Partial disposal of an investment in a subsidiary that results in loss of control triggers remeasurement of the residual holding to fair value. Any difference between fair value and carrying amount is a gain or loss on the disposal, recognised in profit or loss. With the previous principles no such remeasurement was performed on residual holdings that formed a joint venture or associated company.

The division of the acquisition payment that refers to the acquisition of a business and any part of the acquisition payment which is remuneration of services provided by previous owners of subsidiaries that remain as employees in the subsidiary, e.g. the condition that they continued as employees a certain period after the acquisition. The latter is now reported as a personnel cost while according to previous principles it was reported as goodwill.

The changes in the principles have not affected the acquisitions made before 2010. The changes in the standards have entailed certain changes in disclosure demands and this has affected note 5 in 2010.

IFRIC 15 Agreements for the construction of real estate clarifies when income from construction of real estate should be reported, which affects Peab's housing project reporting. IAS 18 Revenue is applied to Peab's housing projects in Finland and Norway as well as Peab's own housing developments in Sweden instead of IAS 11 Construction contracts and income from these projects is recognised first when the projects are handed over to the buyer. As a result of the new principle income and profit and loss will therefore be reported later on in the process than with the previous principle of percentage of completion method calculated on the percentage completion and sales degree. Recalculation has taken place retroactively. 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 although the sales degree is no longer taken into account. The change regarding sales degree is a change in the estimation and assessments of aggregated profit and has been applied forwardly since 1 January 2010. Expenses in the housing projects reported according to IAS 18 are recognised as work-in-progress in the balance sheet. On account invoices to customers are reported as non-interest-bearing liabilities, and loans to finance housing projects are reported as interest-bearing liabilities. In Peab's segment reporting all housing projects reported under the percentage of completion method have an adjustment item for the housing projects reported according to IAS 18.

New IFRSs and interpretations that have not yet been applied

The Group has chosen not to prematurely apply new standards or interpretations when preparing these financial reports and plans no premature application in the coming years.

IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments: Recognition and Measurement, no later than 2013. IASB has published the first of at least three sections that together make up IFRS 9. The first part deals with classifying and measuring financial assets. IFRS 9 has not yet been approved for use by EU and approval is not expected until EU can consider all three parts. Peab has therefore chosen not to carry out a consequence analysis for the time being.

Other new or amended IFRSs together with interpretations are not expected to have any effect on Group accounting.

Operating segments

An operating segment is an entity in the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. An operating segment's results are reviewed by the company's highest decision maker in order to assess its performance and to be able to allocate resources to the segment. In accordance with IFRS 8, segment information is provided for the Group only.

Classification etc.

Fixed assets, long-term liabilities principally consist of amounts which may be expected to be recovered or defrayed later than 12 months after the balance sheet date. Current assets and current liabilities principally consist of amounts which may be expected to be recovered or defrayed within 12 months of the balance sheet date.

Consolidation principles

Subsidiaries

Subsidiaries are entities over which Peab AB exercises a controlling influence. The term controlling influence refers to a direct or indirect right to mould the company's financial and operating strategies in order to obtain financial benefits. When assessing whether a controlling interest is involved, potential share voting rights which can be exercised immediately or can be converted must be taken into account.

Business combinations are recognised using the purchase accounting method, under which acquisitions of subsidiaries are regarded as transactions through which the Group indirectly acquires the assets of the subsidiary and takes over its liabilities and contingent liabilities. The consolidated acquisition value is calculated in an acquisition analysis in conjunction with the acquisition. The analysis establishes the acquisition value of the participations or the business, the fair value on acquisition date of the acquired identifiable assets and the liabilities and contingent liabilities taken over.

From 1 January goodwill in business combinations is calculated as the sum of transferred reimbursement, any non-controlling interest (previously called minority interest) and the fair value of previously acquired shares (in step acquisitions) less the fair value of the subsidiary's identifiable assets and overtaken liabilities. Where the difference is negative this is recognised directly in profit and loss for the year. Goodwill from acquisitions before 2010 is calculated as the sum of transferred reimbursement and acquisition expenses less the fair value of acquired identifiable net assets from each acquired share after which the acquisition value of goodwill from all the separately acquired shares is aggregated. Acquisition costs for business combinations from 2010 on are expensed but are included in goodwill in acquisitions made before that date.

Conditional consideration from 2010 on is measured at fair value at the time of acquisition and subsequent changes in fair value are recognised in profit and loss as they occur. For acquisitions before 2010 conditional consideration is only reported when it is possible to calculate a probable and reliable amount and any adjustments thereafter are recognised in goodwill.

In subsidiaries acquired from 2010 on where there are owners with a non-controlling interest the Group reports net assets attributable to owners of non-controlling interests either as the fair value of all net assets excluding goodwill or the fair value of all assets including goodwill. The choice is made individually for each acquisition.

Business combinations achieved in stages are reported as step acquisitions. In step acquisitions from 2010 on that lead to control the previously acquired shares are remeasured in accordance with the latest acquired share and the resulting profit or loss is recognised in the income statement. Step acquisitions before 2010 are reported as an aggregation of the acquisition-date values and any remeasurement when control is achieved is recognised in the remeasurement reserve in equity.

When control has been achieved the change in ownership is reported as a transfer in equity between the parent company and the non-controlling interests, without remeasuring the subsidiary's net assets. In changes in ownership while maintaining control prior to 2010 the difference between payment and the acquisition's share of booked identifiable assets were recognised in goodwill.

From 1 January 2010 partial disposal of an investment in a subsidiary that results in loss of control triggers remeasurement of the residual holding to fair value. Any difference between fair value and carrying amount is recognised in profit or loss for changes in ownership. No such remeasurement was performed on residual holdings that formed a joint venture or associated company prior to 2010.

When acquisitions of subsidiaries involve the acquisition of net assets which do not comprise operations, the acquisition cost of each identifiable asset and liability is divided based on its relative fair value at the time of acquisition.

The financial reports of subsidiaries are recognised in the consolidated accounts from the date the controlling influence arises and remain in the consolidated report until the date it ceases.

Joint ventures

For accounting purposes, joint ventures are entities where the Group through co-operation agreements with one or more partners exercises a joint controlling influence over operational and financial management. From the date on which the joint controlling influence is assumed, participations in joint ventures are recognised in consolidated accounts in accordance with the equity method, whereby the value of participations in joint ventures recognised in the consolidated accounts corresponds to the Group's participation in the equity of joint ventures and Group goodwill and other possible residual Group deficit and surplus values. The Group's participations in joint ventures after tax and minorities adjusted for depreciation, write-downs or dispersal of acquired deficit and surplus values are recognised in consolidated profit for the year as Participations in profit of joint ventures. Only equity earned after the acquisition is recognised in the consolidated equity. Dividends received form joint ventures reduce the accounting value of the investment.

Upon acquisition, any differences between the acquisition value of the holding and the owner company's participation in the net fair value of the joint venture's identifiable assets, liabilities and contingent liabilities is recognised primarily according to the same principles as for subsidiaries with the difference that acquisitions costs are activated in the acquisition value of the shares and that changes in ownership while maintaining joint control are reported as separate partial acquisitions respectively partial disposals of shares proportional to the groupwise value.

The equity method is applied until the time the joint controlling influence ceases.

Associated companies

Associated companies are those companies in which the Group has a significant but not controlling influence over operating and financial control usually through shareholdings of between 20 and 50 percent. From the date on which the significant influence is assumed, participations in affiliated companies are recognised in consolidated accounts in accordance with the equity method. For a description of the equity method, see Joint Ventures above.

Transactions which must be eliminated upon consolidation

Intra-group receivables and liabilities, revenues or costs or unrealised gains or losses stemming from intra-group transactions between Group companies are eliminated completely when preparing the consolidated accounts.

Unrealised gains arising from transactions with joint ventures are eliminated to the extent these refer to the Group's ownership participation in the company. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent there is no write-down requirement.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate on the transaction date. The functional currency is the currency of the primary financial surroundings where the company operates. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate applying on the balance sheet day. Exchange rate differences arising during translation are recognised in profit for the year. Non-monetary assets and liabilities which are recognised at historical acquisition value are converted at the exchange rate applying at the time of the transaction.

The financial reports of foreign business

Assets and liabilities in foreign entities including goodwill and other Group deficit and surplus values are converted from the foreign company's functional currency to the Group's reporting currency, Swedish crowns, at the exchange rate applying on balance sheet day. Earnings and costs in a foreign entity are converted to Swedish crowns at an average rate approximating to the rates applying on the respective transaction dates. Translation differences arising when converting the currency of foreign companies are recognised in other comprehensive income and are accumulated in a separate component in equity as a translation reserve.

Net investment in a foreign company

Translation differences arising from the translation of a foreign net investment are recognised via other comprehensive income in the translation reserve in equity. Translation differences also comprise exchange rate differences from loans which form a part of the parent company's investment in foreign subsidiaries (so-called extended investment). When a foreign subsidiary is divested, the accumulated translation differences attributable to the company are reclassified from equity to profit for the year.

Accumulated translation differences attributable to foreign companies are presented as a separate capital class and contain translation differences accumulated from 1 January 2004 onwards. Accumulated translation differences before 1 January 2004 are divided into other own capital classes and are not recognised separately.

Income

Construction contracts

Current construction contracts are reported in accordance with IAS 11, Construction contracts. Under IAS 11 income and expenses must be recognised as the contract is completed. This principle is known as the percentage of completion method. Income and expenses are recognised in profit and loss in proportion to the percentage completion of the contract. The percentage completion of the contract is determined based on the defrayed project costs compared to the project costs corresponding to the project income for the whole contract. The application of the percentage of completion method is prerequisite on it being possible to calculate the outcome in a reliable manner. In case of contracts where the outcome cannot be reliably calculated, income is calculated in proportion to the costs defrayed. Feared losses are charged to income as soon as they become known.

In the balance sheet, construction contracts are entered project by project either as Recognised but non-invoiced income under current assets or as Invoiced income not yet recognised under current liabilities. Those projects with higher accumulated income than invoiced are recognised as assets whilst those projects which have been invoiced in excess of the accumulated income are recognised as liabilities.

Own developed housing projects for sales

Since Peab has housing projects in Finland and Norway as well as our own home developments in Sweden Peab does not have an external independent other party at the start of a project, which means that the projects are reported according to IAS 18 Revenue and income from these projects is recognised first when the projects are handed over to the buyer. Expenses are recognised as work-in-progress in the balance sheet. On account invoices to customers are reported as non-interest-bearing liabilities, and loans to finance housing projects are reported as interest-bearing liabilities. IAS 11 is still deemed applicable on tenant-owner housing projects in Sweden and they are reported as construction contracts according to the above.

Other income

Other income excluding construction contracts is recognised in accordance with IAS 18 Revenue. Income from the sale of goods is recognised in profit for the year when the material risks and benefits associated with ownership of the goods has been transferred to the buyer. Crane and machinery hire income is recognised linearly over the hiring period.

Government grants

Government grants are recognised in the balance sheet as government receivables when it is reasonably certain that the contribution will be received and that the Group will meet the requirements for the grant. Grants are amortised systematically in profit for the year as cost reductions in the same way and over the same periods as the costs that the grants are intended to offset. Government grants related to assets are recognised as a reduction in the recognised value of the asset.

Leasing

Operational leasing agreements

Expenses for operational leasing agreements where the Group is the lessee are recognised linearly in profit for the year over the leasing period. Benefits obtained from the signing of an agreement are recognised linearly in profit for the year over the term of the leasing agreement. Variable costs are expensed in the periods they occur.

Revenues relating to operational leasing agreements where the Group is the lessor are recognised in a straight line over the life of the lease agreement. Costs arising from leasing agreements are recognised as they arise.

Financial leasing agreements

Minimum leasing charges are divided between interest costs and amortization of the outstanding debt. Interest costs are distributed over the leasing term such that an amount corresponding to a fixed interest rate for the debt accounted in the respective period is recognised in each accounting period. Contingent rents are carried as expenses in the periods it occurs.

Financial income and expenses

Financial income and expenses consist of interest income on cash at bank, receivables and interest-bearing securities, interest expenses on loans, dividend revenues, realised and unrealised gains and losses on financial investments and derivatives used within the financial business.

Interest income on receivables and interest expenses on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the discount rate for estimated future payments and disbursements during the expected life of a financial instrument to the financial asset's or liability's net book value. Interest income and interest expenses include accrued transaction costs and possible discounts, premiums and other differences between the original value of the receivable or liability and the amount received when it falls due.

Dividend income is recognised when the right to payment is established.

The results of sales of financial investments are recognised when the risks and benefits associated with ownership of the instrument are materially transferred to the buyer and the Group no longer has control of the instrument.

Interest costs are charged to income during the period to which they refer except to the extent that they are included in that asset's acquisition value. An asset for which interest can be included in the acquisition price is an asset which must necessarily require considerable time to prepare for the intended use or sale. Interest costs are capitalised according to IAS 23, Borrowing costs.

Interest rate swaps are used to hedge against interest risks. Interest rate swaps are valued at fair value in the balance sheet. The coupon rate part is recognised on a current basis in profit for the year as interest income or interest expenses. Unrealised changes in the fair value of rate swaps are recognised in other comprehensive income and are part of the hedging provision until the hedged item affects profit for the year and as long as the criteria for hedge reporting is met.

Taxes

Income tax consists of current tax and deferred tax. Income tax is recognised in profit for the year except when the underlying transaction is recognised in equity, in which case the relevant tax is recognised in other comprehensive income or equity.

Current tax is tax that must be paid or will be received during the current year. This also includes current tax attributable to earlier periods. Current and deferred tax is calculated applying the tax rates and tax rules resolved upon or in practice resolved upon on the balance sheet day.

Deferred tax is calculated according to the balance sheet method based on temporary differences between the accounted and tax values of assets and liabilities. Temporary differences are not taken into account for the difference generated by the recognition of groupwise goodwill and nor for difference that occurred at first recognition of assets and liabilities which are not business combinations and which at the time of the transaction did not affect either recognised or taxable profits. Further are not temporary differences attributable to participations in subsidiaries and joint ventures, which are not expected to be written back in the foreseeable future, taken into account. Valuation of deferred tax is based on how the underlying value of assets or liabilities is expected to be realised or regulated.

When companies are acquired such acquisition either refers to business combinations or asset purchase. Asset purchase refers to, for example, the acquired company only owning one or more properties with tenancy agreements but the acquisition not comprising processes required to operate property business. When recognising asset purchase no deferred tax is recognised separately. The fair value of deferred tax liabilities is instead deducted from the fair value of the acquired asset.

Deferred tax receivables relating to deductible temporary differences and loss carry-forwards are only recognised to the extent it is likely they can be exercised. The value of deferred tax receivables is reduced when it is no longer assessed they can be utilised.

Financial instruments

On the assets side, financial instruments entered to the balance sheet include liquid funds, short-term investments, accounts receivable, securities holdings, loan receivables and derivatives. On the liabilities side, they include accounts payable, borrowing and derivatives.

Recognition in and removal from the balance sheet

Financial assets and financial liabilities are entered to the balance sheet when the company becomes involved in accordance with the instrument's contractual terms. Accounts receivable are reported when the company has performed and the other party has a contractual responsibility to pay, even if the invoice has not yet been sent. Accounts receivable are entered into the balance sheet when the invoice has been sent. Liabilities are recognised when the counterparty has performed the service and there is a contractual payment obligation even if the invoice has not been received. Accounts payable are recognised when the invoice is received.

Financial assets are removed from the balance sheet when the rights of the agreement have been realised, fall due or the company loses control of them. The same applies to parts of financial assets. Financial liabilities are removed from the balance sheet when contractual obligations are discharged or have been otherwise extinguished. The same applies to parts of financial liability.

Financial assets and financial liabilities are offset and recognised at a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended to adjust the items with a net amount or to at the same time capitalise the asset and adjust the liability.

On-demand acquisitions and on-demand sales of financial assets in the valuation categories financial assets are recognised at fair value via profit and loss on the transaction date, which is the date the company undertakes to acquire or sell the asset.

Classification and valuation

Financial instruments which are not derivatives are initially recorded at acquisition value corresponding to the instrument's fair value with the addition of transaction costs for all financial instruments except for those classified as financial assets, which are recognised at fair value in profit for the year which are recorded at fair value minus transaction costs. Financial instruments are classified upon first recognition based on the purpose for which the instrument was acquired. Classification determines how financial instruments are valued after first recognition as described below.

Liquid funds consist of cash and immediately available balances at banks and equivalent institutes and current liquid investments with maturities from the acquisition date of less than three months and which are exposed to only insignificant value fluctuation risks.

Financial assets valued at fair value via profit and loss

Financial instruments in this category are constantly valued at fair value with value changes recognised in profit for the year. This category consists of two sub-groups: financial assets held for trading and other financial assets which the company initially chooses to place in this category called a fair value option. The first sub-group includes derivatives with positive fair value except for derivatives which are identified and in effect hedge instruments. The Group has decided to include listed shares which the executive management's risk management and investment strategy manages and values based on fair value in the second sub-group.

Loans and receivables

Loans and receivables are financial assets which are not derivatives with fixed payments or with payments which can be determined and which are not listed in an active market. These assets are valued at amortized cost. The amortized cost is determined based on the effective interest rate which is calculated at the time of acquisition. Accounts receivable are recognised at the estimated impact amount, i.e. after deduction of distressed debts.

Financial liabilities valued at fair value via profit and loss

This category consists of two sub-groups: financial liabilities which are held for trading and other financial liabilities which the company initially chose to place in this category called a fair value option. The category includes the Group's derivatives with negative fair value except for derivatives which are identified and in effect hedge instruments. Changes are recognised in profit for the year.

Other financial liabilities

Loans and other financial liabilities, e.g. accounts payable, are included in this category. Liabilities are recognised at accrued acquisition value.

Derivates

The Group's derivatives consist of interest rate, exchange rate and share derivatives utilised to hedge risks of changes in exchange rates, interest rate changes and changes in the fair value of shares. Derivatives not used for hedge accounting are classified as financial assets or financial liabilities held for trading and are valued at fair value. Value changes are recognised in profit or loss. The valuation method involves the discounting of future cash flows.

Derivatives are initially recognised at fair value, and consequently transaction costs are charged to profit for the period. After first recognition derivatives are recognised as described below. If the derivative is used for hedge accounting and to the extent this is effective, the value change to the derivative is recognised on the same line in profit for the year as the hedged item. Even if hedge accounting is not applied, the value gain or reduction to the derivative is recognised as income or expenses in operating profit or in net financials items depending on the purpose for which the derivative is used and whether its use relates to an operating item or a financial item. In hedge accounting, the non-effective part is recognised in the same way as value changes to derivatives that are not used in hedge accounting. If hedge accounting is not applied to the use of interest rate swaps, the coupon rate is recognised as interest and the remaining value change of the interest rate swap is recognised as other financial income or other financial costs.

The exchange rate contracts used to hedge future cash flow is recognised applying the rules for hedge accounting. These hedge instruments are recognised at fair value in the balance sheet. The value changes for the period are recognised in other comprehensive income and the accumulated value changes in a separate component of equity (the hedging reserve) until the hedged flow matches profit for the year whereupon the accumulated value changes of the hedge instrument are reclassified to profit for the year when the hedged transaction matches profit for the year.

Loans to foreign subsidiaries (extended investment) through investments in foreign subsidiaries have been to some extent financially hedged through forward contracts. Hedge accounting has not been applied. These loans are recognised at the price on balance sheet day and derivatives are recognised at fair value according to the above.

Hedge accounting of net investments

To a certain extent measures have been taken to reduce exchange risks connected to investments in operations abroad. This has been done by taking out loans in the same currency as the net investments. These loans are recognised at the translated rate on balance sheet day. The effective part of the period's exchange rate changes in relation to hedge instruments is recognised in and the accumulated changes in a separate component of equity (the translation reserve), in order to meet and partly match the translation differences that affect other comprehensive income concerning net assets in the hedged operations abroad. In the cases where the hedge is not effective, the ineffective part is recognised directly in profit for the year as a financial item.

Holdings of convertible certificates of claim

Convertible certificates of claim may be converted to shares through the exercise of the option to convert the claim to shares. The option to convert a convertible certificate of claim to shares is not closely related to the claim right and therefore it is separated as an "embedded derivative" belonging to the valuation category financial assets held for trading. Therefore the derivative part is initially valued and subsequently on an ongoing basis according to a valuation model at fair value. Value changes are recognised in profit for the year as financial income and expenses. The claim part is ascribed to the loan and accounts receivable category and initially valued as the difference between the acquisition value of the convertible and the initial fair value of the option. Subsequently the claim part is valued at accrued acquisition value based on the derived implicit interest rate which gives an even return over the contractual life of the claim.

Issued convertible promissory notes

Convertible promissory notes can be converted to shares if the counterparty exercises the option to convert the claim to shares and are recognised as a compound financial instrument divided into a liability part and an equity part. The fair value of the liability at the time of issue is calculated by discounting future payment flows at the current market rate for similar liabilities without conversion rights. The value of the equity capital instrument is calculated as the difference between the issuing funds when the convertible promissory note was issued and the fair value of the financial liability at the time of issue. Deferred tax attributable to liabilities at the issue date is deducted from the recognised value of the equity instrument. Interest expenses are recognised in profit for the year and are calculated applying the effective interest rate method.

Tangible fixed assets

Owned assets

Tangible fixed assets are recognised in consolidated accounts at acquisition value minus accumulated depreciation and amortization and any write-downs. The acquisition value consists of the purchase price and costs directly attributable to putting the asset in place in the condition required for utilisation in accordance with the purpose of the acquisition. Borrowing costs are included in the acquisition value of internally produced fixed assets according to IAS 23. The accounting principles applying to impairment loss are listed below.

The value of a tangible fixed asset is derecognised from the balance sheet upon scrapping or divestment or when no future financial benefits are expected from the use or scrapping/divestment of the asset. Gains and losses arising from divestment or scrapping of an asset consist of the difference between the sale price and the asset's booked value minus direct costs of sale.

Leased assets

Leasing is classified in the consolidated accounts either as financial or operating leasing. Financial leasing applies in circumstances where the financial risks and benefits associated with ownership are substantially transferred to the lessee. Where such is not the case, operating leasing applies.

Assets which are rented under financial leasing agreements are recognised as assets in the consolidated balance sheet. Payment obligations associated with future leasing charges have been recognised as long-term current liabilities. The leased assets are depreciated according to plan while leasing payments are entered under interest and amortisation of liabilities.

Assets which are rented under operational leasing agreements have not been recognised as assets in the consolidated balance sheet. Leasing charges for operational leasing agreements are charged to income in a straight line over the life of the lease.

Assets which are rented out under financial leasing agreements are not recognised as tangible fixed assets since the risks and opportunities connected to ownership of the assets are transferred to the lessee. A financial receivable referring to future minimum leasing fees is reported instead.

Future expenses

Future expenses are only added to the acquisition value if it is likely that the future financial benefits associated with the asset will benefit the company and the acquisition value can be reliably estimated. All other future expenses are recognised as costs as they arise.

Borrowing costs

Borrowing costs which are directly attributable to the purchase, construction or production of an asset and which require considerable time to complete for the intended use or sale are included in the acquisition value of the asset. Borrowing costs are activated provided that it is probable that they will result in future financial benefits and the costs can be reliably measured.

Depreciation principles

Depreciation is based on the original acquisition value minus the calculated residual value. Depreciation is made linearly over the assessed useful life of the asset.

Buildings (operating buildings)	25-100 years
Land improvements	25-50 years
Asphalt and concrete factories	10-15 years
Vehicles and construction machinery	5-6 years
PCs	3 years
Other equipment and inventories	5-10 years

The useful life and residual value of assets are assessed annually.

Real estate

Group real estate holdings are divided as follows:

– Buildings and land entered under tangible fixed assets
– Project and development properties as inventories among current assets

Properties used in the Group's own operations consisting of office buildings and warehouses (operational buildings) are entered as buildings and land under tangible fixed assets. Valuation is made in accordance with IAS 16, Tangible fixed assets, at acquisition value deducted for accumulated depreciation and possible write-downs.

Direct and indirect holdings of undeveloped land and redeveloped tracts for future development, developed investment properties for project development, improvement and subsequent sale and which are expected to be realized during our normal operational cycle are entered as project and development property under current assets. Valuation is made in accordance with IAS 2, Inventories, at the lowest of either acquisition value or net sales value.

Intangible assets

Goodwill

Goodwill refers to the difference between the acquisition value of a business and the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities.

Upon the transition to the IFRSs, the rules of the IFRSs have not been applied retroactively to goodwill in acquisitions made before 1 January 2004, rather the recognised value on that date will in future constitute the Group's acquisition value after write-down testing.

Goodwill is value at acquisition value minus any accumulated write-downs. Goodwill is divided between cash-generating units and is tested at least once a year for write-down needs. Goodwill stemming from the acquisition of joint ventures and affiliated companies is included in the recognised value of participations in joint ventures and affiliated companies.

In the case of business acquisitions which are less than the net value of the acquired assets and the assumed liabilities and contingent liabilities, the difference is recognised directly in profit for the year.

Research and development

Research costs intended to acquire new scientific or technological knowledge are reported as costs as they arise.

Development costs where the results of research or other knowledge is applied to the production of new or improved products or processes are reported as an asset in the balance sheet if the product or process is technically or commercially useful and the company has adequate resources for completing development and then applying or selling the intangible asset. The recognised value includes all directly attributable expenses, including for materials and services, payroll costs, the registration of legal rights, depreciation of patents and licences, borrowing costs. Other development costs are reported in profit for the year as costs as they arise. Development costs are recognised in the balance sheet at acquisition value minus accumulated depreciation and possible write-downs.

Other intangible assets

Other intangible assets acquired by the Group are recognised at acquisition value minus accumulated depreciation, amortization and write-downs. Costs defrayed for internally generated goodwill and internally generated brands are reported in profit for the year as the costs arise.

Depreciation policies

Depreciation is linearly recognised in profit for the year over the estimated useful life of the intangible asset provided the useful life can be determined. Goodwill and other intangible assets with an indeterminate useful life is tested for the need for write-down annually or as soon as there are indications that the asset in question has declined in value. Depreciable intangible assets are depreciated from the date when the asset became available for use.

The estimated useful lives are:

Brands	10 years
Customer relations	3-5 years
Agency agreements	2-7 years
Site leasehold agreements	During the term of the agreement

The useful life and residual value of assets are assessed annually.

Inventories

Inventories are valued at the lowest of acquisition value and net sale value. The acquisition value of stocks are calculated using the first-in, first-out method and include expenses arising with the acquisition of the stock assets and their transport to their current location and condition. For manufactured goods the acquisition value includes a reasonable share of the indirect costs based on a normal capacity.

The net sale value is the estimated sale price in the current business minus estimated costs of completion and bringing about the sale.

Impairment loss

The recognised value of Group assets is checked each balance sheet day to assess whether there is a write-down requirement. IAS 36 is applied to the testing of write-down requirements for other assets besides financial assets which are tested in accordance with IAS 39, assets for sale and divestment groups recognised which are tested in accordance with IFRS 5, inventories, plan assets used for financing of remuneration to employees and deferred tax receivables. The recognised value of the above-mentioned excepted assets is tested applying the respective standards.

Impairment test of tangible and intangible assets and participation in subsidiaries, joint ventures, associated companies etc.

If write-down requirements are indicated, the recovery value of the asset is estimated in accordance with IAS 36. Moreover, the recovery value of goodwill, other intangible assets of indeterminate useful life and intangible assets which are not yet ready for use is estimated each year. If it is not possible to establish materially independent cash flows for a certain asset, when testing for write-down needs the assets are grouped at the lowest level where it is possible to identify materially independent cash flow – a so-called cash-generating unit.

Write-downs are recognised when the book value of an asset or a cash generating unit exceeds the recovery value. Write-downs are expensed in profit for the year. Write-downs of assets attributable to a cash-generating unit (group of units) are firstly allocated to goodwill, followed by the proportional write-down of the other assets in the unit (group of units).

The recovery value is the highest of utility value and fair value minus cost of sale. When calculating utility value, future cash flows are discounted with a discount factor that takes into consideration the risk-free interest rate and the risks which are associated with the specific asset.

Impairment test for financial assets

Each time reports are drawn up the company assesses whether there are objective indications that a financial asset or a group of financial assets need to be written down. Objective indications partly consist of occurred observable circumstances which have a negative impact on possibilities of recovering the acquisition value and partly on significant or lengthy decreases in the fair value of an investment in a financial placing classified as a financial asset available for sale.

Accounts receivable that need to be written down are reported as the present value of the anticipated future cash flows. Current receivables are, however, not discounted. Write-downs charge profit for the year.

Reversed write-downs

A write-down is reversed if there are both indications that write-down requirements no longer exist and assumptions upon which the calculation of the recovery value were based have changed. However, write-downs of goodwill are never reversed. Reversing is only performed to the extent that the recognised value after reversing of the asset does not exceed the recognised value which would have been recognised deducted for depreciation where necessary if write-down had not been made.

Write-downs of investments held to maturity or loans and receivables recognised at amortized cost are reversed if a subsequent rise in the recovery value may objectively be attributed to a circumstance occurring after write-down was made.

Share capital

Repurchase of own shares

Holdings of own shares and other equity instruments are recognised as a reduction in equity. Liquid funds from the divestment of such equity instruments are recognised as an increase in equity. Any transaction costs are charged directly to equity.

Dividends

Dividends are entered as liabilities after they have been approved by the AGM.

Earnings per share

The calculation of earnings per share is based on consolidated profit for the year attributable to the shareholders of the parent company and on the weighted average number of outstanding shares during the year. When calculating earnings per share after dilution, profit and the average number of shares are adjusted to allow for the effects of the diluting potential of shares which in the reported periods stem from convertible certificates of claim and options issued to the employees. Earnings per share after dilution are calculated by increasing the number of shares with the total number shares the convertibles represent and increasing profit with the reported interest cost after tax.

Employee benefits

Defined contribution pension plans

Pension plans are only classified as defined contribution pension plans where the company's obligations are limited to the contributions the company has undertaken to pay. In such cases the size of an employee's pension depends on the contributions the company pays to the plan or to the insurance company and the return on capital produced by the contributions. Consequently, the employees bear the actuarial risk (that payments will be lower than expected) and the investment risk (that the invested assets will not be adequate to produce the expected return). The company's obligations concerning contributions to defined contribution plans are expensed in profit for the year as they are earned by the employee performing work for the company during the period.

Defined benefit pension plans

The Group's defined benefit plans consist of the Swedish ITP Plan for Salaried Staff which is managed through insurance with Alecta, pension plans for a small number of executive personnel in Sweden and Norway and the AFP pension in Norway.

The Group's net obligations relating to defined benefit plans are calculated separately for each plan through an assessment of the future payments which employees have earned through their employment both during the present and previous periods. Such payment is discounted to a net present value deducted for the fair value of any plan assets. The discount rate is the market rate of government bonds of equivalent maturity. Calculations are performed by a qualified actuary.

The so-called corridor rule is applied. The corridor rule involves that part of the accumulated actuarial gains and losses which exceeds 10 per cent of the greatest of the obligation's net present value and the plan asset's fair value being recognised in the income statement over the expected average remaining working life of the employee covered by the plan. Otherwise account is not taken of actuarial gains and losses.

When there is a difference between how pension costs are determined in the legal entity and group, a provision or a claim is recognised relating to special payroll tax based on this difference.

Net interest on pension liabilities and anticipated returns on associated plans assets are recognised in net financial items. Other components are recognised as income or expenses in operating profit.

Remuneration upon resignation or dismissal

A reserve for remuneration relating to the dismissal of staff is only established if the company is demonstrably subject to, without any realistic opportunity for avoidance, a formal detailed plan for the termination of employment prior to the normal time. When remuneration is made as an offer to encourage voluntary retirement, a cost is recognised if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term remuneration

Short-term remuneration to employees is calculated without discount and are reported as a cost when the related services are received.

A provision is recognised for the expected costs of participations in profits and bonus payments when the Group has an applicable legal or informal obligation to make such payments for services received from employees and the obligations can be reliably estimated.

Provisions

Provisions are entered in the balance sheet when the Group is subject to an actual or informal legal obligation as a consequence of a circumstance occurring and it is likely that financial resources will be required to meet the obligation and a reliable estimate of the amount can be made.

Guarantees

Provisions for guarantees are recognised when the underlying products or services are sold. The provisions are based on historical data about the guarantees and a weighing up of the conceivable outcomes relative to the probabilities that the outcomes are associated with.

Restoration costs

These refer to the estimated restoration costs for rock and gravel quarries after operations are terminated. The provision increases with the quarried amount and is reversed after restoration is completed. The reserved amount is expected to be utilised successively following completion of quarrying.

Terminated activities

A terminated activity is a part of the company's business which constitutes an independent business area or a significant activity within a geographical area or is a subsidiary which is acquired exclusively for the purpose of resale. Profit or loss after tax from terminated operations is booked as a separate post in the income statement. When an operation is classified as terminated the presentation of the comparison year's income statement is altered so that it is as if the terminated operation was shut down at the beginning of the comparison year.

Contingent liabilities

A contingent liability is recognised in accounts when there is a possible obligation attributable to events occurred, the occurrence of which can only be confirmed by one or more uncertain future events, or when there is an undertaking not recognised as a liability or provision because it is not likely that the use of resources will be required.

The parent company's accounting principles

The parent company has prepared its annual report in accordance with the Swedish Company Accounts Act (1995:1554) and Swedish Financial Reporting Board recommendation RFR 2 Accounting rules for legal entities. The Swedish Financial Reporting Board statements concerning listed companies are also applied. RFR 2 requires that the parent company, in the annual report for the legal entity, use all EU adopted IFRSs and interpretations as far as possible within the framework of the Swedish Company Accounts Act, the Job Security Law and with due regard for the relationship between accounting and taxes. The recommendation states which exceptions and additions must be made to the IFRSs.

Changed accounting principles

Unless otherwise noted below the accounting principles of the parent company have been changed as given for the Group above in 2010.

Regarding the changed principles for the revised IFRS 3 Business combinations and the amended IAS 27 Consolidated and separate financial statements, there are differences between the parent company's accounting principles regarding recognising acquisition costs and conditional consideration; see below in the section "Subsidiaries, joint ventures and associated companies".

Differences between the Group's and parent company's accounting principles

Differences between the Group's and parent company's accounting principles are given below. The below stated accounting principles for the parent company have been applied consistently to all periods presented in the parent company's financial reports.

Classification and design types

The parent company's income statement and balance sheet are presented in accordance with the design in the Swedish Company Accounts Act. The difference to IAS 1 Design of financial reports which is applied to the design of the consolidated financial reports is primarily the reporting of financial income and expenses, fixed assets, equity and the presentation of provisions under a separate heading in the balance sheet.

Subsidiaries, joint ventures and associated companies

Participation in subsidiaries, joint ventures and associated companies is recognised in the parent company applying the acquisition value method. This means that acquisition costs are included in the reported value of the holding in the subsidiary. In Group accounting acquisition costs related to shares in subsidiaries are recognised directly in profit and loss as they occur.

Financial guarantees

The parent company's financial guarantee agreements mainly consist of personal guarantees to the benefit of subsidiaries and joint ventures. The parent company recognises financial guarantee agreements as provisions in the balance sheet when the company has an obligation for which payment is likely to be required to adjust the obligation.

Forestalled dividends

Forestalled dividends from subsidiaries are recognised when the parent company alone is entitled to decide on the size of the dividend and the company has taken a decision on the size of the dividend before the parent company publishes its financial reports.

Tangible fixed assets

Tangible fixed assets in the parent company are recognised at acquisition value minus accumulated depreciation and any write-downs in the same way as for the Group but with the addition of possible write-ups.

Leased assets

All leasing agreements in the parent company are recognised according to the rules for operating leasing.

Employee benefits

Defined benefit pension plans

The parent company applies different assumptions for the calculation of defined benefit plans than those in IAS 19. The parent company complies with the provisions of the Job Security Law and the instructions of the Swedish Financial Supervisory, as this is a precondition for tax allowance rights.

Taxes

Untaxed reserves including deferred tax liabilities are recognised in the parent company. On the other hand, in the Group accounts, untaxed reserves are divided between deferred tax liabilities and equity.

Group contributions and shareholders' contribution for legal entities

Group's and shareholders' contributions are recognised in accordance with the statement from the Swedish Financial Reporting Board (UFR 2). Shareholders' contribution is recognised directly against equity at the recipient and is capitalised in shares and participations at the donor to the extent write-downs are not required. Group contribution is recognised according to the financial implications. As a result, Group contributions submitted and received to minimise the Group's total tax are recognised directly against retained earnings deducted for their actual tax effect.

Note 2 Recalculation according to new accounting principles for housing production

From 1 January 2010 the Group applies IFRIC 15, Agreements for the Construction of Real Estate in the reporting. 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. This means that revenue and profit are postponed. Expenses are recognised as work-in-progress in the balance sheet and on account invoices to customers are reported as non-interest-bearing liabilities. Loans to finance housing projects will be reported as interest-bearing liabilities. Comparable items in the balance sheet for 2008-12-31 and annual accounts in 2009 have been recalculated.

Income statement Jan – Dec 2009

MSEK	Reported income statement	Adjustment	Recalculated income statement
Net sales	35,140	–272	34,868
Production costs	–31,529	243	–31,286
Gross profit	**3,611**	**–29**	**3,582**
Sales and administrative expenses	–2,118		–2,118
Profit from participation in joint venture/ associated companies	18	1	19
Other operating income	90		90
Other operating costs	0		0
Operating profit	**1,601**	**–28**	**1,573**
Financial income	321		321
Financial expeneses	–274		–274
Profit from participation in joint ventures	–1		–1
Net finance	**46**		**46**
Pre-tax profit	**1,647**	**–28**	**1,619**
Tax	–326	8	–318
Profit for the year	**1,321**	**–20**	**1,301**
Profit for the year attributable to:			
Shareholders in parent company	1,315	–20	1,295
Non-controlling interests	6	0	6
Profit for the year	**1,321**	**–20**	**1,301**

Statement of comprehensive income for the Group

Profit for the year	**1,321**	**–20**	**1,301**
Other comprehensive income			
Translation differences for the year from translation of foreign operations	60	1	61
Profit/loss from currency risk hedging in foreign operations	–51		–51
Translation differences transferred to profit for the year	–		–
Changes in fair value of cash flow hedges for the year	283		283
Changes in fair value of cash flow hedges transferred to profit for the year	3		3
Tax attributable to components in other comprehensive income	–50		–50
Other comprehensive income for the year	**245**	**1**	**246**
Total comprehensive income for the year	**1,566**	**–19**	**1,547**
Total comprehensive income for the year attributable to:			
Shareholders in parent company	1,559	–19	1,540
Non-controlling interests	7		7
Total comprehensive income for the year	**1,566**	**-19**	**1,547**

Balance sheet

MSEK	2008-12-31 Reported balance sheet	2008-12-31 Adjustment	2008-12-31 Recalculated balance sheet	2009-12-31 Reported balance sheet	2009-12-31 Adjustment	2009-12-31 Recalculated balance sheet
Assets						
Intangible assets	2,112		2,112	2,281		2,281
Tangible assets	4,335		4,335	4,904		4,904
Participation in associated companies	0		0	0		0
Participation in joint ventures	326	-1	325	668		668
Other securities held as fixed assets	302		302	536		536
Interest-bearing long-term receivables	453		453	387		387
Deferred tax recoverables	595	26	621	123	34	157
Other long-term assets	69		69	49		49
Total fixed assets	**8,192**	**25**	**8,217**	**8,948**	**34**	**8,982**
Project and development properties	3,614	209	3,823	4,132		4,132
Inventories	528		528	492		492
Work in progress	–	1,287	1,287	–	1,216	1,216
Accounts receivable	5,939	-32	5,907	5,155	–10	5,145
Interest-bearing current receivables	329		329	388		388
Tax assets	81		81	97		97
Recognised but not invoiced income	4,137	–628	3,509	3,761	–934	2,827
Prepaid expenses and accrued income	420		420	364		364
Other current receivables	461	1	462	483		483
Short-term holdings	1,007		1,007	904		904
Liquid funds	984		984	1,584		1,584
Total current assets	**17,500**	**837**	**18,337**	**17,360**	**272**	**17,632**
Total assets	**25,692**	**862**	**26,554**	**26,308**	**306**	**26,614**
Equity						
Share capital	1,557		1,557	1,584		1,584
Other contributed capital	2,470		2,470	2,576		2,576
Reserves	–1	–1	–2	242	2	244
Profit brought forward included profit for the year	2,344	–83	2,261	3,264	–105	3,159
Equity attributable to shareholders in parent company	**6,370**	**–84**	**6,286**	**7,666**	**–103**	**7,563**
Non-controlling interests	**92**		**92**	**43**		**43**
Total equity	**6,462**	**–84**	**6,378**	**7,709**	**–103**	**7,606**
Liabilities						
Interest-bearing long-term liabilities	5,563	187	5,750	5,670	51	5,721
Other long-term liabilities	92		92	61		61
Provisions for pensions	16		16	20		20
Other provisions	226		226	258		258
Total long-term liabilities	**5,897**	**187**	**6,084**	**6,009**	**51**	**6,060**
Interest-bearing short-term liabilities	1,235	22	1,257	2,042	51	2,093
Accounts payable	4,044		4,044	3,069		3,069
Income tax liabilities	307		307	273		273
Invoiced income not yet recognised	3,685	-30	3 655	3,945	–89	3,856
Accrued expenses and deferred income	2,634		2,634	2,330		2,330
Other short-term liabilities	1,309	767	2 076	871	396	1,267
Provisions	119		119	60		60
Total short-term liabilities	**13,333**	**759**	**14,092**	**12,590**	**358**	**12,948**
Total liabilities	**19,230**	**946**	**20,176**	**18,599**	**409**	**19,008**
Total equity and liabilities	**25,692**	**862**	**26,554**	**26,308**	**306**	**26,614**

Note 3 Income distributed by type

Income distributed by main income type

	Group		Parent company	
MSEK	2010	2009	2010	2009
Income from contracting	34,550	30,889	–	–
Sale of goods	1,739	1,874	–	–
Crane and plant rental	648	891	–	–
Services	772	899	–	–
Administrative services	–	–	81	95
Other	336	315	1	1
Total	**38,045**	**34,868**	**82**	**96**

Note 4 Operating segment

Group business is divided into operating segments based on which parts the company's highest decision makers, i.e. executive management, follows. Operating segments in Peab are Construction, Civil Engineering and Industry, which correspond to how operations are organised. The Group's internal reporting is constructed so that executive management follows every business area up to and including operating profit. Assets and liabilities are only followed up on Group level.

Segments are reported according to the percentage of completion in projects since that reflects the way executive management and the board monitors operations. From 1 January 2010 Peab applies IFRIC 15, Agreements for the construction of real estate, in legal accounting for housing projects in Finland and Norway as well as our own housing developments in Sweden. 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. A bridge is created in segment reporting between operative reporting according to the percentage of completion method and legal reporting. For more information regarding changes in accounting principles for housing production, see note 1 and 2.
Internal pricing between Group segments is based on the "arm's length" principle, in other words, between well informed independent parties and who are interested in the realisation of the transactions.

Segments operating profit include attributable items which can be reasonably and reliably allocated to the segments. Non-allocated items consist of financial income and expenses, and taxes. Assets and liabilities are not divided into segments since they are only followed up on Group level.

Segments

The Group consists of following business areas;

- **Construction:** Business area Construction comprises the Group's construction related services and is run in five divisions in Sweden, one division in Norway and one division in Finland. From 1 January 2011 a new Nordic division runs the Group's property development. Production is primarily comprised of housing for external customers and our own housing developments but also public and commercial premises and buildings. Customers are private property owners, municipalities and companies. Operations in Construction also include construction related services such as construction maintenance and repairs.
- **Civil Engineering:** Business area Civil Engineering handles commissions such as building infrastructure projects and civil engineering. Clients include the Nations Road and Rail Administrations, municipalities and local business. Civil Engineering also provides managment and maintenance of roads and municipal facilities.
- **Industry:** Operations in Industry, which is focused on the Nordic construction and civil engineering markets, is run in two divisions, Industry and Construction system. Customers are primarily Nordic construction and civil engineering companies. The major part of net sales is generated on the swedish market.

Other operations consists of items not allocated to a business area and are reported as one item under Group functions.

Group 2010

MSEK	Construction	Civil Engineering	Industry	Group funcions	Eliminations	Total operative for the Group	Adjustment for different accounting principles for housing production	Group
Income								
External sales	23,206	9,590	5,356	32		38,184	–139	38,045
Internal sales	980	1,074	3,152	114	–5,320	0		0
Total income	**24,186**	**10,664**	**8,508**	**146**	**–5,320**	**38,184**	**–139**	**38,045**
Operating costs	–23,360	–10,308	–8,079	–324	5,320	–36,751	79	–36,672
Profit from participation in associated companies and joint ventures	9		78	8		95		95
Other operating income			40	–2		38		38
Other operating costs			–3			–3		–3
Operating profit	**835**	**356**	**544**	**–172**	**0**	**1,563**	**–60**	**1,503**
Financial income								264
Financial expenses								–252
Profit from participation in joint ventures								–2
Pre-tax profit								**1,513**
Tax								–323
Profit for the year								**1,190**
Other comprehensive income for the year								-119
Total comprehensive income for the year								**1,071**
Depreciation	–39	–67	–597	–22		–725		–725
Write-downs	–17	–9	–12	-19		–57		–57
Significant items in addition to depreciation and write-downs that are not related to payments	115		62	-10		167		167

Group 2009

MSEK	Construction	Civil Engineering	Industry	Group functions	Eliminations	Total operative for the Group	Adjustment for different accounting principles for housing production	Group
Income								
External sales	21,431	8,590	5,067	52		35,140	–272	34,868
Internal sales	924	749	2,514	128	–4,315	0		0
Total income	**22,355**	**9,339**	**7,581**	**180**	**–4,315**	**35,140**	**–272**	**34,868**
Operating costs	–21,542	–8,903	–7,165	–352	4,315	–33,647	243	–33,404
Profit from participation in associated companies and joint ventures	–1		19			18	1	19
Other operating income	2	10	79	–1		90		90
Operating profit	**814**	**446**	**514**	**–173**	**0**	**1,601**	**–28**	**1,573**
Financial income								321
Financial expenses								–274
Profit from participation in joint ventures								–1
Pre-tax profit								**1,619**
Tax								–318
Profit for the year								**1,301**
Other comprehensive income for the year								246
Total comprehensive income for the year								**1,547**
Depreciation	–53	–77	–603	–14		–747		–747
Write-downs	–34	–8	–15			–57		–57
Significant items in addition to depreciation and write-downs that are not related to payments	–25		71			46		46

Geografic areas

Income from external customers are grouped to geografic areas according to where the customers are located. Information concerning intangible and tangible assets is based on geografic areas grouped according to where the assets are located.

Group	Sweden		Norway		Finland		Other markets		Total	
MSEK	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
External sales	**32,620**	30,271	**3,284**	2,418	**2,053**	2,163	**88**	16	**38,045**	34,868
Intangible and tangible fixed assets	**6,273**	6,403	**538**	488	**226**	294	**–**	–	**7,037**	7,185

Parent company	Group functions		Sweden	
MSEK	**2010**	2009	**2010**	2009
Net sales	**82**	96	**82**	96

Note 5 Business combinations

2010

In 2010 Peab aquired a further 50 percent of Fältjägaren Fastigheter AB, a further 50 percent of LS Sydost AB, 100 percent of Ångström & Mellgren AB, 100 percent of A-frakt AB, 100 percent of Rolf Olsens Vei 30/32 AS, 100 percent of P Andersson Fastighet 1 i Mälardalen AB.

The above acquisitions in 2010 individually do not have any material acquisition effect from a Group perspective and the information on acquisition effects is therefore given collectively.

In the period after acquisition the above subsidiaries contributed SEK 296 million to Group income and SEK 14 million to profits after tax in 2010. If the acquisitions had taken place on 1 January 2010, the combined effect of these acquisitions on Group income would have been SEK 460 million and on profit for the year after tax by SEK 22 million.

Effects of acquisitions in 2010

The acquisitions' preliminary effects on Group assets and liabilities are shown below. The acquisitions analyses may be adjusted during a twelve month period.

The acquired companies' net assets at the time of acquisition:

2010 MSEK	
Tangible fixed assets	482
Project and development properties	73
Inventories	3
Accounts receivable and other receivables	83
Liquid funds	76
Interest-bearing liabilities	–340
Accounts payable and other current liabilities	–152
Deferred tax liabilities	–22
Net identifiable assets and liabilities	**203**
Previous holdings	–22
Non-controlling interests	102
Group goodwill	10
Consideration transferred	**293**

Goodwill consists of, among other things, personnel resources and future synergy effects regarding common systems and shared resources which do not meet the criteria for recognition as intangible assets at the time of acquisition.

Transaction costs connected to the acquisition amount to SEK 0,4 million and relates to consulting fees concerning due diligence. Transactions costs are reported in income statement as sales and administrative expenses.

Acquired receivables amount to SEK 83 million and consists mainly of accounts receivables.

Consideration transferred

MSEK	
Paid in cash	288
Paid with own shares	5
Total consideration transferred	**293**

During the year assets via acquisition of shares (asset acquisitions) have been acquired resulting in a cash flow of SEK -165 million.

Acquisitions of non-controlling interests

In 2010 Peab acquired the remaining shares, 1.89 percent, in Peab Industri AB, amounted to SEK 54 million, the remaining shares, 30 percent, in Ljungbyhed Park AB amounted to SEK 46 million and the remaining shares, 0.44 percent, in Annehem Fastigheter AB amounted to SEK 2 million. The Group shows a reduction in non-controlling interests amounted to SEK 46 million and a reduction in profit brought forward amounted to SEK 57 million.

Acquisitions after the balance sheet date

There have been no acquisitions of importance in 2011.

2009

In 2009 Peab acquired 99.56 percent of Annehem Fastigheter AB, 100 percent of BNH Maskinstation AB, 100 percent of Fastighets AB Ekudden, 100 percent of Albtro Uthyrnings KB, 100 percent of Flygstaden Intressenter i Grevie AB and a further 50 percent of Vardentoppen AS.

The above acquisitions in 2009 individually do not have any material acquisition effect from a Group perspecitve and the information on acquisition effects is therefore given collectively.

In the period after acquisition the above subsidiaries contributed SEK -4 million to Group profits after tax in 2009. If the acquisitions had taken place on 1 January 2009, the combined effect of these acquisitions on Group income would have been SEK 96 million and on profit for the year after tax by SEK -15 million.

Effects of acquisitions in 2009

The acquisitions' preliminary effects on Group assets and liabilities are shown below.

The acquired companies' net assets at the time of acquisition:

2009 MSEK	
Intangible fixed assets	3
Tangible fixed assets	449
Deferred tax receivables	207
Project and development properties	147
Inventories	1
Accounts receivable and other receivables	35
Liquid funds	310
Interest-bearing liabilities	–478
Accounts payable and other current liabilities	–42
Deferred tax liabilities	–7
Net identifiable assets and liabilities	**625**
Previous holdings	–15
Non-controlling interests	–1
Group goodwill	1
Negative goodwill	–3
Deferred tax income (negative goodwill)	–133
Consideration transferred	**474**

Goodwill consists of, among other things, personnel resources and future synergy effects regarding common systems and shared resources which do not meet the criteria for recognition as intangible assets at the time of acquisition.

Transaction costs connected to the acquisition included in the purchase sum amount to SEK 6 million.

Consideration transferred

MSEK	
Paid in cash	215
Paid with own shares [1)	252
Unpaid part of calculated addditional purchase sum	7
Total consideration transferred	**474**

1) Refers to the acquisition of Annehem Fastigheter AB where payment was made with 7,910,580 B shares valued at market price on the transaction day.

During the year assets via acquisition of shares (asset acquisitions) have been acquired resulting in a cash flow of SEK -35 million.

Note 6 Other operating income

Group MSEK	2010	2009
Capital gains from shares sold in Group companies/ joint ventures	4	70
Reduced competition damages charge	–	10
Profit from sale of fixed assets	23	–
Exchange gains on receivables/liabilities relating to operations	1	–
Negative goodwill	–	3
Other	10	7
Total	**38**	**90**

Note 7 Other operating costs

Group MSEK	2010	2009
Loss from sale of fixed assets	–1	–
Exchange loss on receivables/liabilities relating to operations	–2	–
Other	–	0
Total	**–3**	**0**

Note 8 Government grants

Group

Goverment grants received as compensation for operating costs amounted in 2010 to SEK 16 million (24), and have reduced costs in the income statement.

Note 9 Employees, personnel costs and remunerations to senior officers

Payroll costs for employees

Group MSEK	2010	2009
Wages and remunerations	5,283	5,259
Pension expenses, defined benefit plans	1	9
Pension expenses, defined contribution plans	424	473
Social insurance costs	1,563	1,546
Total	**7,271**	**7,287**

Average number of employees

	No. of employees 2010	Of whom men 2010 percent	No. of employees 2009	Of whom men 2009 percent
Parent company				
Sweden	30	63	30	63
Subsidaries				
Sweden	11,748	92	12,009	93
Norway	1,059	92	955	91
Finland	701	89	610	87
Poland	3	67	29	76
Total in subsidaries	**13,511**	**92**	**13,603**	**92**
Total in Group	**13,541**	**92**	**13,633**	**92**

Gender distribution in the Board of Directors and executive management

	2010 Percentage of women	2009 Percentage of women
Parent company		
The Board of Directors	10%	10%
Other senior officers	0%	0%
Group total		
The Board of Directors	10%	10%
Other senior officers	0%	0%

Salaries and other payments divided between senior officers and other staff, and social security costs for the parent company

Parent company 2010 MSEK	Board of Directors and senior officers (11 persons) 1)	Other employees	Total
Salary and remuneration	15	23	38
(of which variable remuneration etc.)		(1)	(1)
Social security costs	14	20	34
- of which pension costs	10	12	22

Parent Company 2009 MSEK	Board of Directors and senior officers (13 persons) 1)	Other employees	Total
Salary and remuneration	15	18	33
(of which variable remuneration etc.)		(1)	(1)
Social security costs	21	20	41
- of which pension costs	16	13	29

Variable remuneration has in certain cases been paid as a lump sum pension premium of SEK 5 million (7) to the executive management. Variable remuneration has in certain cases been paid as a lump sum pension premium of SEK 1 million (2) to other employees. This part of variable remuneration is reported in social security costs – of which pension costs.

Salaries and other payments divided between senior officers and other staff, and social security costs for the Group

Group 2010 MSEK	Board of Directors and senior officers (11 persons) 1)	Other employees	Total
Salary and remuneration	15	5,268	5,283
(of which variable remuneration, etc.)		59	59
Social security costs	14	1,974	1,988
(of which pension costs)	10	415	425

Group 2009 MSEK	Board of Directors and senior officers (13 persons) 1)	Other employees	Total
Salary and remuneration	15	5,244	5,259
(of which variable remuneration, etc.)		82	82
Social security costs	21	2,007	2,028
(of which pension costs)	16	466	482

Benefits for senior officers
Remuneration and other benefits in 2010

Thousands, SEK	Basic salary/Board remuneration	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Göran Grosskopf	450				450
Other members of the Board					
Annette Brodin Rampe	150				150
Karl-Axel Granlund	200				200
Svante Paulsson	150				150
Lars Sköld	150				150
Fredrik Paulsson	150				150
Total related to Board of Directors	**1,250**				**1,250**
Member of the Board and CEO, Mats Paulsson	3,630	1,564			5,194
Other senior officers 1)	10,065	3,744	334	4,631	18,774
Total	**14,945**	**5,308**	**334**	**4,631**	**25,218**

1) Comprises the number of persons that during the year received remuneration for the period they were senior officers.

Remuneration and other benefits in 2009

Thousands, SEK	Basic salary/Board remuneration	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Göran Grosskopf	450				450
Other members of the Board					
Annette Brodin Rampe	150				150
Karl-Axel Granlund	200				200
Svante Paulsson	150				150
Lars Sköld	150				150
Fredrik Paulsson	150				150
Total related to Board of Directors	**1,250**				**1,250**
Member of the Board and CEO, Mats Paulsson	3,841	2,200			6,041
Other senior officers 1,2)	9,958	4,750	337	6,729	21,774
Total	**15,049**	**6,950**	**337**	**6,729**	**29,065**

1) Comprises the number of persons that during the year received remuneration for the period they were senior officers.

2) Until 1 July 2009 the group of other senior officers comprised five people and thereafter four.

Comments on the tables
From time to time the CEO and senior officers may be offered variable remuneration. Other benefits refer to company cars.

Pension costs refer to costs charged to the year. See note 32 for additional information about pensions. All remuneration and benefits were charged to Peab AB.

During 2010 the group other senior officers consisted of four persons. The group other senior officers consisted of five persons until 1 July 2009, and subsequently four.

The Board of Directors
The 2010 AGM decided on a remuneration to external members of the Board of a maximum of SEK 1,250 thousand (1,250), of which SEK 400 thousand (400) consisted of remuneration to the Chairman of the Board. Remuneration to the external members of the Board was a maximum of SEK 1,150 thousand (1,150), and SEK 100 thousand (100) for work in the remuneration and finance committees. During the year total remuneration amounted to SEK 1,250 thousand (1,250).

Remuneration is not paid to members of the Board who are permanent employees of the Group. There are no agreements on future pension/retirement remuneration or other benefits either for the Chairman of the Board or for other members of the Board except the CEO.

Preparation and decision-making process for remuneration
Variable remuneration for the CEO and other senior officers are related to meeting profit targets for the Group. Variable remuneration for the financial year 2010 were maximized at SEK 2,200 thousand (2,200) for the CEO and a total of SEK 5,175 thousand (4,750) for the other senior officers.

Principles for the remuneration of senior officers
The group other senior officers is comprised of five senior officers who are members of executive management. This group contained six persons until 1 July 2009. The principles for remuneration of senior officers were adopted by the Annual General Meeting 2010.

Remuneration to the CEO and other senior officers consists of a fixed salary, extra health insurance and, where relevant, variable remuneration as well as those benefits otherwise enjoyed by other Peab employees, including pension. The total remuneration paid to each senior officer is based on market terms and the responsibilities and qualifications of the senior officer.

From time to time, senior officers may be offered variable remuneration. Such variable remuneration may not exceed 60 percent of the regular salary and must above all be based on the pre-tax profit of the Peab Group. Variable remuneration are decided upon each financial year.

Variable remuneration are settled the year after being earned and may either be paid out as salary or as a one-off pension premium. If variable remuneration are paid out on a one-off basis, certain adjustments are made so as to neutralise the total cost for Peab.

Senior officers are required to give a maximum of six months notice. Notice on the part of Peab is a maximum of 24 months. No severance pay apart from salaries is paid during the period of notice.

The CEO

The CEO of Peab AB received a salary including benefits of SEK 3,630 thousand (3,841) in total in 2010. In addition, his variable remuneration for 2010 was SEK 1,564 thousand (2,200).

All pension obligations to the CEO were settled in 2004 when the CEO celebrated his sixtieth birthday, entailing that no pension premiums would be paid after that point. After the settlement all pension obligations to the CEO are part of a defined contribution plan. All pension benefits are unassailable.

The company has commitments to an early retirement pension for the CEO which involves payment of 75 percent of the salary between the ages of 60 and 65 which is the basis of his pension. The pension premium for retirement at 65 amounts to 35 percent of the salary which is the basis of his pension, maximised at 10 basis amounts. The salary which is the basis of his pension consisted of his basic salary and the average of the last three years' variable remuneration prior to 2005. No pension premiums have been paid for the CEO since 2004. The payment of the agreed pension has been postponed from 60 until the CEO leaves his post.

If the CEO is given notice by the company, he has the right to receive six months wages and the agreed upon pension. The period of notice from the CEO is six months.

Other senior officers

The term other senior officers refers to the four (four) other persons that together with the CEO make up Peab's executive management. The group consisted of five persons until 1 July 2009, and subsequently four.

Salary and other remuneration including benefits for other senior officers amounted to SEK 10,399 thousand (10,295). Bonuses for 2010 for four persons that during the year were members of executive management amounted to SEK 3,744 thousand. Bonuses for 2009 for six persons that during the year were members of executive management amounted to SEK 4,750 thousand.

Pension premiums paid out for other senior officers amounted to SEK 4,631 thousand (6,729) during the year

There are early retirement pension commitments for other senior officers. All pension benefits are unassailable.

Pension commitments for other senior officers give them the right to pension from the age of 65. There is a supplementary commitment whereby the company or the senior official can trigger early retirement from the age of 62. Annual pension premiums of 47 percent of basic salary are paid for these commitments. These pensions are part of defined contribution plans.

If given notice by the company other senior officers are entitled to a maximum of two years' salaries deducted by salaries from new employers. The period of notice from senior officers is six months.

Absence through illness in the parent company	2010 percent	2009 percent
Total sick absence as a percentage of ordinary working hours	0.1	0.3
Percentage of total sick absence referring to continous sick leave of 60 days or more	–	–
Sick absence as a percentage of each group's ordinary working hours		
Sick absence by gender:		
Men	0	0.1
Women	0.4	0.6
Sick absence by age category:		
29 years or younger	0	0
30-49 years	0.2	0.1
50 years or older	0.1	0.4

Incentive program

The Peab Group has no commitments to share-related or option-related remuneration for the Board of Directors or employees.

Profit sharing foundation

In 2007, Peab founded a profit sharing foundation. The object of the profit sharing foundation is to create increased participation through employee co-ownership and to better our employees' financial situation after retirement. Individual shares in profits will be proportional to the employee's entitled employment months. Upon retirement, the employee can withdraw their share in the foundation. Under the foundation's investment policy, its assets must be mainly invested in shares in Peab.

In 2010 Peab allocated SEK 100 million (100) for profit sharing. The amount minus payroll tax was paid into the foundation in 2011.

Senior officers have not been entitled to benefit from the profit sharing foundation.

Convertible Promissory Notes 2007/2012

At the AGM 2007 in Peab AB it was decided to issue and offer convertibles to all employees. The offer was made to all employees of Peab and of Peab Industri on market terms, and every employee was given the option to subscribe to 200 convertibles in Peab. The purpose of issuing personnel convertibles was to increase Peab employees' long-term financial involvement with the company.

Employees paid the market price for the convertibles they received and the scheme is not conditional on continued employment or performance by the employees. The employees were offered external bank financing of the convertible loan without any guarantees or other undertakings on the part of Peab.

The convertibles run from 1 December 2007 to 30 November 2012 with a settlement date of 15 January 2008 and each convertible could be converted during part of December 2010 to B shares in Peab. Conversion to shares will be possible during part of December 2011 and part of September 2012. The conversion price was set at SEK 68, and the issue sum of Peab Convertible Promissory Notes 2007/2012 to SEK 598 million corresponding to 8,800,000 new convertibles. Upon conversion to shares, dilution will amount to 2.97 percent of the share capital and 1.45 percent of the votes, based on the number of shares registered per 28 February 2011. The convertible interest rate is 5.44 percent. In all, 41 percent of Peab's employees have subscribed for convertibles.

Convertible loans are reported in notes 12 and 31. Peab Industri AB has had a convertible program with the same period and terms. In connection with Peab AB's offer to the shareholders of Peab Industri AB to acquire the shares in Peab Industri AB, all convertible owners also received an offer for cash payment for their convertibles for a nominal amount that included accrued interest. 99.6 percent had been repaid at 31 December 2010.

Note 10 Fees and cost remunerations to auditors

	Group		Parent company	
MSEK	2010	2009	2010	2009
KPMG AB				
Auditing assignments	13	14	2	2
Other audit-related assignments	2	1	1	0
Tax advisory services	1	1	0	0
Other				
Auditing assignments	1	1	–	–
Other assignments	0	1	–	–
Total	**17**	**18**	**3**	**2**

Auditing assignments refer to examination of the annual report, accounting and administration by the Board of Directors and the CEO, other work which it is the business of the company auditor to perform and advice and other assistance stemming from observations made in connection with such examination of the performance of other similar work.

Note 11 Operating costs divided by type

Group		
MSEK	2010	2009
Material	7,586	7,760
Subcontractors	10,751	9,808
Personnel expenses	8,209	6,846
Other production costs	8,426	7,355
Depreciation	725	747
Write-downs	57	57
Other operating costs	918	831
Total	**36,672**	**33,404**

Note 12 Net financial income/expense

Group		
MSEK	2010	2009
Interest income [1]	54	77
Dividend received related to financial assets valued at fair value	18	16
Net profit related to financial assets valued at fair value [2]	179	220
Change in value currency swaps (trading)	2	8
Net exchange rate fluctuation	8	–
Other items	3	0
Financial income	**264**	**321**
Interest expenses [3]	–222	–250
Net loss related to financial assets valued at fair value	–10	–
Change in value currency swaps (trading)	–5	0
Net exchange rate fluctuation	–	–18
Other items	–15	–6
Financial expenses	**–252**	**–274**
Profit from participation in joint ventures [4]	**–2**	**–1**
Net financial income/expense	**10**	**46**

1) Refers to interest from items valued at accrued acquisition value except current interest income from the interest coupon portion of interest swaps totaling SEK 5 million (-).

2) Of which shareholding in Brinova Fastigheter AB SEK 179 million (218).

3) Refers to interest from items valued at accrued acquisition value except current interest expenses from the interest coupon portion of interest swaps totaling SEK -23 million (-8).

4) Interest expenses on loans from joint venture companies have been offset against profit from participation in joint venture companies. There is, according to the contracts, a legal right for offsets in the balance sheet accounts between the debt to joint venture companies and holdings of preference shares in joint venture companies.

Profit from participation in Group companies

Parent company		
MSEK	2010	2009
Dividends	1,458	452
Write-downs	–69	–75
Capital gain/loss from sales	1	–12
Total	**1,390**	**365**

Profit from participation in associated companies

Parent company		
MSEK	2010	2009
Dividends	59	–
Total	**59**	**–**

Profits from securities and receivables recorded as fixed assets

Parent company		
MSEK	2010	2009
Dividends	18	16
Interest income, external [1]	4	37
Interest income, Group companies [1]	32	0
Net profit related to financial assets valued at fair value [2]	179	220
Total	**233**	**273**

1) Interest income refers to interest from items valued at accrued acquisition value.

2) Refers to shareholdings in Brinova Fastigheter AB SEK 179 million (218).

Interest income and similar profit/loss items

Parent company

MSEK	2010	2009
Interest income, external [1]	3	10
Total	**3**	**10**

1) Interest income refers to interest from items valued at accrued acquisition value.

Interest expenses and similar profit/loss items

Parent company

MSEK	2010	2009
Interest expenses, external [1]	–33	–34
Interest expenses, Group companies [1]	–200	–200
Net loss related to financial assets valued at fair value	–10	–
Other items	–8	–8
Total	**–251**	**–242**

1) Interest expenses refer to interest from items valued at accrued acquisition value.

Note 13 Appropriations

Parent company

MSEK	2010	2009
Resolution of tax allocation reserve	–	159
Change in additional depreciation, machinery and equipment	0	1
Total	**0**	**160**

Note 14 Taxes

Recognised in the income statement

Group

MSEK	2010	2009
Current tax expenses/income		
Tax income/expenses for the year	34	48
Adjustment of tax attributable to previous years	3	-9
	37	**39**
Deferred tax expenses/income		
Temporary differences	42	110
Capitalised tax value of loss carry-forwards during the year	10	23
Utilisation of capitalised tax value of loss carried forwards	–418	–461
Tax income through the acquisition of companies with tax loss carry-forwards, which were acquired at a price under the nominal value	–	134
Revaluation of reported deferred tax values	6	–163
	–360	**–357**
Total reported tax expenses/income in the Group	**–323**	**–318**

Parent company

MSEK	2010	2009
Current tax expenses/income		
Tax income for the year	63	16
Adjustment of tax attributable to previous years	0	–5
	63	**11**
Deferred tax expenses/income		
Temporary differences	2	2
	2	**2**
Total reported tax income in the parent company	**65**	**13**

Reconciliation of effective tax

Group

MSEK	2010	2010 (%)	2009	2009 (%)
Pre-tax profit	**1,513**		**1,619**	
Tax with tax rate for the parent company	–398	26.3	–426	26.3
Effect of other tax rates for foreign subsidiaries	–2	0.1	–6	0.4
Non-deductible expenses	–91	6.0	–52	3.2
Tax exempt income	100	–6.6	187	–11.6
Deductible non profit-influencing items	25	–1.7	3	–0.2
Tax income through the acquisition of companies with tax loss carry-forwards, which were acquired at a price under the nominal value	–	–	134	–8.3
Revaluation of previous years reported values of deferred taxes	6	–0.4	–163	10.1
Utilised non-capitalised loss carry-forwards	14	–0.9	16	–1.0
Tax attributable to previous years	3	–0.2	–9	0.6
Increase in loss carry-forwards without corresponding activation of deferred tax	–3	0.2	–2	0.1
Standard interest on tax allocation reserve	–1	0.1	–3	0.2
Adjustment of net profit for joint ventures included in pre-tax profit	24	–1.6	3	–0.2
Reported effective tax	**–323**	**21.3**	**–318**	**19.6**

Parent company

MSEK	2010	2010 (%)	2009	2009 (%)
Pre-tax profit	**1,364**		**509**	
Tax in accordance with tax rate for the parent company	-359	26.3	-134	26.3
Non-deductible expenses	-25	1.8	-29	5.7
Tax exempt income	449	-32.9	181	-35.6
Tax attributable to previous years			-5	1.0
Reported effective tax	**65**	**-4.8**	**13**	**-2.6**

Tax attributable to other comprehensive income

Group	2010			2009		
MSEK	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Translation difference for the year when translating foreign operations	–170	–33	–203	61	6	67
Loss from exchange risk hedging in foreign operations	65	–17	48	–51	13	–38
Cash flow hedges	33	3	36	286	–69	217
Other comprehensive income	**–72**	**–47**	**–119**	**296**	**–50**	**246**

Tax items charged directly to equity

Parent company		
MSEK	2010	2009
Current tax in received Group contributions	–64	–16
	–64	**–16**

Reported in the balance sheet
Deferred tax recoverables and tax liabilities

Group	Deferred tax receivables		Deferred tax liabilities		Net	
MSEK	2010	2009	2010	2009	2010	2009
Loss carry-forwards	67	496			67	496
Untaxed reserves			–45	–96	–45	–96
Tangible fixed assets			–182	–138	–182	–138
Group surplus values			–218	–293	–218	–293
Securities holdings/ Convertible receivables			–5	–6	–5	–6
Current receivables	31	58			31	58
Work in progress	13	3			13	3
Pensions	10	10			10	10
Provisions	93	106			93	106
Other	0	17			0	17
	214	**690**	**–450**	**–533**	**–236**	**157**
Offset	–124	–533	124	533	–	–
Net	**90**	**157**	**–326**	**0**	**–236**	**157**

Parent company	Deferred tax receivables		Deferred tax liabilities		Net	
MSEK	2010	2009	2010	2009	2010	2009
Convertible promissory notes	–	–	–5	–7	–5	–7
	–	**–**	**–5**	**–7**	**–5**	**–7**

The ongoing correspondence between the Swedish and Norwegian Tax Authorities as well as assessments made together with external experts on the deductability of individual deductions have been taken into consideration when evaluating deferred tax receivables. Deferred tax attributable to deductions where the right to deduct is uncertain has not been reported as an asset. The value of the deferred tax from these deductions per 2010-12-31 is approximately SEK 425 million (640).

Temporary differences between reported and fiscal value of participations directly owned by the parent company

Normally there are no temporary differences between reported and fiscal values of shares directly owned by the parent company for business purposes, i. e. neither upon divestment or distribution of dividends, as such transactions are not taxable. Therefore no deferred tax has been reported for these holdings.

Unreported deferred tax receivables

The tax value of loss carry-forwards for which deferred tax receivables have not been reported in the balance sheet amounted to SEK 1 million (4) in 2010-12-31 and refer to the Polish and Latvian businesses. These tax loss carry-forwards fall due in 2011-2016.

In the light of recent years' losses in these companies and the extremely limited activities in the future it is unlikely that loss carry-forwards can be offset against future taxable gains.

Changes in deferred tax on temporary differences and loss carry-forwards

Group MSEK	Amount per 1 Jan 2010	Recognised in profit for the year	Recognised in other compre-hensive income	Acquisition/ divestment of companies	Amount per 31 Dec 2010
Loss carry-forwards	496	–415	–12	–2	67
Untaxed reserves	–96	51			–45
Tangible fixed assets	–138	–45		1	–182
Group surplus values	–293	90	3	–18	–218
Securities holdings	–6	1			–5
Current receivables	58	–23	–4		31
Work in progress	3	4	6		13
Pensions	10				10
Provisions	106	–8	–5		93
Other	17	–15	–3	1	0
Total	**157**	**–360**	**–15**	**–18**	**–236**

MSEK	Amount per 1 Jan 2009	Recognised in profit for the year	Recognised in other compre-hensive income	Acquisition/ divestment of companies	Amount per 31 Dec 2009
Loss carry-forwards	1,031	–475	4	–64	496
Untaxed reserves	–135	38		1	–96
Tangible fixed assets	–218	57	–1	24	–138
Group surplus values	–217	31	–5	–102	–293
Securities holdings	–8	2			–6
Current receivables	34	23	3	–2	58
Work in progress	70	–65	–2		3
Pensions	8	1	1		10
Provisions	61	22	–1	24	106
Other	–5	9	–3	16	17
Total	**621**	**–357**	**–4**	**–103**	**157**

Parent company MSEK	Amount per 1 Jan 2010	Recognised in income statement	Recognised in equity	Amount per 31 Dec 2010
Convertibel promissory note	–7	2	–	–5
Total	**–7**	**2**	**–**	**–5**

MSEK	Amount per 1 Jan 2009	Recognised in income statement	Recognised in equity	Amount per 31 Dec 2009
Convertibel promissory note	–9	2	–	–7
Total	**–9**	**2**	**–**	**–7**

Note 15 Earnings per share

Earnings per share

	Before dilution		After dilution	
SEK	2010	2009	2010	2009
Earnings per share	4.11	4.52	4.10	4.52

Earnings per share before dilution

The calculation of earnings per share for 2010 was based on profit for the year attributable to the parent company's ordinary shareholders amounting to SEK 1,187 million (1,295) and on a weighted average number of outstanding shares in 2010 of 288,640,000 (286,671,000).

Earnings per share after dilution

The calculation of earnings per share for 2010 was based on profit for the year attributable to the parent company's ordinary shareholders amounting to SEK 1,219 million (1,334) and on a weighted average number of outstanding shares in 2010 of 297,440,000 (295,471,000). The two components were calculated as follows:

Weighted average numbers of outstanding ordinary shares before dilution [1)]

Thousands of shares	2010	2009
Total number of outstanding ordinary shares per 1 January	291,144	278,654
New share issue in kind [2)]	–	5,019
Acquisition/disposal of own shares during the year	–4,402	7,471
Total number of outstanding shares per 31 December	**286,742**	**291,144**
Weighted average numbers of outstanding ordinary shares before dilution [2)]	**288,640**	**286,671**

Profit attributable to the parent company's ordinary shareholders after dilution

MSEK	2010	2009
Profit attributable to the parent company's ordinary shareholders	1,187	1,295
Interest rate effect on convertible promissory notes (after tax)	32	39
Profit attributable to the parent company's ordinary shareholders after dilution	**1,219**	**1,334**

Weighted average number of outstanding ordinary shares after dilution [1)]

Thousands of shares	2010	2009
Weighted average number of outstanding ordinary shares before dilution	288,640	286,671
Effect of converting convertible promissory notes	8,800	8,800
Weighted average numbers of outstanding ordinary shares after dilution	**297,440**	**295,471**

1) Repurchased shares are not included in the calculation.

2) As a result of the acquisition of Peab Industri new shares were issued in kind in Peab AB (publ) in February 2009.

Note 16 Intangible fixed assets

Group 2010 MSEK	Intangible fixed assets, external purchase: Goodwill	Brands	Customer relations	Tenancies gravel and rock quarries	Other intangible assets	Intangible fixed assets, internally developed: Industrial construction	Total
Opening acquisition value	1,790	221	78	202	55	92	2,438
Purchases	15		4			1	20
Sales/disposals	–4	–1	–9				–14
Sales through companies sold					–5		–5
Translation differences for the year	–26	–5	–2				–33
Closing accumulated acquisition value	**1,775**	**215**	**71**	**202**	**50**	**93**	**2,406**
Opening depreciation	–	–43	–39	–8	–17	–9	–116
Sales/disposals		1	8				9
Sales through companies sold					1		1
Depreciation for the year 1)		–21	–12	–8	–6	–9	–56
Translation differences for the year		1					1
Closing accumulated depreciation	**–**	**–62**	**–43**	**–16**	**–22**	**–18**	**–161**
Opening write-downs	–41	–	–	–	–	–	–41
Sales/disposals	4		1				5
Sales through companies sold					4		4
Write-downs for the year 2)	–23		–1		–4		–28
Translation differences for the year	5						5
Closing accumulated write-downs	**–55**	**–**	**–**	**–**	**–**	**–**	**–55**
Closing book value	**1,720**	**153**	**28**	**186**	**28**	**75**	**2,190**

Group 2009 MSEK	Intangible fixed assets, external purchase: Goodwill	Brands	Customer relations	Tenancies gravel and rock quarries	Other intangible assets	Intangible fixed assets, internally developed: Industrial construction	Total
Opening acquisition value	1,814	176	97	–	54	87	2,228
Purchases	84	3			1		88
Internally developed assets						8	8
Sales/disposals	–6	–19	–24			–3	–52
Reclassification	–109	54		202			147
Translation differences for the year	7	7	5				19
Closing accumulated acquisition value	**1,790**	**221**	**78**	**202**	**55**	**92**	**2,438**
Opening depreciation	–	–28	–45		–9	–1	–83
Sales/disposals		8	23				31
Depreciation for the year 1)		–22	–15	–8	–8	–8	–61
Translation differences for the year		–1	–2				–3
Closing accumulated depreciation	**–**	**–43**	**–39**	**–8**	**–17**	**–9**	**–116**
Opening write-downs	–33	–	–	–	–	–	–33
Sales/disposals		3	1				4
Write-downs for the year 2)	–9	–3	–1				–13
Translation differences for the year	1						1
Closing accumulated write-downs	**–41**	**–**	**–**	**–**	**–**	**–**	**–41**
Closing book value	**1,749**	**178**	**39**	**194**	**38**	**83**	**2,281**

1) Annual depreciation is reported in the following lines of the income statement:

	2010	2009
Production costs	–43	–60
Sales and administrative expenses	–13	–1
Total	**–56**	**–61**

2) Annual write-downs is reported in the following lines of the income statement:

	2010	2009
Production costs	–28	–7
Sales and administrative expenses	–	–6
Total	**–28**	**–13**

Specification of other intangible assets, externally acquired

MSEK	2010	2009
Patent	11	18
Leasehold land	5	5
Others	12	15
Total	**28**	**38**

Write-down testing of goodwill in cash generating units

The balance sheet of the Peab Group 2010-12-31 included total goodwill of SEK 1,720 million (1,749). Cash generating units with significant reported goodwill value compared with the total reported value of the Group per segment are specified below.

MSEK	2010	2009
Peab Sverige AB Group	36	36
Construction		
Nybyggarna i Nerike AB	22	18
Other units in Sweden	33	22
Peab Oy Group	68	77
Björn Bygg Group	57	61
Other units in Norway	58	63
Civil Engineering		
Berg & Falk AB	33	37
Olof Mobjer Entreprenad AB	15	15
Markarbeten i Värmland AB	13	13
Other units - Civil Engineering	91	95
Industry		
Peab Industri Group	1,294	1,297
Other		
Compwell AB	–	15
Totalt	**1,720**	**1,749**

Goodwill write-downs

The Group made goodwill write-downs in 2010 of SEK 23 million (9). For the cash generating units where calculation of the recovery value was made and no write-down need was identified, company management has assessed that no feasible possible changes in important assumptions would result in a recovery value lower than the recorded value.

Method for calculating recovery value

For all goodwill values the recovery value for the cash generating units has been based on calculation of useful value. The calculation model is based on a discount of forecasted future cash flows compared to the unit's reported values. These future cash flows are based on 5 year forecasts produced by the management of the respective cash generating units. Goodwill impairment tests have an infinite time horizon and extrapolation of cash flow for the years after the forecast was calculated based on a growth rate from year 6 onwards of 2 percent.

Important variables when calculating useful value

The following variables are important and common to all cash generating units in the calculation of the useful value.

Sales: The competitiveness of the business, expected changes in the construction business cycle, general financial conditions, investment plans of public and municipal customers, interest rate levels and local market conditions.

Operating margin: Historic profitability levels and operative efficiency, access to key personnel and qualified manpower, the ability to cooperate with customers/customer relations, access of internal resources, raises in salary, materials and subcontractor costs.

Working capital requirements: Individual case assessment of whether the working capital reflects the company's needs or whether it should be adjusted for the forecast period. A reasonable or cautious assumption for future development is that it parallels net sales growth. A high level of internally developed projects may entail a greater need for working capital.

Investment needs: The company's investment needs are assessed on the investments required to achieve the initially forecast cash flow, i.e. not including expansion investments. Normally investment levels are equivalent to the depreciation rate of tangible fixed assets.

Tax burden: The tax rate in forecasts is based on Peab's expected tax situation in Sweden, Norway and Finland with regards to tax rates, loss carry-forwards etc.

Discount rate: Forecasted cash flows and residual values are discounted to current value applying a weighted average cost of capital (WACC). Interest rates on borrowed capital has been market adjusted to each country. The required return on equity is based on the Capital Asset Pricing Model. A pre-tax weighted discount rate has been used in calculating useful value. The discount rate used on cash generating units in Sweden is 9.0 percent (8.6), in Norway 9.3 percent (10.2) and in Finland 8.9 percent (9.0).

Note 17 Tangible fixed assets

Group 2010

MSEK	Buildings and land	Machinery and equipment	Construction in progress	Total
Opening acquisition value	2,535	5,550	276	8,361
Purchases	127	596	427	1,150
Purchases via acquired companies	148	22		170
Sales/disposals	–57	–338	–99	–494
Sales through companies sold	–629	–7		–636
Reclassifications	465	–10	–253	202
Translation differences for the year	–17	–69		–86
Closing accumulated acquisition value	**2,572**	**5,744**	**351**	**8,667**
Opening depreciation	–409	–3,036	–	–3,445
Accumulated depreciation in acquired companies	–5	–6		–11
Sales/disposals	6	259		265
Sales through companies sold	6	6		12
Reclassifications	–2	6		4
Depreciation for the year	–70	–599		–669
Transaltion differences for the year	3	38		41
Closing accumulated depreciation	**–471**	**–3,332**	**–**	**–3,803**
Opening write-downs	–5	–7	–	–12
Write-downs for the year [1]	–5			–5
Closing accumulated write-downs	**–10**	**–7**	**–**	**–17**
Closing book value	**2,091**	**2,405**	**351**	**4,847**

Group 2009

MSEK	Buildings and land	Machinery and equipment	Construction in progress	Total
Opening acquisition value	1,647	5,640	189	7,476
Purchases	290	369	209	868
Purchases via acquired companies	380	47	58	485
Sales/disposals	–13	–374	–1	–388
Sales through companies sold	–73	–224		–297
Reclassifications	304	53	–178	179
Translation differences for the year	0	39	–1	38
Closing accumulated acquisition value	**2,535**	**5,550**	**276**	**8,361**
Opening depreciation	–350	–2,784	–	–3,134
Accumulated depreciation in acquired companies	–1	–13		–14
Sales/disposals	1	298		299
Sales through companies sold	5	98		103
Reclassifications	3	2		5
Depreciation for the year	–67	–619		–686
Translation differences for the year	0	–18		–18
Closing accumulated depreciation	**–409**	**–3,036**	**–**	**–3,445**
Opening write-downs	–5	–2	–	–7
Sale/disposals		1		1
Write-downs for the year [1]		–6		–6
Closing accumulated write-downs	**–5**	**–7**	**–**	**–12**
Closing book value	**2,121**	**2,507**	**276**	**4,904**

1) Annual write-downs is reported in the following lines of the income statement:

	2010	2009
Production costs	–5	–5
Sales and administrative expenses	–	–1
	–5	**–6**

Tax assessment value

MSEK	2010	2009
Tax assessment value of buildings in Sweden	502	662
Tax assessment value of land in Sweden	431	412

Loan expenses

Group MSEK	Buildings and land 2010	Buildings and land 2009	Machinery and equipment 2010	Machinery and equipment 2009
Loan expenses added in the purchase value of the assets during the year	0	1	–	1
Interest rate	2.52%	2.38%		2.38%

Parent company

MSEK	Machinery and equipment 2010	Machinery and equipment 2009
Opening acquisition value	7	7
Purchases	1	0
Closing accumulated acquisition value	**8**	**7**
Opening depreciation	–5	–4
Depreciation of the year	–1	–1
Closing accumulated depreciation	**–6**	**–5**
Closing book value	**2**	**2**

Group financial leasing

Companies in the Group lease vehicles, construction machinery and other production equipment through many different leasing agreements. The recorded value related to Group financial leasing amounted to SEK 408 million (548). When the leasing agreements terminate Peab normally has a liability to buy equipment at its residual value. The leased assets are owned by the lessors.

Note 18 Participation in associated companies

Group MSEK	2010	2009
Acquisition value carried forward	–	0
Acquisition of associated companies	263	–
Dividend for the year	–59	0
Profit from participation in associated companies	4	–
Accumulated acquisition values carried forward	**208**	**–**
Book value carried forward	**208**	**–**

Specifications of Group's holdings in associated companies

Company Registered office, Corp.Id.no	2010 Share percent	2010 Book value	2009 Share percent	2009 Book value
Catena AB Göteborg, 556294-1715	19.97	208	–	–
Total		**208**		**–**

The items below are included in the consolidated financial statements. They make up Group participation in the income and costs, assets and liabilities of associated companies.

MSEK	2010	2009
Income	8	–
Expenses	–4	–
Profit	**4**	**–**
Fixed assets	451	–
Current assets	16	–
Total assets	**467**	**–**
Current liabilities	19	–
Long-term liabilities	240	–
Total liabilities	**259**	**–**
Net assets/liabilities	**208**	**–**

Catena AB is reported as an associated company since in 2010 Peab received two seats on the board giving Peab a significant influence in the company. Associated company participation is reported in Peab with a quarterly delay since Catena is a listed company.

Parent company MSEK	2010	2009
Acquisition value carried forward	–	–
Acquisition of associated companies	263	–
Accumulated acquisition values carried forward	**263**	**–**
Book value carried forward	**263**	**–**

Specification of parent company's direct holding of shares in associated companies

Company Registered office, Corp.Id.no	2010 Share percent	2010 Book value	2009 Share percent	2009 Book value
Catena AB Göteborg, 556294-1715	19.97	263		–
Total		**263**		**–**

Note 19 Participation in joint ventures

Specification of Group holdings of participation in joint ventures

Company Registered office, Corp.Id.no	Share percent	Book value, MSEK 2010	2009
TCL S.à.r.l. Luxenburg, 19982401227	45	273	39
St Eriks AB Staffanstorp, 556203-4750	44.6	237	160
Nyckel 0328 SE Stockholm, 517100-0069	30	175	84
Fotbollsstadion i Malmö Fastighets AB Malmö, 556727-4641	50	76	71
Råsta Holding AB Solna, 556742-6761	25	50	52
Dockan Exploatering AB Malmö, 556594-2645	33	42	42
Österåkers Näs Fastighets HB Stockholm, 969723-2107	30	31	32
Kokpunkten Fastighet AB Stockholm, 556759-5094	50	31	30
Brinova Log. Tostarp AB Helsingborg, 556667-8784	50	22	–
Ale Exploatering AB Göteborg, 556426-2730	50	19	15
Fastigheten Preppen HB Göteborg, 969684-0983	50	13	10
Stora Hammar Exploatering AB Vellinge, 556763-4216	50	12	–
Svenska Fräs & Asfaltsåtervinning SFA AB Markaryd, 556214-7354	30	8	7
Fjällvärme i Lindvallen AB Malung-Sälen, 556536-1895	50	7	7
Sjökrona Exploatering AB Helsingborg, 556790-5624	25	7	7
Kungsörs Grus AB Kungsör, 556044-4134	50	6	7
Gransångaren AB Västerås, 556591-2994	46	6	5
Skanör Invest AB Båstad, 556713-5743	50	6	0
I Tolv AB Eksjö, 556513-2478	35	5	4
KB Älvhögsborg Trollhättan, 916899-2734	50	5	5
Hälsostaden i Ängelholm AB Ängelholm, 556790-5723	33.3	5	5
Gartnerhagen Bolig AS Alta, 990 025 924	50	4	7
Kirkebakken Vest AS Horten, 988 796 174	50	4	4
Tomasjord Park AS Tromsö, 983 723 853	50	4	4
Fastighets AB Bryggeriet Göteborg, 556141-6115	50	4	5
Brinova Nova 177 AB Helsingborg, 556699-7788	50	3	–
Mälarstrandens Utvecklings AB Västerås, 556695-5414	44	2	2
Expressbetong AB Halmstad, 556317-1452	50	2	2
Dampskipskaia H-fest AS Hammerfest, 988 780 499	50	2	2
Östersund Sport & Event AB Östersund, 556707-0239	33	1	–
Byggutveckling Svenska AB Linköping, 556627-2117	50	1	8
Fältjägaren Fastigheter AB Östersund, 556688-3517	–	–	37
Norrvikens Fastigheter AB Stockholm, 556703-1470	–	–	15
Others not specified items		2	0
Total		**1,065**	**668**

The items below are included in the consolidated financial statements. They make up Group participation in the income and costs, assets and liabilities of associated companies.

MSEK	2010	2009
Income	580	598
Expenses	–491	–580
Profit	**89**	**18**
Fixed assets	804	538
Current assets	1,546	1,923
Total assets	**2,350**	**2,461**
Current liabilities	708	761
Long-term liabilities	577	1,032
Total liabilities	**1,285**	**1,793**
Net assets/liabilities	**1,065**	**668**

Note 20 Receivables from Group companies

Parent company MSEK	2010	2009
Acquisition values carried forward	1,546	655
Added receivables	411	966
Settled receivables	–942	–75
Book value carried forward	**1,015**	**1,546**

Note 21 Interest-bearing receivables

Interest-bearing long-term receivables

	Group		Parent company	
MSEK	2010	2009	2010	2009
Receivables from joint ventures	75	271	–	–
Other interest-bearing long-term receivables	399	116	–	–
Total	**474**	**387**	**–**	**–**

Interest-bearing short-term receivables

MSEK	2010	2009	2010	2009
Receivables from joint ventures	21	303	–	278
Other interest-bearing receivables	15	85	5	6
Total	**36**	**388**	**5**	**284**

Note 22 Ohter long-term securities holdings

Group MSEK	2010	2009
Financial assets recognised at fair value through the income statement		
Fair value option		
Shares and participation [1]	586	413
Loan receivables	118	123
Total	**704**	**536**

1) SEK 572 million (393) of Group holdings refer to shares in Brinova Fastigheter AB.

Of which, other long-term securities holdings valued at fair value

Parent company MSEK	2010	2009
Acquisition values		
Opening balance 1 January	286	300
Assets added	4	–
Reclassifications	–	–14
Closing balance per 31 December	**290**	**286**
Accumulated change in value through the income statement		
Opening balance 1 January	127	–90
Reclassifications	–	–4
Unrealised change in value through the income statement for the year	169	221
Closing balance per 31 December	**296**	**127**
Book value 31 December	**586**	**413**

For additional information about fair value per category and class see Note 37.

Note 23 Other receivables

Other long-term receivables

	Group		Parent company	
MSEK	2010	2009	2010	2009
Receivables from joint ventures	22	24	–	–
Other long-term receivables	57	25	1	1
Total	**79**	**49**	**1**	**1**

Other current receivables

	Group		Parent company	
MSEK	2010	2009	2010	2009
Receivables from joint ventures	27	5	–	–
Other current receivables	259	478	–	–
Total	**286**	**483**	**–**	**–**

Note 24 Project and development properties

Group MSEK	2010	2009
Direct owned project and development properties	4,103	3,240
Advanced project and development properties	13	16
Participation in Finnish housing companies	264	503
Bought-back participation in tenant-owner's associations and similar	492	350
Other	49	23
Total	**4,921**	**4,132**

Project and development properties were written down for a total of SEK 8 million (9).

Recovery
Of project and development properties at a book value of SEK 4,921 million (4,132) approximately SEK 3,300 million (approximately 2,900) is expected to be recovered through the start of production or sales more than 12 months after the balance sheet day. The remaining part is expected to be recovered within 12 months of the balance sheet day.

Note 25 Inventories

Group MSEK	2010	2009
Raw materials and consumables	65	61
Products in progress	69	169
Finished products and goods for resale	277	262
Total	**411**	**492**

Note 26 Work in progress

At the end of the year there was work-in-progress for a total of SEK 1,263 million (1,216) in the Group refering to costs in housing projects reported according to IAS 18, Revenue.

Note 27 Accounts receivable

Accounts receivables were written down for factual and feared bad debts for a total of SEK 16 million (27) of which factual Group bad debts amounted to SEK 3 million (9). The loss was a result of some of the company's customers going bankrupt. The parent company had no bad debts.

Note 28 Recognised income not yet invoiced

Group MSEK	2010	2009
Recognised income on incompleted contracts	22,780	18,465
Invoicing on incompleted contracts	–18,979	–15,638
Total	**3,801**	**2,827**

Recognised income from contracts in progress is reported with the application of percentage of completion method. The calculation of the degree of recognition is made on the basis of the project costs incurred at the end of the period in relation to the project income corresponding to project costs for the whole project.

Contract assignments are reported in the balance sheet on the basis of gross project for project, either as Recognised but non-invoiced income in current assets or as Invoiced but unrecognised income in short-term liabilities. Projects that have higher recognised incomes than the amount invoiced are reported as assets, while projects that have been invoiced for more than recognised income are reported as liabilities.

Note 29 Prepaid expenses and accrued income

Parent company MSEK	2010	2009
Accrued interest income	3	3
Prepaid overhead expenses	5	5
Total	**8**	**8**

Note 30 Equity

Shares and share capital

Group	A shares	B shares	Number of issued fully paid shares	Share capital, SEK
Number of issued shares 1 January 2010	34,319,957	261,729,773	296,049,730	1,583,866,056
Total number of issued shares 31 December 2010	**34,319,957**	**261,729,773**	**296,049,730**	**1,583,866,056**

An A share entitles the holder to 10 votes and a B share to 1 vote. The par value of all shares is SEK 5.35.

For those shares in the company's own holding (see below) all rights have been revoked until these shares are reissued .

Repurchased own shares as reduced equity item retained earnings including profit for the year

	Number of shares		Amount that affected equity, MSEK	
	2010	2009	2010	2009
Opening repurchased own shares	4,906,220	12,376,800	1,040	1,281
Purchases during the year	4,524,000	440,000	177	11
Divestments during the year	–122,000	–7,910,580	–4	–252
Closing repurchased own shares	**9,308,220**	**4,906,220**	**1,213**	**1,040**

Other contributed capital

Refers to equity contributed from the owners. Includes premiums paid in conjunction with new issues.

Reserves

Translation reserve

The translation reserve comprises all exchange rate differences arising when translating financial reports of foreign companies which have prepared their financial reports in a different currency to that which the Group's financial statements are presented in. The translation reserve also consists of exchange rate differences arising through extended investment in foreign business and re-borrowing from foreign activities.

Hedging reserve

The hedging reserve comprises the effective part of the accumulated net changes in fair value in a hedge instrument attributable to a hedged risk in a cash flow which has as yet not influenced the income statement.

Retained earnings including profit for the year

Retained earnings including profit for the year consists of profit in the parent company and its subsidiaries, associated companies and joint ventures. Previous provisions for reserve funds, excluding transferred premium funds and previous investment funds are included in this equity item.

Repurchased shares

Repurchased shares comprises the purchase cost minus the sales income for own shares held by the parent company. As of 31 December 2010, the Group's holding of own shares was 9,308,220 (4,906,220).

Dividend

After the balance sheet day the Board of Directors and the CEO proposed the following dividend. The dividend will be proposed for adoption by the AGM on 10 May 2011.

A cash dividend of SEK 2.60 (2.50) per share, totalling SEK 769,729,298 (740,124,325), was calculated on the number of registered shares. Total dividends are calculated on outstanding shares at the time of distribution.

The parent company

Restricted reserves

Restricted reserves may not be impaired by the distribution of dividends.

Reserve fund

The purpose of the reserve fund is to retain a part of the net profit which is not allocated to cover balanced losses. The reserve also includes amounts transferred to the share premium reserve before 1 January 2006.

Unrestricted equity

Together with profit for the year the following funds make up unrestricted equity, i.e. the sum available for dividends to the shareholders.

Premium reserve

When shares are issued at a premium, i.e. when more must be paid for the shares than their nominal price, an amount equivalent to the amount received in excess of the share's nominal value is transferred to the share premium reserve. The amount transferred to the share premium reserve starting 1 January 2006 is included in unrestricted capital.

Special reserves

Refers to allocations to reserves upon the reduction of share capital for use as resolved by the AGM.

Retained earnings

Consists of the previous year's retained earnings after the distribution of profits.

Note 31 Interest-bearing liabilities

Group MSEK	2010	2009
Long-term liabilities		
Bank loans	4,563	4,801
Convertible promissory notes	584	578
Financial leasing liabilities	278	342
Total	**5,425**	**5,721**
Current liabilities		
Bank loans including overdraft facilities	778	1,224
Commercial paper	634	663
Short-term part of leasing liabilities	190	206
Total	**1,602**	**2,093**

Convertible promissory notes 2007/2012 [1)]

Group MSEK	2010	2009
Nominal value after issue of 8,800,000 convertible promissory notes	598	598
Original amount classified as equity	–35	–35
Capitalised interest	20	14
Recorded liability on 31 December	**583**	**577**

1) The convertible promissory notes run from 1 December 2007, with settlement day in January 2008, to 30 November 2012 with a coupon interest rate of 5.44 percent.

Convertible promissory notes Peab Industri 2007/2012 [2)]

Group MSEK	2010	2009
Remaining part of the liability, 2007/2012	1	1
Recorded liability on 31 December	**1**	**1**

2) Remaining part of Peab Industri's personnel convertibles which had not been acquired per 31 December 2010 by Peab AB.

Financial leasing liabilities

Financial leasing liabilities fall due for payment as follows;

Group MSEK	Minimum leasing charge 2010	Interest 2010	Capital amount 2010	Minimum leasing charge 2009	Interest 2009	Capital amount 2009
Within one year	198	8	190	217	7	210
Between one and five years	264	12	252	309	14	295
Later than five years	27	1	26	44	1	43
Total	**489**	**21**	**468**	**570**	**22**	**548**

For further information concerning financial leasing liabilitites, see note 17.

Note 32 Pensions

Defined benefit pension plans

Group MSEK	2010	2009
Present value of unfunded obligations	11	24
Present value of fully or partially funded obligations	28	23
Total net present of obligations	**39**	**47**
Fair value of plan assets	–21	–20
Net present value of obligations	**18**	**27**
Unrecognised actuarial gains (+) and losses (-)	–6	–7
Net reporting of defined benefit plans recognised as provisions for pensions	**12**	**20**

Review of defined benefit plans

Defined benefit plans consist of the Swedish ITP Plan for Salaried Staff which is managed through insurance with Alecta, pension plans for a small number of executive personnel in Sweden and Norway and the AFP pension in Norway. As Alecta cannot submit the information required to account for the ITP plan as a defined benefit plan, this is entered as a defined contribution plan (see below).

Changes in obligations recognised in the balance sheet for defined benefit plans

MSEK	2010	2009
Net obligations for defined benefit plans as at 1 January	47	37
Paid out remunerations	–12	–3
Expenses for work during current period and interest expenses	4	9
Actuarial gains and losses	6	0
Translation differences	–6	4
Obligations for defined benefit plans as at 31 December	**39**	**47**

Changes in recognised fair value in the balance sheet for plan assets

MSEK	2010	2009
Fair value for plan assets as at 1 January	20	15
Contributions from employer	2	4
Expected return	1	1
Difference between expected and actual return	-1	0
Adjustments	0	–1
Translation differences	–1	1
Fair value for plan assets as at 31 December	**21**	**20**

Expenses charged to income statement

MSEK	2010	2009
Expenses for work during current period	4	9
Interest expenses on obligations	1	1
Expected return on plan assets	1	–1
Recognised actuarial gains (–) and losses (+)	1	0
Total net expense in the income statement	**7**	**9**

Expenses are recognised in the following lines in the income statement

MSEK	2010	2009
Production costs	4	2
Sales and administrative expenses	2	6
Financial expenses	1	1
Total	**7**	**9**
Actual return on plan assets	**0**	**0**

Assumptions for defined benefit plan obligations

The most important actuarial assumptions on balance sheet day	2010	2009
Discount rate	3.20%	4.40%
Expected return on plan assets	4.60%	5.60%
Future pay increase	4.00%	4.25%
Future increase in pensions	3.75%	4.00%

Historical information

MSEK	2010	2009	2008	2007	2006
Present value of defined benefit plan obligations	39	47	37	13	24
Fair value of plan assets	–21	–20	–15	–3	–5
Plan deficit	**18**	**27**	**22**	**10**	**19**

Old-age pension and family pension obligations for salaried staff in Sweden are managed through insurance with Alecta. Under pronouncement URA 42 of the Emergency Issues Task Force of the Swedish Financial Accounting Standards Council, this is a defined benefit plan which comprises several employers. The company did not have the necessary information required to recognise this plan as a defined benefit plan in the 2010 financial year. Therefore the pension plan which is secured through insurance with Alecta is reported as a defined contribution plan. Annual charges for pension insurances taken out with Alecta amounted to SEK 124 million (114). Alecta's surplus may be distributed among the policyholders and/or the insured. At the end of 2010, Alecta's surplus in the form of collective consolidation level amounted to 146 percent (141). The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance undertakings calculated in accordance with Alecta's insurance adjustment assumptions, which do not accord with IAS 19.

Defined contribution plans

The group has defined contribution plans which are entirely paid for by the company. Payments to these plans are made on a current basis according to the rules of each plan.

	Group		Parent company	
MSEK	2010	2009	2010	2009
Expenses of defined contribution plans continuing operations[1)]	424	513	22	27

1) This include SEK 124 million (114) referring to an ITP plan financed in Alecta, see above.

Note 33 Provisions

Provisions which are long-term liabilities

Group MSEK	2010	2009
Guarantee risk reserve	159	156
Close-down costs	2	2
Re-establishment costs	57	52
Disputes	12	18
Other	33	30
Total	**263**	**258**

Provisions which are current liabilities

Group MSEK	2010	2009
Guarantee risk reserve	57	59
Disputes	1	–
Other	1	1
Total	**59**	**60**

Provisions which are long-term liabilities

Group 2010 MSEK	Guarantee risk reserve	Close-down costs	Re-establish-ment costs	Dis-putes	Other
Opening book value	156	2	52	18	30
Provisions set aside during the year	58	2	10		3
Amounts requisitioned during the year	–44		–5	–6	
Reversed unutilized provisions during the year	–1	–2			
Translation differences for the year	–10				
Closing book value	**159**	**2**	**57**	**12**	**33**

Provisions which are current liabilities

Group 2010 MSEK	Guarantee risk reserve	Disputes	Other
Opening book value	59		1
Provisions set aside during the year	29	1	1
Amounts requisitioned during the year	–22		–1
Reversed unutilized provisions during the year	–5		
Translation differences for the year	–4		
Closing book value	**57**	**1**	**1**

Guarantee risk reserve

Refers to the estimated cost of remedying faults and deficiencies in terminated projects that arise while the project is under warranty. Resources are consumed during the guarantee period of the project which is generally two to five years. As the effect of the time point for payment is not significant expected future disbursements are not valued at present value.

Close-down costs

Refers to minor projects within Industry business.

Re-establishment costs

Refers to restoration costs for gravel pits and rock quarries after termination of operations. The provision grows in relation to the amount quarried and is reversed after restoration is complete. The reserved sum is expected to be used successively after operations are terminated. The estimated restoration time is 1 to 15 years.

Disputes

Refers to disputes within Industry business.

Other

Refers to provisions within Construction and Industry business.

Note 34 Other liabilities

Group

MSEK	2010	2009
Other long-term liabilities		
Additional purchase price	7	12
Interest rate swaps	10	16
Other long-term liabilities	18	33
Total	**35**	**61**
Other short-term liabilities		
Liabilities to joint ventures	17	2
Additional purchase price	62	17
Tax at source, social security expenses	134	160
Value added tax	372	358
On account work in progress	569	426
Other short-term liabilities	133	304
Total	**1,287**	**1,267**

Parent company

MSEK	2010	2009
Other short-term liabilities		
Tax at source	1	1
Other short-term liabilities	3	5
Total	**4**	**6**

Note 35 Invoiced income not yet recognised

Group

MSEK	2010	2009
Invoiced sales on uncompleted contracting projects	37,744	38,457
Recognised income on uncompleted contracting projects	–33,611	–34,601
Total	**4,133**	**3,856**

Recognised income from contracts in progress is reported with the application of percentage of completion method. The calculation of the degree of recognition is made on the basis of the project costs incurred at the end of the period in relation to the project income corresponding to project costs for the whole project.

Contract assignments are reported in the balance sheet on the basis of gross project for project, either as Recognised but non-invoiced income in current assets or as Invoiced but unrecognised income in short-term liabilities. Projects that have higher recognised incomes that what has been invoiced are reported as assets, while projects that have been invoiced for more than recognised income are reported as liabilities.

Note 36 Accrued expenses and deferred income

Parent company

MSEK	2010	2009
Accrued payroll expenses	17	18
Accrued social security expenses	5	5
Accrued interest expenses	3	4
Accrued overhead expenses	5	1
Total	**30**	**28**

Note 37 Valuation of financial assets and liabilities at fair value

Under IAS 39, Financial instruments, financial instruments are valued either at accrued acquisition value or fair value depending on which category they belong to. Classification largely depends on the purpose of the holding. The items which have been the object of valuation at fair value are listed share-holdings and diffrent types of derivates.

The fair value of listed shareholdings and share derivatives are calculated according to the closing price at the end of the accounting period.

When calculating the fair value of interest-bearing receivables and liabilities and interest rate swaps, future cash flow were discounted to the listed market interest for the remaining terms of maturity. When calculating the value of currency swaps, spot rates on balance sheet day were used. The adjacent tables show the reported values compared with the estimated fair value per type of financial asset and liability.

Group 2010	Financial assets valued at fair value through income statement		Derivates used in hedge accounting	Trade and loan receivables	Financial liabilities valued at fair value through income statement	Other financial liabilities		
MSEK	Financial assets valued at fair value	Holdings for trading purposes			Holdings for trading purposes		Total recognised value	Fair value
Financial assets								
Other securities held as fixed assets	586 [1)]			118			704	704
Interest-bearing long-term receivables				474			474	471
Other long-term receivables			16	62			78	78
Accounts receivables				5,955			5,955	5,955
Interest-bearing short-term receivables				36			36	36
Prepaid expenses and accrued income			2	9			11	11
Other short-term receivables			95	113			208	208
Short-term holdings				1			1	1
Liquid funds				809			809	809
Total financial assets	**586**	**–**	**113**	**7,577**	**–**	**–**	**8,276**	**8,273**
Financial liabilities								
Interest-bearing long-term liabilities						5,425	5,425	5,433
Other long-term liabilities			10			24	34	34
Provisions for pensions						12	12	12
Interest-bearing short-term liabilities						1,602	1,602	1,602
Accounts payable						4,074	4,074	4,074
Accrued expenses and deferred income					3 [2)]	14	17	17
Other short-term liabilities						203	203	203
Total financial liabilities	**–**	**–**	**10**	**–**	**3**	**11,354**	**11,367**	**11,375**
Unrealised profit/loss				–3		–8		

1) Listed companies,
2) Derivatives.

Group 2009 MSEK	Financial assets valued at fair value through income statement Financial assets valued at fair value	 Holdings for trading purposes	Derivates used in hedge accounting	Trade and loan receivables	Financial liabilities valued at fair value through income statement Holdings for trading purposes	Other financial liabilities	 Total recognised value	 Fair value
Financial assets								
Other securities held as fixed assets	413[1]			123			536	536
Interest-bearing long-term receivables				387			387	387
Other long-term receivables				49			49	49
Accounts receivables				5,145			5,145	5,145
Interest-bearing short-term receivables				388			388	386
Prepaid expenses and accrued income		9[2]		10			19	19
Other short-term receivables			55	344			399	399
Short-term holdings				904			904	904
Liquid funds				1,584			1,584	1,584
Total financial assets	**413**	**9**	**55**	**8,934**	**–**	**–**	**9,411**	**9,409**
Financial liabilities								
Interest-bearing long-term liabilities						5,721	5,721	5,741
Other long-term liabilities			16			45	61	61
Provisions for pensions						20	20	20
Interest-bearing short-term liabilities						2,093	2,093	2,093
Accounts payable						3,069	3,069	3,069
Accrued expenses and deferred income			5			10	15	15
Other short-term liabilities			17			322	339	339
Total financial liabilities	**–**	**–**	**38**	**–**	**–**	**11,280**	**11,318**	**11,338**
Unrealised profit/loss				–2		–22		

The effect of valuing financial instruments at fair value was included in the Group's profit for a total of SEK 166 million (220), of which SEK 179 million (218) referred to market valuation of shareholdings in Brinova. Market valuation of interest rate and currency swaps was included for at total of SEK -3 million (8).

Parent company 2010 **MSEK**	**Financial assets valued at fair value through income statement** **Financial assets valued at fair value**	 **Holdings for trading purposes**	**Derivates used in hedge accounting**	**Trade and loan receivables**	**Financial liabilities valued at fair value through income statement** **Holdings for trading purposes**	**Other financial liabilities**	 **Total recognised value**	 **Fair value**
Financial assets								
Long-term receivables Group companies				1,015			1,015	1,019
Other securities held as fixed assets	586 [1]			16			602	602
Other long-term receivables				1			1	1
Short-term receivables Group companies				27			27	27
Interest-bearing short-term receivables				5			5	5
Prepaid expenses and accrued income				3			3	3
Liquid funds				3			3	3
Total financial assets	**586**	**–**	**–**	**1,070**	**–**	**–**	**1,656**	**1,660**
Financial liabilities								
Long-term liabilities Group companies						5,670	5,670	5 670
Convertible promissory notes						581	581	585
Accounts payable						4	4	4
Short-term liabilities Group companies						4	4	4
Accrued expenses and deferred income						3	3	3
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**6,262**	**6,262**	**6,266**
Unrealised profit/loss				4		–4		

1) Listed companies.
2) Derivatives.

Parent company 2009	Financial assets valued at fair value through income statement		Derivates used in hedge accounting	Trade and loan receivables	Financial liabilities valued at fair value through income statement	Other financial liabilities		
MSEK	Financial assets valued at fair value	Holdings for trading purposes			Holdings for trading purposes		Total recognised value	Fair value
Financial assets								
Long-term receivables Group companies				1,546			1,546	1,559
Other securities held as fixed assets	413 [1)]			17			430	430
Other long-term receivables				1			1	1
Accounts receivable				59			59	59
Short-term receivables Group companies				284			284	284
Interest-bearing short-term receivables				3			3	3
Prepaid expenses and accrued income				11			11	11
Liquid funds	**413**	**–**	**–**	**1,921**	**–**	**–**	**2,334**	**2,347**
Financial liabilities								
Long-term liabilities Group companies						6,567	6,567	6,567
Convertible promissory notes						573	573	584
Accounts payable						7	7	7
Short-term liabilities Group companies						5	5	5
Accrued expenses and deferred income						4	4	4
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**7,156**	**7,156**	**7,167**
Unrealised profit/loss				13		–12		

1) Listed companies.

The effect of valuing financial instruments at fair value was included in the parent company's profits for at total of SEK 169 million (220), of which SEK 179 million (218) referred to market valuation of shareholdings in Brinova.

Fair value

Measurement of fair value is based on a three level hierarchy.

Level 1: prices that reflect quoted prices on an active market for identical assets

Level 2: based on direct or indirect observable inputs not included in level 1

Level 3: based on inputs unobservable to the market

Level 1 fair value has been used in category Financial assets according to fair value option, which contains quoted shares. Level 2 is used for other financial assets and liabilities valued to fair value through the income statement as well as derivates used in hedging accounting. Current market interest with relevant credit points has been used on interest-bearing receivables and liabilities. Peab has not calculated any fair value according to level 3. The booked value of non-interest-bearing asset and liability items such as accounts receivable and accounts payable with a remaining maturity of less than six months is believed to reflect the fair value.

Note 38 Financial risks and financial policy

Finance and treasury

The Group is exposed to various types of financial risk through its operations. The term financial risk refers to fluctuations in the company's profits and cash flow resulting from changes in exchange rates, interest rates, refinancing and credit risks. Group finance and treasury is governed by the financial policy is established by Peab's Board of Directors. The policy is a framework of guidelines and regulations in the form of a risk mandate and limitations in finance and treasury. The Board has appointed a finance and treasury committee which is chaired by the Chairman of the Board. It is authorised to take decisions that follow the financial policy in between meetings of the Board. The finance and treasury committee must report any such decisions at the next meeting of the Board. The Group staff Finance and Treasury and the Group's internal bank Peab Finans AB manage coordination of Group finance and treasury. The overall responsibility of the finance and treasury function is to provide cost-effective funding and to minimise the negative effects on Group profit due to the price of financial risks.

The liquidity risk refers to the risk of Peab having difficulties in meeting its payment obligations as a result of a lack of liquidity or problems in converting or recieving new loans. The Group has a rolling one-month liquidity plan for all the units in the Group. Plans are updated each week. Group forecasts also comprise liquidity planning in the medium term. Liquidity planning is used to handle the liquidity risk and the cost of Group financing. The objective is for the Group to be able to meet its financial obligations in favourable and unfavourable market conditions without running into significant unforeseen costs. Liquidity risks are managed centrally for the entire Group by the central finance and treasury function.

The financial policy dictates that Group net debt be mainly covered by loan commitments that mature between 1 and 7 years. At the end of the year, the average loan period for utilised credits was 34 months (37), for unutilised credits 35 months (44), and for all granted credits 34 months (39). Peab's base financing was renegotiated and extended in 2007. At the end of the year, the loan commitments in the bilateral loan agreements totalled SEK 3,250 million divided among six banks. The loan agreements, which are not subject to amortization, run until September 2014.The base financing in Peab Industri, which was acquired in December 2008, is made up of bilateral loan agreements totalling SEK 2,300 million divided among four banks. The loan agreements, which are not subject to amortization, run until June 2014. The bilateral loan agreements all have the same basic documentation and contain financial covenants in the form of interest coverage ratio and equity/assets ratio that the Group must meet, which are standard for this kind of loan. Peab had exceeded these key ratios by a broad margin at the end of the year.

Peab set up a lending program for commercial papers in 2005. Under the program, Peab can issue commercial papers for a maximum of SEK 3,500 million. The borrower is Peab Finans AB and the guarantor is Peab AB. At the end of the year, Peab had outstanding commercial papers worth SEK 634 million (663).

Peab issued convertible bonds to all employees in December 2007. Settlement was in January 2008. A total of 8.8 million convertibles were issued for a total nominal sum of SEK 598.4 million. The interest coupon rate on the convertible bonds is fixed at 5.44 percent. The convertibles run from 1 December 2007 to 30 November 2012.

Total credit commitments, excluding unutilised leasing lines and that part of the certificate program which has not been utilised, amounted to SEK 11,508 million (12,141) per 31 December 2010. Of the total credit commitments, SEK 7,039 million (7,834) was utilised.

Age analysis of financial liabilities, undiscounted cash flow including interest

Group 2010 MSEK	Currency	Average interest rate as per blance sheet day, %	Nominal value, original currency	Amount SEK	Up to 1 year	1-5 years	5 years and later
Bank loans	SEK	2.5	4,080	4,080	786	3,067	227
Bank loans	NOK	3.4	839	964	254	580	130
Bank loans	EUR	1.6	101	905	374	379	152
Commercial paper	SEK	1.8	636	636	636		
Convertible promissory notes	SEK	5.4	648	648	32	616	
Financial leasing liabilities	SEK	2.3	488	488	194	268	26
Financial leasing liabilities	NOK	3.8	17	20	9	10	1
Interest rate swaps				10	4	6	
Currency swaps				3	3		
Total				**7,754**	**2,292**	**4,926**	**536**

Group 2009 MSEK	Currency	Average interest rate as per blance sheet day, %	Nominal value, original currency	Amount SEK	Up to 1 year	1-5 years	5 years and later
Bank loans	SEK	1.5	4,261	4,261	1,275	2,822	164
Bank loans	NOK	3.1	1,225	1,507	713	169	625
Bank loans	EUR	1.1	82	833	17	324	492
Commercial paper	SEK	1.3	665	665	665		
Convertible promissory notes	SEK	5.4	669	669	31	638	
Financial leasing liabilities	SEK	1.0	547	547	205	303	39
Financial leasing liabilities	NOK	3.6	26	32	13	17	2
Financial leasing liabilities	EUR	1.5	1	13	5	7	1
Interest rate swaps				16	4	12	
Currency swaps				5	5		
Total				**8,548**	**2,933**	**4,292**	**1,323**

Other non-interest-bearing liabilities not included in the age analysis above consist of current liabilities such as accounts payable with a due date of 30 days and other operating liabilities with a due date of up to one year. There are also long-term operating liabilities with due dates between one to five years.

Interest rate risk

The interest rate risk is the risk that Peab's cash flow or the value of financial instruments may vary with changes in market interest rates. Interest rate risk can result in changes in fair values and cash flows. A crucial factor affecting interest rate risk is the fixed interest period.

On 31 December 2010, interest-bearing net debt amounted to SEK 5,719 million (4,571). Total interest-bearing liabilities amounted to SEK 7,039 million (7,834), of which SEK 1,602 million (2,093) were short-term. The financial policy dictates that the average fixed interest period on total borrowing may not exceed 24 months. Peab has chosen short fixed interest periods for outstanding credits. Per 31 December 2010 there were interest rate swap in SEK 1,100 million (300) with maturity between 3 and 7 years at an effective interest rate of 2.9 percent. Peab pays a fixed annual interest rate and receives floating rates (Stibor 3 months) in the interest rate swap. The swap agreement is recognised at fair value in book closing. Per 2010-12-31 this fair value was SEK 6 million (-16). As the table below shows, the fixed interest period for SEK 4,750 million (6,298) of the Group's total interest-bearing liabilities, including derivatives, is less than 1 year. Interest-bearing asset items totalling SEK 1,256 million (3,222) have short fixed interest periods, with the result that the fixed interest period for SEK 3,494 million (3,076) of Group net debt, including derivatives, is less than 1 year, making these liabilities directly susceptible to changes in market interest rates. Since the majority of the financial liabilities have a short maturity most of the interest rate risk is considered a cash flow risk. For further information see the sensitivity analysis on page 40 in the Board of Directors' report.

Fixed interest rate period for utilised credits, exkluding derivatives, 2010-12-31

Fixed interest period	Amount MSEK	Average effective interest rate percent	Share percent
2011	5,850	2.2	83
2012–	1,189	5.2	17
Total	**7,039**		**100**

Fixed interest rate period on utilised credits, including derivates, 2010-12-31

Fixed interest period	Amount MSEK	Average effective interest rate percent	Share percent
2011	4,750	2.2	68
2012–	2,289	4.1	32
Total	**7,039**		**100**

Curency risks

The risk that fair values and cash flows from financial instruments may fluctuate with changes in the value of foreign currencies is referred to as a currency risk.

Financial exposure

Group borrowing is done in local currencies to reduce currency risks in operations. Assets and liabilities in foreign currency are translated at the rate on the balance sheet date. Borrowing in the interest-bearing liabilities per 31 December 2010, including leasing but excluding currency derivatives, was allocated as follows:

	Local currency in millions	MSEK
SEK	5,354	5,354
EUR	93	831
NOK	742	854
Total		**7,039**

Internal loans are used to handle temporary liquidity needs in Peab's foreign operations. Currency swaps are used to eliminate exchanges risks. Currency swaps usually run three month. Currency swaps are reported at fair value in book closing and value changes are reported as unrealised exchange rate differences in the income statement and as current receivables and liabilities in the balance sheet. At the end of the year, there were outstanding currency swaps relating to financial exposure of EUR 10 million (27) and NOK 148 million (184). Exchange rate differences in net financials items from financial exposure were SEK 8 million (-18) in 2010. Exchange rate differences in operating profit were SEK -2 million (1).

Exposure of net assets in foreign currency

The translation exposure arising from investments in foreign net assets are primarily hedged through loans in foreign currency or forward exchange contracts. At the end of 2010, hedging through forward exchange contracts or loans in NOK for foreign net assets in Norway amounted to NOK 166 million (112) and hedging through loans in EUR for foreign net assets in Finland were EUR 16 million (19).

Foreign net assets

Lokal currency in millions	2010-12-31	Of which hedged	2009-12-31	Of which hedged
NOK	643	166	354	112
EUR	77	16	86	19
PLN	4	–	4	–

A 10 percent stronger EURO rate on 31 December 2010 would entail a positive translation effect on equity of SEK 55 million (69). A corresponding strengthening of the Norwegian crown would generate a positive translation effect on equity of SEK 5 million (30). The translation effects are calculated on that part of foreign net assets which is not hedged. The effects of corresponding exchange rate changes on profit for the year are limited.

Annual exchange rate differences in equity (net assets in foreign subsidiaries) amounted to SEK 167 million (66).

Commercial exposure

Although international purchases and sales of goods and services in foreign currency are currently small, they are expected to increase as the Group expands and the competition grows in terms of purchasing goods and services. Contracted or forecast currency flows can be hedged for 6 months from the date of the contract. At the end of the year, there were exchange rate hedges related to forecasted currency flows of NOK 290 million (290) and EUR 16 million (9), USD 2 million (-), GBP 1 million (-).

Since anticipated currency flows are hedged there are no transaction or translation effects on equity (other than in the hedge reserve) or in profit for the year if currency rates change.

Credit risk

Credit risk refers to the risk of a counterparty failing to meet their obligations.

Credit risks in financial instrument

Credit risks in financial instruments are very limited, since Peab only deals with counterparties with high credit ratings. Counterparty risks are primarily associated with receivables on banks and other counterparties involved in the purchase of derivatives. The financial policy contains special counterparty regulations which specify the maximum credit exposure for various counterparties. The framework agreement of the International Swaps and Derivatives Association (ISDA) is used with all counterparties in derivative transactions. Peab did not suffer any financial instrument losses in 2010.

Total counterparty exposure related to derivative trading calculated as a net receivable per counterparty amounted to SEK 15 million (4) at the end of 2010. The estimated gross exposure to counterparty risks related to liquid funds and current investments amounted to SEK 810 million (2,488).

Credit risks in accounts receivable

The risk that Group customers cannot meet their obligations, i.e. payment is not received from customers, is one customer credit risk. Bad debts are very rare in construction since there are so many different projects and customers where invoicing is continuous during production. The Group's customers undergo a credit rating control providing information on customers' financial positions from various credit rating companies before a project is undertaken. The Group has established a credit policy for handling customer credit. For instance, it specifies where decisions, regarding credit limits of various magnitudes are taken and how uncertain receivables should be handled. Bank guarantees or other collateral are required for customers with low credit ratings or insufficient credit history. The maximum exposure to credit risk is the reported value presented in the Group balance sheet. Total bad debts in construction operations amounted to SEK 3 million (9). There was no significant concentration of credit risks on the balance sheet date.

Age analysis, accounts receivable due not written-down

	Book value of recivables not writtendown	
MSEK	2010	2009
Accounts receivable, not fallen due	5,045	3,937
Accounts receivable, fallen due 0 – 30 days	414	327
Accounts receivable, fallen due > 30 – 90 days	113	601
Accounts receivable, fallen due > 90 – 180 days	104	74
Accounts receivable, fallen due > 180 – 360 days	67	94
Accounts receivable, fallen due 360 days	212	112
Total	**5,955**	**5,145**

Accounts receivable written-down

MSEK	2010	2009
Opening balance	35	55
Reversed write-downs	–25	–47
Write-downs for the year	16	27
Balance carried forward	**26**	**35**

There are no mature receivables of significant amounts for other financial receivables.

Capital management

Peab aims to have a good capital structure and financial stability in order to provide a stable basis for continuing business activities, thereby enabling the company to keep existing owners and attract new ones. A good capital structure is also intended to promote the development of good relations with the Group's creditors in a manner which benefits all parties.

Capital is defined as Equity and refers to the equity attributable to the owners of shares in the parent company.

Equity, MSEK	2010	2009
Share capital	1,584	1,584
Other contributed capital	2,576	2,576
Reserves	125	244
Retained earnings including profit for the year	3,388	3,159
Equity related to shareholders in parent company	**7,673**	**7,563**

One of Peab's targets is an equity/assets ratio (equity divided by the balance sheet total) in excess of 25 percent. The Board of Directors believes that this level is well suited to Peab's construction and civil engineering activities in Sweden, Norway and Finland. The target is a part of the Group's strategic planning. If the equity/assets ratio is expected to exceed this level on a permanent basis, the capital should be transferred to the shareholders in the appropriate form. The equity/assets ratio at the end of 2010 was 27.8 percent (28.6).

It is the ambition of the Board of Directors to preserve a balance between a high rate of return on equity, which can be done through increased lending, and the security and benefits associated with a higher equity ratio. Therefore, one of Peab's financial targets is a return on equity (profit for the period attributable to holders of participations in the parent company divided by the average equity attributable to holdings of participations in the parent company) in excess of 20 percent. The return on equity was 15.6 percent (18.7) at the end of 2010. By way of comparison, the Group's average interest expenses on interest-bearing borrowing was 2.9 percent (2.1).

Peab´s goal concerning dividends is an annual distribution of 50 percent of profits after tax to shareholders. The level of dividends should be reasonable in relationships to developments in Peab´s profit and consolidation requirements. An ordinary dividend of SEK 2.60 per share (2.50) is proposed for 2010. Calculated as a share of the Group's reported profit after tax, the proposed dividend amounts to 63 percent (55). Exclusive of the 9,308,220 B shares owned by Peab AB on 28 February 2011, which do not entitle to dividend, the proposed dividend is equivalent to a total dividend distribution of SEK 746 million (728). Besides the ordinary dividend, extra cash dividends may be proposed if the Board of Directors finds there are sufficient funds which are not considered necessary to Group development. Extra dividends may also be made in other forms besides cash.

The Board of Directors aims to get as many of the Group's employees to become shareholders as possible. In order to achieve this end, all employees of the Group were offered the chance of purchasing convertible promissory notes on two separate occasions, 2005 and 2007. On the last occasion 41 percent of Peab's employees applied to subscribe to convertibles.

At the start of 2010, Peab's holding of own shares amounted to 4,906,220 B shares, corresponding to 1.7 percent of the total number of shares. On 11 May 2010, the Peab Annual General Meeting authorise the Board of Directors to acquire at the most the number of shares in Peab AB such that after acquisition Peab would hold a maximum of 10 percent of the registered shares in the company. In 2010 4,524,000 B shares, corresponding to 1.5 percent of the total number of shares, were repurchased for SEK 177 million. During the same period 122,000 B shares were divested for SEK 4 million, in connection with the acquisition. As of 31 December 2010, Peab's holding of own shares amounted to 9,308,220 B shares, corresponding to 3.1 percent of the total number of shares. The purpose of the purchase of own shares is to improve the capital structure of the company, to be used in the financing of acquisitions etc or to enable through subsequent withdrawal the neutralisation of dilution that may arise in connection with the conversion of convertible bonds issued in the company.

Some of Peab's loan agreements contain financial covenants in the form of Interest coverage rate and equity/assets ratio which the Group must comply with, which is normal for this type of loan agreement. At the end of the year, Peab fulfilled these covenants with a broad margin.

Note 39 Operational lease contracts

Leasing charged to income for the period:

Group MSEK	2010	2009
Minimum lease payments	295	274
Total leasing costs	**295**	**274**

Interminable leasing payments amount to:

MSEK	2010	2009
Within a year	258	231
Between one and five years	377	346
Later than five years	–	1
Total	**635**	**578**

Rental of premises and office inventories cost are classified as operating leasing contracts. Main part of the leasing cost refers to rental of premises according to the contracts. The leasing contracts run without special restrictions with an option to renew. Other operational leasing agreements are divided among a number of lesser agreements.

Leasing income generated by objects that are rented to a third party is marginal.

Note 40 Investment obligations

In 2010, the Group has signed agreements to acquire tangible fixed assets amounting to SEK 107 million (67).

By participating in joint ventures, the Group has committed to investing SEK 4 million (10).

Joint venture companies have committed investments of SEK 9 million (253).

The parent company has not signed any agreements to acquire tangible fixed assets.

Note 41 Pledged assets and contingent liabilities

Pledged assets

	Group		Parent company	
MSEK	2010	2009	2010	2009
For own liabilities and provisions				
Related to long-term liabilities to credit institutions:				
Real estate mortgages	1,409	1,551		
Floating charges	22	–		
Assets with attached liens	429	374		
Other	3	4		
Related to current liabilities to credit institutions:				
Real estate mortgages	606	859		
Assets with attached liens	135	113		
Restricted bank balance	66	117		
Other	–	3		
Total related to own liabilities and provisions	**2,670**	**3,021**	**–**	**–**
For own contingent liabilities and guarantees				
Real estate mortgages	2	2		
Floating charges	22	27		
Restricted bank balance	1	27		
Assets with attached liens	104	–		
Total for own contingent liabilities and guarantees	**129**	**56**	**–**	**–**
Other	**0**	**94**	**–**	**–**
Total pledged assets	**2,799**	**3,171**	**–**	**–**

Contingent liabilities	Group		Parent company	
MSEK	2010	2009	2010	2009
Shared obligations as part-owner in limited partnerships	251	268	–	–
Responsibility in consortium of other shareholders liabilities	0	2	–	–
Guarantees and contracting guarantees for Group companies	–	–	13,558	11,647
Guarantee liabilities for the benifit of joint ventures	153	339	153	337
Other guarantees and contingent liabilities	1,449	1,660	1,415	1,642
Total	**1,853**	**2,269**	**15,126**	**13,626**

Other guarantee and contingent liabilities primarily refer to obligations to tenant-owner cooperatives.

Note 42 Related parties

Related parties
The Group is subject to considerable influence by brothers Mats and Erik Paulsson with families, children and companies. Their combined votes accounted for some 66 percent of the votes in Peab AB per 31 December 2010. As a result of the Paulsson families significant influence on Peab, transactions with the below companies are classified as transactions with related parties.

Brinova
The Brinova Group is subject to considerable influence by brothers Mats and Erik Paulsson with families, children and companies through their ownership of the company. Erik Paulsson is a member of the Board of Directors of Brinova Fastigheter AB. Svante Paulsson has been a member of the Board of Directors of Brinova Fastighehter AB until 28 April 2009.

Wihlborgs Fastigheter
Erik Paulsson is Chairman of the Board of Wihlborgs Fastigheter and has a significant influence. Sara Karlsson is a member of the Board of Directors of Wihlborgs Fastigheter.

Skistar
The Skistar Group is subject to considerable influence by brothers Mats and Erik Paulsson with families, children and companies through their ownership of the company. Erik Paulsson is Chairman of the Board and Mats Paulsson is a member of the Board of Directors of Skistar.

Fabege
Erik Paulsson is Chairman of the Board and has significant influence. Svante Paulsson is a member of the Board of Directors of Fabege.

Backahill
Backahill is subject to significant influence by Erik Paulsson with family through their holdings in the company. Svante Paulsson is a member of the Board of Directors of Backahill.

Kranpunkten
Kranpunkten is subject to considerable influence by Mats Paulsson with family, children and companies through their ownership of the company. Fredrik Paulsson is a member of the Board of Directors and CEO of Kranpunkten.

Gullbergs
Gullbergs is subject to considerable influence by Mats Paulsson with family, children and companies through their ownership of the company. Fredrik Paulsson has been Chairman of the Board of Gullbergs during 2008 and until 9 March 2009 when he left the Bord of Directors.

Subsidiaries
In addition to the related parties above stated for the Group, the parent company has a close relationship with its subsidiaries, see note 43.

Summary of transactions with related parties

Group MSEK	2010	2009
Transactions with joint ventures		
Sales to joint ventures	363	748
Purchases from joint ventures	188	170
Liabilities to joint ventures	18	16
Receivables from joint ventures	72	63
Dividends from joint ventures	8	2
Transactions with associated companies		
Dividends from associated companies	59	–
Transactions with Brinova		
Sales to Brinova	44	151
Purchases from Brinova	1	1
Receivables from Brinova	14	2
Shareholdings in Brinova, fair value	572	393
Dividends from Brinova	17	15
Transactions with Skistar		
Sales to Skistar	12	119
Purchases from Skistar	0	1
Receivables from Skistar	2	7
Transactions with Wihlborgs		
Sales to Wihlborgs	353	501
Purchases from Wihlborgs	9	9
Liabilities to Wihlborgs	3	1
Receivables from Wihlborgs	26	37
Transactions with Fabege		
Sales to Fabege	346	186
Purchases from Fabege	27	25
Liabilities to Fabege	10	7
Receivables from Fabege	52	30
Transactions with Backahill		
Sales to Backahill	50	9
Purchases from Backahill	2	1
Liabilities to Backahill	0	1
Receivables from Backahill	17	2
Transactions with Kranpunkten		
Sales to Kranpunkten	25	19
Purchases from Kranpunken	54	64
Liabilities to Kranpunkten	10	8
Receivables from Kranpunkten	5	3
Transactions with Gullbergs		
Sales to Gullbergs	5	7
Purchases from Gullbergs	59	45
Liabilities to Gullbergs	12	7
Receivables from Gullbergs	1	1

Summary of transactions with related parties

Parent company

MSEK	2010	2009
Transactions with subsidiaries		
Sales to subsidiaries	82	95
Purchases to subsidiaries	21	24
Liabilities to subsidiaries	5,670	6,567
Receivables from subsidiaries	1,015	1,546
Dividends from subsidiaries	1,458	452
Transactions with joint ventures		
Sales to joint ventures	0	10
Transactions with associated companies		
Dividends from associated companies	59	–
Transactions with Brinova		
Shareholdings in Brinova, fair value	572	393
Dividends from Brinova	17	15
Transactions with Skistar		
Purchases from Skistar	0	1
Transactions with Backahill		
Purchases from Backahill	2	1
Liabilities to Backahill	0	1
Transactions with Gullbergs		
Purchases from Gullbergs	6	3

Executive management

For information on salaries and other remuneration to the Board of Directors and the CEO and senior officers along with information on costs and obligations relating to pensions and similar benefits and agreements on retirement remuneration, see note 9.

Transaction terms

Transactions with related parties were priced on general market terms.

Note 43 Group companies

Company	Corp.ID.nr	Registered office	Share of equity [1) 2)]	Book value in parent company, MSEK 2010	2009
Peab Finans AB	556552-1324	Båstad	100.0%	1,616	1,616
Peab Sverige AB	556099-9202	Båstad	100.0%	3,322	3,222
Peab Sp.z.o.o	40624	Warszawa	100.0%		
Kompetenskraft i Solna AB	556737-7683	Solna	100.0%		
Kompetansekraft AS	991687971	Oslo	100.0%		
KB Muraren 135	916837-9841	Båstad	100.0%		
KB Möllevarvet	969639-7877	Båstad	100.0%		
Granit & Beton Trean HB	916621-3802	Båstad	100.0%		
Mölletofta i Klippan AB 66%	556069-3953	Klippan	66.7%		
KB Snickaren 204	969684-0975	Båstad	100.0%		
Interoc Projekt AB	556519-7091	Båstad	100.0%		
Torghuset i Värnamo AB	556607-6807	Båstad	100.0%		
Peab Brunnshög AB	556649-9116	Båstad	100.0%		
Båramo i Värnamo AB	556713-7871	Båstad	100.0%		
Peab PGS AB	556428-5905	Båstad	100.0%		
Peab Elevbyggen AB	556101-0355	Alingsås	100.0%		
Peab Projektutveckling Väst AB	556092-9852	Göteborg	100.0%		
S:t Jörgen AB	556341-8887	Göteborg	100.0%		
Peab Trading Väst AB	556594-9590	Göteborg	100.0%		
Peab Högsbo AB	556594-4583	Göteborg	100.0%		
Lambel AB	556577-8890	Göteborg	100.0%		
KB St Jörgen	916840-0407	Göteborg	100.0%		
HB Solrosen 7-8	916897-4088	Borås	100.0%		
Smögen Exploatering AB	556090-5472	Sotenäs	100.0%		
Kreaton AB	556644-5010	Göteborg	100.0%		
Interoc AB	556058-5837	Stockholm	100.0%		
Rörman Installation & Service Sverige AB	556026-0316	Sundbyberg	100.0%		
Peab Bostad AB	556237-5161	Stockholm	100.0%		
Haninge Park KB	916637-2590	Sollentuna	100.0%		
Fastighetsbolaget Måsbodarna Tre AB	556691-9907	Solna	100.0%		
Österhöjdens Garage AB	556753-0240	Upplands-Bro	100.0%		
Telge Peab AB	556790-5889	Stockholm	100.0%		
Vilunda Parkering AB	556802-5596	Stockholm	100.0%		
Peab Trading Öst AB	556778-8749	Stockholm	100.0%		
Fastighetsbolaget Solurstorget AB	556781-7019	Solna	100.0%		
Steninge Backe i Sigtuna AB	556781-6995	Solna	100.0%		
Sätunaparken i Sigtuna AB	556781-6987	Solna	100.0%		
Enavallens Fastighets AB	556734-0871	Enköping	100.0%		
Peab Trading Solna AB	556793-1554	Solna	100.0%		
KB Messingen	916837-9817	Stockholm	100.0%		
Vilunda Hyresbostäder AB	556793-1547	Upplands Väsby	100.0%		
Fastighets AB Spelhagen	556795-0992	Solna	100.0%		
Fastighetsbolaget Löten i Uppsala AB	556803-0356	Solna	100.0%		
DGV i Enskede AB	556750-3791	Stockholm	100.0%		
Täljö Utveckling nr 2 AB	556716-7175	Stockholm	100.0%		
Ulriksdal Utveckling AB	556509-6392	Solna	100.0%		
Peab Ulriksdal AB	556689-5537	Solna	100.0%		
Haga Expolatering AB	556715-4850	Stockholm	100.0%		
Messingen AB	556627-1689	Stockholm	100.0%		
Kuggören Bostads AB	556759-8056	Stockholm	100.0%		
Fastighets AB Kullinge	556786-3427	Solna	100.0%		
Fastighets AB Mynningen	556772-4280	Västerås	100.0%		
ATS Service AB	556707-9719	Markaryd	100.0%		
Huvusta Strand Holding AB	556769-7080	Solna	100.0%		
Huvusta Strand AB	556109-5323	Solna	100.0%		
TGS Fastigheter Nr 2 AB	556680-5106	Linköping	100.0%		

Company	Corp.ID.nr	Registered office	Share of equity [1) 2)]	Book value in parent company, MSEK 2010	2009
Ångström & Mellgren AB	556592-6895	Västerås	100.0%		
Peab Förvaltning Nyköping AB	556632-7747	Nyköping	100.0%		
Norrvikens Fastigheter AB	556703-1470	Stockholm	100.0%		
Peab Projektfastigheter AB	556202-6962	Stockholm	100.0%		
Fastighetsförvaltnings-bolaget Gasellen 2 HB	916563-4271	Stockholm	100.0%		
Olsson & Zarins Baltinvest AB	556439-3592	Uppsala	100.0%		
Kungsfiskaren Bygg & Fastighet AB	556471-2296	Stockholm	100.0%		
Stockholm Entreprenad AB	556569-4386	Stockholm	100.0%		
Stockholm Hamnentreprenad AB	556036-9133	Stockholm	100.0%		
Peab Projektutveckling Nord AB	556421-1091	Sundsvall	100.0%		
Skillingenäs AB	556587-0192	Båstad	100.0%		
Ekenäs i Ronneby AB	556641-9924	Båstad	100.0%		
Riksten Friluftsstad AB	556547-8764	Stockholm	100.0%		
Berg & Väg Maskin AB	556130-4972	Salem	100.0%		
Kipsala Business Center	40003729343	Riga	100.0%		
KB Klagshamn Exploatering	916563-4412	Båstad	100.0%		
Peab I 5 AB	556679-4276	Östersund	100.0%		
Peab Construction Syd AB	556292-2368	Båstad	100.0%		
Peab Construction i Göteborg AB	556626-9089	Båstad	100.0%		
Peab Utveckling Nord AB	556341-7228	Båstad	100.0%		
J Almqvist Bygg i Gnosjö AB	556421-1299	Båstad	100.0%		
Peabskolan AB	556442-7432	Båstad	100.0%		
Peab Byggservice Väst AB	556066-3675	Båstad	100.0%		
Markarbeten i Värmland AB	556332-9373	Båstad	100.0%		
Nybyggarna i Nerike AB	556582-1146	Örebro	100.0%		
Linje & Kabelplöjning i Borlänge AB	556487-3098	Borlänge	100.0%		
Kompligens Fastigheter AB	556691-2555	Båstad	100.0%		
BKVA Fastighets AB	556694-4244	Båstad	100.0%		
Olof Mobjer Entreprenad AB	556445-1275	Båstad	100.0%		
West Wind AB	556615-7797	Solna	100.0%		
Geodells Byggnads AB	556396-4187	Järfälla	100.0%		
Ljungbyhed Park AB	556545-4294	Klippan	100.0%		
Activus Ljungbyhed AB	556558-9644	Klippan	100.0%		
Ljungbyheds Golfcenter AB	556571-3012	Klippan	100.0%		
Peab Exploatera-arenastaden AB	556741-8586	Solna	100.0%		
Peab Drivaarena AB	556741-8578	Solna	100.0%		
Peab Ägaarena 1 AB	556741-8552	Solna	100.0%		
Peab Ägaarena 2 AB	556741-8560	Solna	100.0%		
G Nilsson Last & Planering i Ranseröd AB	556236-0908	Kristianstad	100.0%		
AB Jämshögs Grus & Entreprenad AB	556048-3918	Olofström	100.0%		
Peab Fastigheter i Växjö AB	556716-6664	Båstad	100.0%		
Peab Ugglarp AB	556094-5072	Båstad	100.0%		
HälsingeBygg i Hudiksvall AB	556624-4025	Hudiksvall	100.0%		
Värby Fastighets AB	556703-4771	Båstad	100.0%		
Peab Exploatering AB	556129-8562	Stockholm	100.0%		
Berg och Falk AB	556602-3064	Ödeshög	100.0%		
BEFAB Entreprenad Mjölby AB	556595-7452	Linköping	100.0%		
BEFAB Schakt AB	556555-2287	Mjölby	100.0%		
BEFAB Markteknik AB	556581-4612	Linköping	100.0%		
Peab Byggservice Nordost AB	556715-4843	Stockholm	100.0%		
Peab Filmstaden AB	556773-7506	Båstad	100.0%		
Henrik Persson Holding AB	556767-1838	Alingsås	100.0%		
Fastighets AB Ekudden	556628-0326	Alingsås	100.0%		

Company	Corp.ID.nr	Registered office	Share of equity [1) 2)]	Book value in parent company, MSEK 2010	2009
AB Alingsås Trähus AB	556576-5194	Alingsås	100.0%		
Västgöta Mark och Entreprenad AB	556644-1308	Alingsås	100.0%		
Husgruppen i Alingsås AB	556672-4448	Alingsås	100.0%		
Husgruppen i Alingsås KB	969728-7887	Göteborg	100.0%		
Peab Energi AB	556104-1533	Båstad	100.0%		
Åstorps Bioenergi AB	556644-8246	Båstad	100.0%		
Peab Tubsockan AB	556715-1773	Båstad	100.0%		
Lappmarken i Malmö KB	916611-9918	Båstad	99.9%		
Peab Boarp AB	556715-0247	Båstad	100.0%		
Annehem Hylliecentrum AB	556683-4478	Malmö	100.0%		
Annehem Hyllie point 1 AB	556762-0553	Malmö	100.0%		
Annehem Hyllie point 2 AB	556762-0546	Malmö	100.0%		
Annehem Hyllie point 3 AB	556762-0587	Malmö	100.0%		
Malmöoket AB	556709-6713	Malmö	100.0%		
Malmöoket Ekonomisk Förening	769614-7821	Malmö	100.0%		
Malmöoket nr 2 Ekonomisk Förening	769619-1829	Malmö	100.0%		
Peab Oxen AB	556058-3774	Båstad	100.0%		
Peab Sverige AB, dansk filial	1595622	Fredrikshavn	100.0%		
Peab Sverige AB, norsk filial	976 580 176	Oslo	100.0%		
Peab Sverige AB, finsk filial	2301606-4	Helsingfors	100.0%		
Peab Infra Oy	2303725-2	Helsingfors	100.0%		
Trysil Fageråsen Eiendom AS	991 201 300	Trysil	100.0%		
Annehem Bygg & Projekt AB	556699-8430	Malmö	100.0%		
Ängelholms Flygplats AB	556814-2896	Båstad	100.0%		
Peab Trading Nord AB	556715-4827	Solna	100.0%		
Fastighetsbolaget Pollaren AB	556715-5337	Solna	100.0%		
H2 Helsingborg AB	556544-1986	Helsingborg	100.0%		
Peab Oy	1509374-8	Helsingfors	100.0%	488	488
Kehitysyhtiö Pyynikki Oy	2214064-5	Helsingfors	100.0%		
Peab Norge AS	990 040 729	Olso	100.0%	97	97
Peab AS	981 032 411	Oslo	100.0%		
Gydas Vei DA	982 796 083	Olso	100.0%		
Björn Bygg AS	943 672 520	Tromsö	100.0%		
Haugen Eiendom AS	980 343 030	Tromsö	100.0%		
Peab Bolig AS	987 099 011	Oslo	100.0%		
Vardentoppen AS	991 866 620	Oslo	100.0%		
Heimdalsgata 4 Utv. DA	987 572 809	Oslo	100.0%		
ANS Solligården	957 524 346	Olso	100.0%		
Peab Bolig Prosjekt AS	990 892 385	Oslo	100.0%		
Areal Invest AS	982 113 377	Rygge	100.0%		
Bergkrystallen Parkering AS	891 324 782	Oslo	100.0%		
Strömmen Centrum AS	985 704 449	Oslo	100.0%		
Hebö Utvikling AS	976 466 160	Oslo	100.0%		
Peab Næring Stømmen AS	995 518 562	Oslo	100.0%		
Raaen Entreprenör AS	860 882 582	Horten	100.0%		
Senter Bygg Entreprenör AS	976 469 429	Modum	100.0%		
Byggservice & Vedlikehold AS	986 346 384	Oslo	100.0%	88	88
Site AS	996 217 981	Oslo	100.0%		
Peab Invest AS	981 704 665	Oslo	100.0%	1,332	1,332
Peab Industri AB	556594-9558	Ängelholm	100.0%	2,588	2,534
Peab Industri Växtorp AB	556232-8368	Båstad	100.0%		
Peab Industri Sverige AB	556594-9624	Ängelholm	100.0%		
Lambertsson Sverige AB	556190-1637	Båstad	100.0%		
LKME i Förslöv AB	556543-5293	Båstad	100.0%		
KB Muraren 105	916837-9544	Mölndal	100.0%		
Krantorp KB	969623-0540	Mölndal	100.0%		
ATS Kraftservice AB	556467-5998	Lindesberg	100.0%		
Swerock AB	556081-3031	Helsingborg	100.0%		

Company	Corp.ID.nr	Registered office	Share of equity 1) 2)	Book value in parent company, MSEK 2010	2009
Swerock Uppsala AB	556031-3289	Uppsala	100.0%		
AB Uppsala Grus	556206-6281	Uppsala	100.0%		
Rådasand AB	556042-8699	Lidköping	100.0%		
Pumpcenter i Västsverige AB	556091-0746	Helsingborg	100.0%		
Peab Transport & Maskin AB	556097-9493	Örkelljunga	100.0%		
Peab Bildrift AB	556313-9608	Helsingborg	100.0%		
AB Roler	556100-0729	Örebro	100.0%		
Gruvgrus AB	556103-9933	Gällivare	100.0%		
Peab Vagnpark AB	556234-0371	Båstad	100.0%		
Engströms Grävmaskiner	556308-2527	Boden	100.0%		
Nordisk Maskintjänst AB	556417-8118	Luleå	100.0%		
AB Vendels Grustag	556035-8383	Uppsala	100.0%		
UMF Entreprenad AB	556658-8116	Uddevalla	100.0%		
Grävsam AB	556530-4978	Uddevalla	100.0%		
Pajala Bilfrakt Ek.för	797600-0542	Pajala	100.0%		
Förenade Entreprenader i Norr AB	556188-9824	Pajala	100.0%		
BNH Maskinstation AB	556655-9612	Helsingborg	100.0%		
LS Sydost AB	556769-8773	Karlshamn	100.0%		
Ferdigbetong AS	987 013 117	Tromsö	100.0%		
A-frakt AB	556449-8045	Arvidsjaur	100.0%		
P Andersson i M. AB	556824-5624	Sundsvall	100.0%		
Skandinaviska Byggelement AB	556034-2148	Helsingborg	100.0%		
Lättklinkerbetong AB	556239-1721	Allingsås	100.0%		
Skandinaviska Byggelement Norge AS	892 890 692	Slemmestad	100.0%		
Peab Asfalt AB	556098-8122	Båstad	100.0%		
Asfaltbeläggningar i Boden AB	556279-8768	Boden	100.0%		
Pionjären Fastighets AB	556114-9773	Boden	100.0%		
Asfalt & Väg i Strängnäs AB	556545-6034	Strängnäs	100.0%		
Kvalitetsasfalt i Mellansverige AB	556537-5432	Västerås	100.0%		
Peab Asfalt Norge AS	994 628 577	Slemmestad	100.0%		
Peab Grundläggning Norden AB	556554-1587	Båstad	100.0%		
Nordenfjeldske Spunt og Peleservice AS	916 964 145	Trondheim	100.0%		
Smefa Entreprenør AS	919 653 612	Vestby	100.0%		
Peab Grundläggning AB	556154-7364	Båstad	100.0%		
ATS Mark AB	556707-8380	Markaryd	100.0%		
Peab Industri Norge AS	990 609 527	Oslo	100.0%		
Lambertsson Norge AS	985 129 738	Skedsmo	100.0%		
Kranor AS	976 313 062	Slemmestad	100.0%		
Rolf Olsens vei 30/32 AS	990 285 624	Oslo	100.0%		
Peab Industri Finland AB	556687-9226	Helsingborg	100.0%		
Peab Industri Finland AB, finsk filial	2006361-5	Nurmijärvi	100.0%		
Peab Industri Oy	1509160-3	Vasa	100.0%		
Lambertsson Oy	0937993-4	Turku	100.0%		
Annehem Fastigheter AB	556683-4452	Malmö	100.0%	272	275
Annehem Fastigheter & Projekt AB	556715-5220	Malmö	100.0%		
Fastighets AB Skeppsdockan i Malmö	556563-0711	Ängelholm	100.0%	0	0
Fastighets AB Grisen	556466-1055	Båstad	100.0%		
Valhall Flyg AB	556718-8593	Ängelholm	100.0%		
Valhall Flyg KB	969724-7865	Ängelholm	100.0%	0	0
Peab International AB	556568-6721	Båstad	100.0%	348	348
Peab International B.V.	34 119 597	Amsterdam	100.0%		
Br Paulsson Peab AB	556113-4114	Båstad	99.9%	157	157
Stadiongatans Lokaluthyrning AB	556141-1736	Malmö	100.0%		
Norrviken Exploaterings AB	556245-3356	Båstad	100.0%		
Vejby Transport & Miljö AB	556240-2742	Ängelholm	100.0%	1	1

Company	Corp.ID.nr	Registered office	Share of equity 1) 2)	Book value in parent company, MSEK 2010	2009
Peab Konstruktion AB	556061-1500	Stockholm	100.0%	42	52
Peab Utvecklings AB	556511-5408	Båstad	100.0%	171	171
Fastighets AB Skånehus	556371-3816	Helsingborg	100.0%		
Peab Holding AB	556594-9533	Båstad	100.0%	0	0
JaCo AB	556554-6487	Båstad	100.0%		
Varvstaden AB	556683-1722	Båstad	100.0%		
Skånehus AB	556547-6958	Båstad	100.0%		
Fältjägaren Fastigheter AB	556688-3517	Östersund	100.0%		
Birsta Fastigheter AB	556190-3765	Helsingborg	100.0%	60	60
Peab Norden AB	556134-4333	Båstad	100.0%	16	17
Peab Skandinavien AB	556568-8784	Båstad	100.0%	0	0
Flygstaden Intressenter i Söderhamn AB	556438-9665	Båstad	100.0%	272	272
HDWG Finans AB	556470-0184	Båstad	100.0%		
Ortum AB	556641-8355	Helsingborg	100.0%		
Åke & Clas Skoogh Holding AB	556722-9066	Kristianstad	100.0%		
Stockholms Kommersiella Fastighets AB	556105-6499	Stockholm	100.0%		
Skånska Stenhus AB	556233-8680	Stockholm	100.0%		
Flygstaden Intressenter i Grevie AB	556541-5360	Båstad	100.0%		
Peab Hem AB	556077-8499	Båstad	100.0%	1	1
Peab Rydebäck AB	556397-3071	Båstad	100.0%		
Peab Björkhagen AB	556776-4690	Båstad	100.0%		
Peab S:t Jörgen AB	556776-4708	Båstad	100.0%		
Peab Jägargården AB	556781-6680	Båstad	100.0%		
Peab Brämaregården AB	556781-6698	Båstad	100.0%		
Peab Hjässan AB	556453-1688	Uddevalla	100.0%		
Peab Sofiedal AB	556470-0176	Båstad	100.0%		
Peab Kastanjeparken AB	556059-0910	Båstad	100.0%		
Peab Utsikten AB	556715-0239	Båstad	100.0%		
Peab Porten AB	556831-0030	Båstad	100.0%		
Peab Fastighetsutveckling AB	556824-8453	Båstad	100.0%	0	–
Peab Fastighetsutveckling Sverige AB	556825-9856	Båstad	100.0%		
Incasec AB	556591-2267	Båstad	100.0%	0	0
Peab Grevie AB	556715-0213	Båstad	100.0%	0	0
Peab Invest Yek AB	556753-4226	Borås	100.0%		
Peab Konsult AB	556715-0254	Båstad	100.0%	0	0
Peab Invest Oy	1773022-9	Helsingfors	100.0%	635	635
Carpenova AB	556753-4242	Båstad	100.0%	0	0
Peab Vejby AB	556663-2682	Båstad	100.0%	219	219
Peab Park AB	556107-0003	Båstad	100.0%	2	3
CompWell AB	556589-5140	Malmö	100.0%	–	10
Skåne Projektfastigheter AB	556471-9143	Båstad	100.0%	1	36
Hyresmaskiner Gösta Pettersson AB	556082-6470	Båstad	100.0%		
Mauritz Larsson Byggnads AB	556036-8242	Båstad	100.0%		
HB Muraren 126	916837-9759	Göteborg	100.0%		
Projektfastigheter Väst AB	556044-1866	Båstad	100.0%		
Projektfastigheter Götaland AB	556259-3540	Båstad	100.0%		
Total				**11,728**	**11,634**

1) The capital participation accords with the vote participation.

2) In addition to the Group companies acquired in 2010 (see note 5), the proportion of capital for 2010 corresponds with the proportion of capital 2009.

Parent company MSEK	2010	2009
Acquisition value brought forward	13,961	13,529
Purchases	64	490
Shareholder's contribution	100	2
Sales	–1	–60
Accumulated acquistion values brought forward	**14,124**	**13,961**
Revaluations brought forward	100	100
Accumulated revaluations carried forward	**100**	**100**
Write-downs brought forward	–2,427	–2,353
Write-downs for the year	–69	–74
Accumulated write-downs carried forward	**–2,496**	**–2,427**
Book value carried forward	**11,728**	**11,634**

During the year, participation in Group companies were written down by SEK 69 million (74). The write-downs refers to dormant companies or companies with little activity where values have been written down to the equity value. Annual write-downs are reported in the income statement on the "Profit from shares in Group companies" line.

Note 44 Cash flow statement

Paid interest and dividends received

	Group		Parent company	
MSEK	2010	2009	2010	2009
Dividends received	85	16	77	16
Interest received	60	95	39	50
Interest paid	-222	-262	–234	–233

Adjustments for not included in cash flow

	Group		Parent company	
MSEK	2010	2009	2010	2009
Profit from participation in joint ventures/associated companies	–95	–17		
Dividends received from joint ventures	67	2		
Depreciation and write-downs	774	804	69	77
Unrealised exchange rate difference	58	–23		
Gains on sale of fixed assets	–34	–11	–1	12
Gains on sale of business/ subsidiaries	–39	–70		
Provisions	1	32		
Change in fair value of financial instruments	–161	–213	–164	–213
Accrued expenses and provisions	–25	24		
Dividends from subsidiaries			–1,458	–452
Total	**546**	**528**	**–1,554**	**–576**

Transactions without payments

	Group	
MSEK	2010	2009
Aquisition of assets by financial leasing	112	64
Aquisition of subsidiaries financed by loan from the seller	48	6
Aquisition of subsidiaries through issue in kind		385
Aquisition of subsidiaries with own shares	5	

Acquisition of subsidiaries and businesses

Group MSEK	2010	2009
Acquired assets and liabilities		
Intangible assets	15	239
Tangible assets	503	554
Financial assets		–15
Deferred tax recoverables		115
Project and development properties and inventories	448	141
Operating receivables	94	36
Liquid funds	126	311
Long-term provisions	–1	
Interest-bearing long-term liabilities	–487	–486
Deferred tax liabilities	–16	–105
Current liabilities	–205	–73
	477	**717**
Aquistion of non-controlling interests	102	57
Deferred tax income		–134
Purchase price	579	640
Loan from seller	–48	–6
Issue in kind		–385
Aquisition with own shares	–5	
Paid purchase price	526	249
Less: Liquid funds in acquired companies	–126	–311
Effect on liquid funds	**400**	**–62**

Disposal of subsidiaries

Group MSEK	2010	2009
Sold assets and liabilities		
Intangible assets		15
Tangible assets	703	189
Financial assets	4	–140
Project and development properties and inventories	70	117
Operating receivables	142	40
Liquid funds	19	16
Long-term provisions	–5	
Interest-bearing long-term liabilities	–512	–224
Deferred tax liabilities		–25
Current liabilities	–280	–58
	141	**–70**
Sales price	180	0
Less: capital contributed in kind received as payment	–95	
Loan to the buyer	–8	
Received purchase sum	77	0
Less: Liquid funds in disposed companies	–19	–16
Effect on liquid funds	**58**	**–16**

Liquid funds

The following components are included in liquid funds;

Group MSEK	2010	2009
Liquid funds	809	1,584
Short-term holdings (equivalent to liquid funds)	1	904
Total	**810**	**2,488**

Note 45 Important estimates and assessments

Group Management has together with the Board of Directors discussed developments, selections and information regarding the Group's important accounting principles and assessments, as well as the application of these principles and assessments.

Certain important accounting estimates made when applying the Group's accounting principles are described below.

The sources of uncertainty in the assessments given below refer to uncertainties that entail a risk that the value of assets or liabilities may be significantly adjusted in the coming fiscal year.

Percentage of completion

Profit reported for contract projects in progress is calculated through percentage of their completion based on the degree of completion of the project. This requires that project revenue and costs can be calculated in a reliable manner. A prerequisite is a well functioning system for calculation, forecasting and project monitoring. Forecasts of the final outcome of the project are critical estimates crucial to accounting for the results of operations during the project. There is a risk that the final results of a project deviate from those that have been successively reported.

Impairment tests of goodwill

When calculating cash generating units' recoverable amount in order to assess the need to write-down goodwill, several estimations and assessments about the future have been made. These are presented in note 16. As is apparent in the description in note 16 changes beyond what can reasonably be expected during 2011 of the conditions for these estimations and assessments could have a significant effect on goodwill.

Project and development properties

The book value has been estimated based on prevailing price levels per property at the respective location. Changes in supply and demand may alter reported values and write-downs may be required.

Disputes

The actual outcome in disputed amounts may deviate from those, according to the best estimate, recorded.

Taxes

Changes in tax legislation and changed praxis with regard to the interpretation of tax laws can have a considerable impact on the size of recorded deferred taxes.

Accounting principles

New accounting principles and interpretations of existing standards can result in changes which may entail that certain transactions in future are handled differently than they were according to previous praxis.

Note 46 Information on parent company

Peab AB is a Swedish registered limited company domiciled in Båstad. Peab AB's shares are listed on NASDAQ OMX Stockholm. The address of the head office is Margretetorpsvägen 84, SE-260 92 Förslöv.

The consolidated accounts for 2010 consist of the parent company and its subsidiaries, together referred to as the Group. The Group also includes shares of holdings in joint ventures and associated companies.

The Annual Report has been prepared in accordance with good accounting practices in Sweden and the consolidated accounts have been prepared in accordance with International Accounting Standards, stated in the regulation of the European Parliament and the Council of Ministers (EG) no 1606/2002 of July 19, 2002, concerning the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the parent company as well as of the Group's condition and result. The directors' report of the parent company and of the Group companies give a true and fair view of the companies' business development, condition and result. It also states major risks and uncertainty factors ahead of the parent company and the Group companies.

Förslöv, April 4, 2011

Göran Grosskopf
Chairman of the Board

Mats Paulsson
CEO and
Member of the Board

Annette Brodin Rampe
Member of the Board

Karl-Axel Granlund
Member of the Board

Svante Paulsson
Member of the Board

Fredrik Paulsson
Member of the Board

Lars Sköld
Member of the Board

Kent Ericsson
Member of the Board

Patrik Svensson
Member of the Board

Kim Thomsen
Member of the Board

The Annual Report and the consolidated accounts have been approved for publication by the Board of Directors and the Chief Executive Officer on April 4, 2011. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on May 10, 2011.

To the annual meeting of the shareholders of Peab AB (publ)
Corporate identity number 556061-4330

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Peab AB (publ) for the year 2010. The annual accounts and the consolidated accounts are presented in the printed version of this document on pages 37 - 96. The Board of Directors and the CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the CEO. We also examined whether any board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

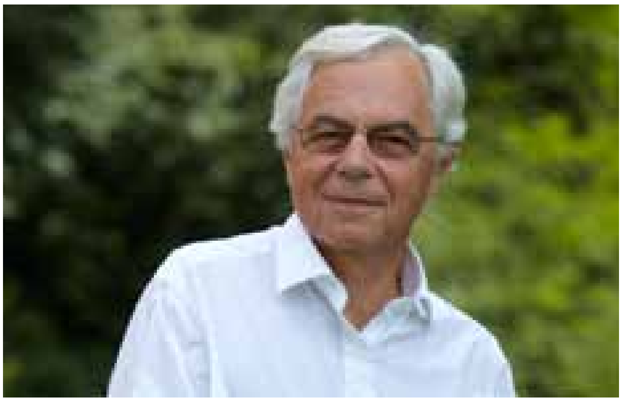
Förslöv, April 4, 2011

Alf Svensson	Thomas Thiel
Authorized Public Accountant	*Authorized Public Accountant*

Group governance and applying the Code.

Peab Group governance is based on the Swedish Companies Act and other relevant legislation, the Articles of Association, the listing agreement with NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance, "the Code".

The corporate governance report is not a part of the financial reports.



Göran Grosskopf, Chairman of the Board

THE ANNUAL GENERAL MEETING AND THE NOMINATION PROCEDURE

The Annual General Meeting (AGM) was held on 11 May 2010 at Grevieparken, Grevie. It was attended by 398 shareholders, representing over 73 percent of the votes, either personally or through representatives.

The procedure of preparing the nomination of members of the Board of Directors (and where appropriate the auditors) for the AGM follows the nomination procedure established at the previous AGM.

At the 2010 AGM the major shareholders recommended a nomination committee consisting of the Chairman of the Board of Directors and an additional three to four members, of which two to three members should represent the major shareholders and one to two members should represent smaller shareholders. The AGM elected Malte Åkerström, Göran Grosskopf, Erik Paulsson and Leif Franzon to act as Peab's nomination committee with Malte Åkerström as Chairman. The nomination committee's proposals will be presented to shareholders in the notice to attend the 2011 AGM. An account of the work of the nomination committee will be available on Peab's website.

DISCLOSURE REQUIREMENT CONCERNING THE PEAB SHARE ETC.

Information concerning shareholdings exceeding 10 percent of votes or shares, voting limitations and authorisation of the Board regarding new issues and repurchases of own shares can be found in the Board of Directors' Report, Peab share, page 42.

THE BOARD OF DIRECTORS AND ITS WORK

According to Peab's Articles of Association the Board of Directors must be made up of no fewer than five and no more than nine members in addition to the statutory employee representatives. The members of the Board of Directors are elected annually by the AGM. At the 2010 AGM the following persons were elected as members of the Board of Directors:

Re-election

Göran Grosskopf	Karl Axel Granlund
Mats Paulsson	Fredrik Paulsson
Svante Paulsson	Annette Brodin Rampe
Lars Sköld	

Board meetings, attendance 2010

AGM elected members	4/1	16/2	29/3	11/5	11/5	11/5[1]	19/5	1/6	22/6	2/7	23/8	23/11
Göran Grosskopf	•	•	•	•	•	•	•	•	•	•	•	•
Mats Paulsson	•	•	•	•	•	•	•	•	•	•	•	•
Anette Brodin Rampe	•	•	•	•	•	•	•	•	•	•	•	•)
Karl-Axel Granlund	•	•	•	•	•	•	•	•	•	•	•	•
Fredrik Paulsson	•	•	•	•	•	•	•	•	•	•	•	•
Svante Paulsson	•	•	•	•	•	•	•	•	•	•	•	•
Lars Sköld	•	•	•	•	•	•	•	•	•	•	•	•
Ordinary employee representatives												
Kent Ericsson	•	•	•	•	•	•	•	•	•	•	•	•
Patrik Svensson	•	•	•	•	•	•	•	•	•	•	•	•)
Kim Thomsen	•	•	•				•	•	•	•	•	•
Deputy employee representatives												
Lars Bergman	•	•	•	•		•						•
David Karlsson	•	•	•	•		•					•	•

1) Constitutional meeting

• Present   •) Present via video link

During the period January 2008 to November 2011 Peab will rebuild and newly construct the emergency room and infection clinic at UMAS in Malmö.

Göran Grosskopf was appointed Chairman of the Board by the AGM. At the 2010 AGM, the following employee representatives were appointed by the employee unions: Kent Ericsson, Patrik Svensson and Kim Thomsen (members), Lars Bergman and David Karlsson (deputies).

The Board of Directors held twelve meetings in 2010, of which five were ordinary meetings of the Board (including the constitutional meeting), three meetings of the Board were held by telephone and four were held per capsulam.

Members of executive management have submitted reports at the meetings of the Board of Directors. The company auditors were present at two of the ordinary meetings of the Board. The Board's work follows the work program adopted by the Board of Directors at the constitutional meeting. The Board evaluates its work on an annual basis.

The members of the Board of Directors elected by the shareholders are compensated in accordance with decisions taken by the AGM.

Peab's CEO, Mats Paulsson, who is also one of the company's major shareholders, is a member of the Board of Directors. The majority of the elected members of the Board of Directors (Göran Grosskopf, Karl-Axel Granlund and Annette Brodin Rampe and Lars Sköld) are independent in relation to the company and executive management. They are also independent in relation to the company's major owners. Mats Paulsson, Fredrik Paulsson and Svante Paulsson are regarded as dependent in relation to the company and the executive management.

THE AUDIT COMMITTEE

Members in 2010 were Göran Grosskopf, Chairman, Karl-Axel Granlund, Fredrik Paulsson, Svante Paulsson, Lars Sköld and Annette Brodin Rampe.

Peab's audit committee consists of all the members of the Board of Directors appointed by the AGM except Mats Paulsson.

The audit committee prepares the work of the Board of Directors by ensuring the quality of company financial reports, establishing guidelines for which other services besides auditing the company may procure from the company auditor, maintaining regular contact with the company auditor regarding the scope and focus and view of company risks, evaluating the auditing work and informing the nomination committee of the evaluation and assisting the nomination committee in producing proposals for auditors and remuneration for auditing work. The auditing committee met twice in 2010. All members of the committee attended, as well as the company accountant. The audit committee regularly reports to the Board of Directors.

THE FINANCE COMMITTEE

Members in 2010 were Göran Grosskopf, Chairman, Karl-Axel Granlund and Mats Paulsson.

The finance committee handles and makes decisions on financial matters in accordance with the Finance Policy established by the Board of Directors. Executive management representatives attend and submit reports to the finance committee meetings. The finance committee met five times during 2010. All members attended all meetings. The finance committee regularly reports to the Board of Directors.

THE REMUNERATION COMMITTEE

Members in 2010 were Göran Grosskopf, Chairman, Karl-Axel Granlund and Mats Paulsson.

The remuneration committee prepares guidelines and the framework for Group executives regarding salaries and other terms of employment. The remuneration committee met once in 2010. Each time all members of the committee participated. The remuneration committee regularly reports to the Board of Directors.

REMUNERATION TO EXECUTIVE MANAGEMENT

The 2010 Annual General Meeting approved the Remuneration Policy for Executive Management. The remuneration policy is available on Peab's website, www.peab.com. Information about salaries and other remuneration to the CEO and members of executive management can be found in note 9 in the Annual Report, page 66 and on the website.

INCENTIVE PROGRAM

Peab has no outstanding share or share-related incentive programs for the Board of Directors or the executive management.

AUDITORS

Under Peab's Articles of Association one or two auditors with an equal number of deputies are elected by the AGM. At the AGM in 2009 the following certified public accountants were elected until the AGM 2013:

Accountants;	Alf Svensson, KPMG (re-election)
	Thomas Thiel, KPMG (new member)
Deputy accountants;	Dan Kjellqvist, KPMG (re-election)
	David Olow, KPMG (new member)

In addition to auditing, the accountants, deputy accountants and KPMG have only provided services for Peab in the form of auditing and tax advisement and certain analyses in connection with acquisitions and divestments over the last three years.

GROUP MANAGEMENT

The President and CEO leads the company according to the framework established by the Board of Directors and is responsible for daily administration and control of the Group. The President has appointed a Vice President who is responsible for the company's operations. Executive management consists of the President, Vice President, Deputy CEO responsible for HR and Communication, Deputy CEO responsible for Business Development and the Deputy CEO responsible Finance and Treasury. [1)]

Executive management meetings are held once a month and address issues of strategy. At the meetings the executive management advisory board, consisting of the Deputy CEO responsible for land and development property as well as the head of acquisitions of businesses and machinery/equipment are called in when

1) These principles have been valid for 2010. The current President and CEO has decided to leave his post after the Annual General Meeting 10 May 2011. The Board has appointed the current Vice President to this post from 11 May 2011.

discussing issues concerning these areas. Representatives of Group staff are called in when needed. Executive management together with the divisional managers make up the Group management. Representatives of Group staff are called in to Group management meetings when needed. Group management meets once a month to discuss strategic and operative issues.

Group staff, which support the entire Peab Group are divided into three teams; Group staff HR and Communication, Group staff Finance and Treasury and Group staff Business Development. Each team meets once a month.

BUSINESS AREA GOVERNANCE

Peab's organisation is characterised by its clearly decentralisation production focus and delegation of authority and responsibility in order to achieve efficient management and control in each business area.

Control is ensured through a clear line of decision for every type of major decision, comprising the need for special approval by executive management or an organ delegated by it for the acquisition of development property, businesses and other major investments and predetermined levels of tenders for individual positions. All signing for the company which is centrally authorised and requires at least one person from either executive management or the limited circle approved by the Board as authorised signatories.

ETHICAL GUIDELINES

Peab founded its ethical work on Peab's core values; Down-to-Earth, Developing, Reliable and Personal many years ago. These core values form the basis of "Peab's Ethical Guidelines", established by the executive management. We work continuously to spread and root Peab's Ethical Guidelines throughout the organisation.

THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL AND RISK MANAGEMENT CONCERNING FINANCIAL REPORTING

Peab's Board of Directors is responsible for ensuring that there are efficient procedures for the management and control of the Group regarding financial reporting. The CEO is responsible for ensuring that internal control is organised and follows the guidelines laid down by the Board of Directors. There is a clear set of rules in the Group for the delegation of responsibility and authority which follows the Group's operative structure. Financial steering and control is performed by Group staff Finance and Treasury.

The Board of Directors' guidelines for internal control concerning financial reporting were laid down in the Internal Control Policy. This policy establishes the way in which the internal control of financial reporting is organised, reviewed and assessed based on the following factors:

- control environment
- risk assessment
- information and communication
- control structure
- evaluation/follow-up

Executive management with the support of Group staff Finance and Treasury are responsible for ensuring that all business units in the Group follow the policy. The CEO is responsible for ensuring that financial reporting is reported to the Board of Directors at the first ordinary meeting of the Board of Directors after the end of every financial year.

The Board of Directors has assessed the need for an internal auditing department and determined that the existing control structure together with the scope of the Group's operations do not motivate establishment of an internal auditing department.

DEVIATIONS FROM THE CODE

Peab has elected to make the following deviations from the code:

CODE RULE 2:3

The majority of the nominating committee's member shall be independent in relationship to the company and company management.

DEVIATION

Peab's nominating committee has four members. Two are independent and two are not. The majority of the nominating committee's members are not independent in relationship to the company and company management.

EXPLANATION OF THE DEVIATION

According to the major shareholders' proposal Peab's nominating committee consists of the Chairman of the Board and three to four other members, of which two to three represent the major shareholders and one to two represent minority shareholders. Half of the nominating committee members are independent. This arrangement is considered a good representation to meet the interests of all shareholders in the company.

AUDITORS' STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Peab AB (Publ)

Company ID nr. 556061-4330

The Board of Directors and the Chief Executive Officer are responsible for the corporate governance report 2010 on pages 99-101 and that it has been prepared according to the Annual Accounts Act.

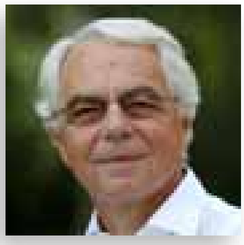
We have based our statement on the preparation of a corporate governance report and its accordance with the annual accounts and Group accounts by reading the corporate governance report and assessing its legal contents based on our knowledge of the company.

In our opinion a corporate governance report has been prepared, and its legal contents agree with the annual accounts and Group accounts.

Förslöv 4 April 2011

Alf Svensson	Thomas Thiel
Authorized Public Accountant	Authorized Public Accountant

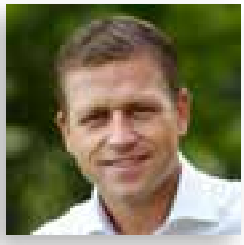
BOARD OF DIRECTORS



Göran Grosskopf
Born 1945. Appointed 2004.
Professor, LLD and Dr Econ
Chairman of the Board of Peab AB, Ingka Holding BV, ColoPlus AB and Mats Paulsson's Foundation. Member of the board of Appo Services AG, Birgma International SA and Svox AG. Former professor of tax law and working chairman of the board of Tetra Laval Group.
Holding: 460,000 B shares.

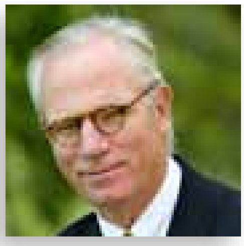
Karl-Axel Granlund
Born 1955. Appointed 2000.
MSc (economics), MSc (engineering)
Main owner and chairman of the board of Volito AB.
Holding: 17,852,000 B shares.

Mats Paulsson
Born 1944. Appointed 1992.
CEO and President of Peab AB until Annual General Meeting 10 May 2011. Member of the boards of Skistar AB and Mentor Sverige AB.
Formerly, various positions within Peab starting in 1959.
Holding: 9,754,910 A shares, 34,398,610 B shares.



Svante Paulsson
Born 1972. Appointed 2003.
Project and Strategy Manager Backahill AB. Member of the boards of Fabege AB, Bilia AB, Backahill AB, AB Cernelle and Rögle BK.
Holding: 1,720,908 A shares, 1,343,580 B shares.

Annette Brodin Rampe
Born 1962. Appointed 2000.
MSc (engineering)
Senior Partner of Brunswick Group. Member of the boards of Pilum AB and Bingocluster AB. Formerly, various positions in E.ON Sverige AB, Exxon Chemical Inc and CEO of Senea AB.
Holding: 50,000 B shares.

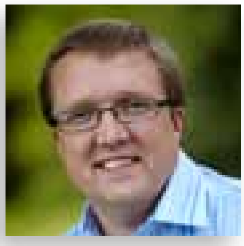


Lars Sköld
Born 1950. Appointed 2007.
CEO of STC Interfinans AB. Chairman of the board of STC GreenFood AB and of various boards within the STC Interfinans group. Member of the board of Åkers Holding AB and of Kulturgastronomen AB.
Holding: 12,000 B shares.

Fredrik Paulsson
Born 1972. Appointed 2009.
Member of the board and CEO of Kranpunkten i Skandinavien AB.
Holding: 4,261,430 A shares, 6,002,154 B shares.

Kent Ericsson
Born 1949. Appointed 1998.
Project Manager Construction.
Employee representative.
Holding: 11,900 B shares, 1,800 convertibles.

Patrik Svensson
Born 1969. Appointed 2007.
Foreman Construction.
Employee representative.
Holding: 1,800 convertibles.

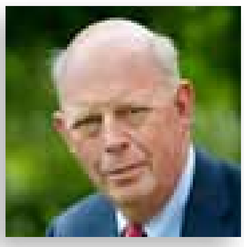


Kim Thomsen
Born 1965. Appointed 2008.
Carpenter Construction.
Employee representative.
Holding: None.

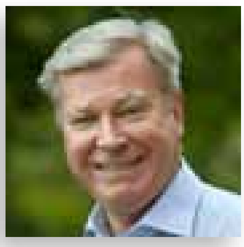
Lars Bergman
Born 1951. Appointed 2008.
Civil Engineering Worker.
Employee representative (deputy).
Holding: None.

David Karlsson
Born 1968. Appointed 2008.
Contract Engineer Peab Sverige.
Employee representative (deputy).
Holding: 1,000 convertibles.

AUDITORS



Alf Svensson
Born 1949.
Authorized public accountant, KPMG.
Auditor in Peab AB since 2007.



Thomas Thiel
Born 1947.
Authorized public accountant, KPMG.
Auditor in Peab AB since 2009.

Deputy auditors; Dan Kjellqvist, Authorized public accountant, KPMG and David Olow, Authorized public accountant, KPMG.

The holdings reported were those on 28 February 2011. Holdings include those of spouses, children who are minors and private company holdings. Convertibles refer to the number of convertible promissory notes 2007/2012 at nominal SEK 68, see note 9, Convertible promissory notes 2007/2012.

EXECUTIVE MANAGEMENT

Mats Paulsson
CEO and President Peab AB[1]
Born 1944.
Employed since 1959.
Holding: 9,754,910 A shares, 34,398,610 B shares.

Jan Johansson
Vice President Peab AB[2]
Born 1959.
Employed since 1986.
Holding: 351,800 B shares, 1,800 convertibles.

Tore Hallersbo
Deputy CEO Peab AB
Business Developement
Born 1955.
Employed since 2005.
Holding: 1,800 convertibles.

Mats Johansson
Deputy CEO Peab AB
Human Resources and Communication
Born 1950.
Employed since 2005.
Holding: 265,100 B shares, 1,800 convertibles.

Jesper Göransson
Deputy CEO Peab AB
CFO
Born 1971.
Employed since 1996.
Holding: 400,400 B shares, 1,800 convertibles.

1) Steps down as President and CEO at the Annual General Meeting 10 May 2011. Nominated as Vice Chairman of the Board.
2) President and CEO from the Annual General Meeting 10 May 2011.

EXECUTIVE MANAGEMENT ADVISORY BOARD

Mats Leifland
Deputy CEO Peab AB
IR, Investments and structural business
Born 1957.
Employed since 1995.
Holding: 319,200 B shares, 1,700 convertibles.

Niclas Winkvist
Acquistions and business support
Born 1966.
Employed since 1995.
Holding: 67,000 B shares , 200 convertibles.

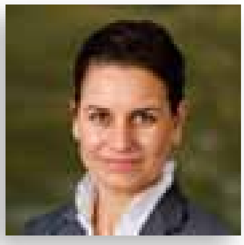
The holdings reported were those on 28 February 2011. Holdings include those of spouses, children who are minors and private company holdings. Convertibles refer to the number of convertible promissory notes 2007/2012 at nominal SEK 68, see note 9, Convertible promissory notes 2007/2012.

CONSTRUCTION

Jan Hildingsson
Division Manager South
Born 1958.
Employed since 1988.
Holding: 71,500 B shares, 1,800 convertibles.

Sven Kerstis
Division Manager West
Born 1960.
Employed since 2007.
Holding: 1,000 B shares, 1,800 convertibles.

Jan-Olof Nordin
Division Manager Stockholm Hus
Born 1958.
Employed since1979.
Holding: 30,100 B shares, 1,800 convertibles.



Sofia Ljungdahl
Division Manager Housing
Born 1969.
Starts summer 2011.
Holding: 350 B shares.

Anders Arfvén
Division Manager Northeast
Born 1962.
Employed since 1985.
Holding: 50,400 B shares, 1,700 convertibles.

Tomas Anderson
Division Manager Property Development
Born 1956.
Employed since 1996.
Holding: 20,000 B shares, 1,800 convertibles.

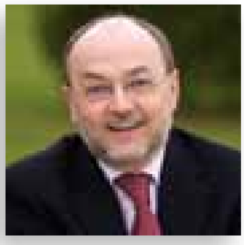
Petri Suuperko
Division Manager Finland
Born 1963.
Employed since 2009.
Holding: None.

Petter Moe
Division Manager Norway
Born 1960.
Employed since 2011.
Holding: None.

CIVIL ENGINEERING

Tore Nilsson
Division Manager Civil Engineering
Born 1950.
Employed since 1986.
Holding: 102,965 B shares, 1,800 convertibles.

INDUSTRY



Stefan Björck
Division Manager Construction system
Born 1954.
Employed from 1983 to 2000 and since 2007.
Holding: 700 B shares, 1,800 convertibles.

Karl-Gunnar Karlsson
Division Manager Industry
Born 1956.
Employed since 2003.
Holding: 15,400 B shares, 200 convertibles.

The holdings reported were those on 28 February 2011. Holdings include those of spouses, children who are minors and private company holdings. Convertibles refer to the number of convertible promissory notes 2007/2012 at nominal SEK 68, see note 9, Convertible promissory notes 2007/2012.

GROUP STAFF

BUSINESS DEVELOPMENT
TORE HALLERSBO

Production and Process Support	Anders Bergeling
Purchasing & Logistics	Stefan Björck
Environment & Energy	Kristina Gabrielii
Housing Developments	Anders Hylén
Construction Maintenance	Hans Nordfeldt
CRM & Multinational Customers	Tommy Lundh

HUMAN RESOURCES AND COMMUNICATION
MATS JOHANSSON

Remunerations & Work Environment	Kai Nilsson
Personnel Administration	Gunnar Wannehag
Recruitment	Mats Svensson
Media	Niclas Brantingson
Information, IR	Gösta Sjöström
Communication	Fredrik Wahrolén *
Security	Peter Martin
IT	Mikael Rydén

** Starts May 2011*

FINANCE AND TREASURY
JESPER GÖRANSSON

Operative Finance	Jan Persson
Treasury	Mikael Johansson
Group Controlling	Marie Håkansson
Group Accounting/Tax	Paul Ohlsson
Legal Affairs	Karin Malmgren
Insurance	Magnus Wickström

Continued increase in market value.

Peab's B share is listed on the NASDAQ OMX Stockholm, LargeCap. As of 31 December 2010 the total market capital of Peab was SEK 16.9 billion (13.6).

TRADING IN THE PEAB SHARE

As of 30 December 2010 the closing price of the Peab share was SEK 57.25, which was a 24.5 percent increase during the year. The Swedish Stock Exchange, measured by the OMX Nordic Stockholm, increased by 23.1 percent in 2010. In 2010, the Peab share was quoted at a maximum of SEK 58.00 and a minimum of SEK 36.20 and 149 million shares (170.2) were traded, which is equivalent to 590,000 shares per trading day (678,000).

SHARES AND SHARE CAPITAL

The total number of shares at the beginning of 2010 was 296,049,730 divided into 34,319,957 A shares with 10 voting rights per share and 261,729,773 B shares with 1 voting right per share.

The share capital amounted to SEK 1,583.9 million.

At the end of 2010 the number of A shares was 34,319,957 representing 11.6 percent (11.6) percent of capital and 56.7 percent (56.7) ot the votes and the number of B shares was 261,729,773 representing 88.4 percent (88.4) of capital and 43.3 percent (43.3) of the votes.

Share capital development over time is available at www.peab.com.

HOLDINGS OF OWN SHARES

At the start of 2010, Peab's holding of own shares amounted to 4,906,220 B shares corresponding to 1.7 percent of the total number of shares.

Peab's Annual General Meeting resolved on 11 May 2010 to authorise the Board of Directors to acquire during the period until the next Annual General Meeting, at the most, the number of shares in Peab AB such that after acquisition Peab would hold a maximum of 10 percent of the shares in the company.

During the year, 4,524,000 B shares, corresponding to 1.6 percent of the total number of shares were bought back for SEK 177 million. 122,000 B shares were sold in connection with an acquisition.

After these transfers Peab's holding of own shares per 31 December 2010 amounts to 9,308,220 B shares which corresponds to 3.1 percent of the total number of shares.

DIVIDEND

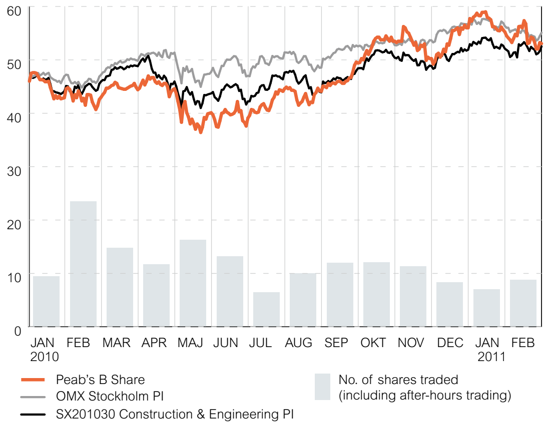
A dividend of SEK 2.60 (2.50) per share is proposed for 2010.

Calculated as a precentage of the Group's reported profit after tax the proposed dividend amounts to 63 percent (55), which is in line with company dividend policy.

The direct return calculated on the proposed dividend and at the closing price on 30 December 2010 is 4.5 percent (5.4).

The total return for the past five years was on the average, slightly more than 20 percent.

Price trend of the Peab share
2 Januari 2010 – 28 February 2011



Source: SIX Telekurs

Peab share, total return
31 December 2005 – 31 December 2010

Source: SIX Telekurs

Data per share

	2010	2009
Earnings, SEK	4.11	4.52
– after dilution	4.10	4.52
Equity, SEK	26.76	25.98
– after dilution	27.93	27.13
Cashflow before financing, SEK	–1.09	2.76
– after dilution	–1.06	2.68
Share price at year-end, SEK	57.25	46.00
Share price/equity, %	213.9	174.7
Dividend, SEK [1]	2.60	2.50
Direct return, % [2]	4.5	5.4
P/E-ratio [2]	14	10

[1] For 2010, Board of Director's proposal to the AGM
[2] Based on closing price at year-end

List of shareholders[1]

	A shares	B shares	Total number of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with company	9,754,910	34,398,610	44,153,520	14.9	21.8
Erik Paulsson with family and company	12,207,615	11,916,299	24,123,914	8.1	22.2
Karl-Axel Granlund with family and company		17,852,000	17,852,000	6.0	3.0
Fredrik Paulsson with family and company	4,261,430	6,002,154	10,263,584	3.5	8.0
Anita Paulsson with family and company	4,261,431	5,957,050	10,218,481	3.5	8.0
Lannebo Funds		8,548,379	8,548,379	2.9	1.4
Folksam		6,900,000	6,900,000	2.3	1.1
Peabs profit share foundation		5,685,108	5,685,108	1.9	0.9
Swedbank Robur Funds		5,042,116	5,042,116	1.7	0.8
Danica Pension		3,859,549	3,859,549	1.3	0.6
Handelsbanken Funds		3,659,547	3,659,547	1.2	0.6
SEB Investment Management		3,549,495	3,549,495	1.2	0.6
Svante Paulsson with family and company	1,720,908	1,343,580	3,064,488	1.0	3.1
Sara Karlsson with family and company	1,778,140	863,299	2,641,439	0.9	3.1
Foreign shareholders		36,118,067	36,118,067	12.3	6.1
Others	335,523	100,726,300	101,061,823	34.2	17.2
Number of outstanding shares	**34,319,957**	**252,421,553**	**286,741,510**		
Peab AB		9,308,220	9,308,220	3.1	1.5
Number of registered shares	**34,319,957**	**261,729,773**	**296,049,730**	**100.0**	**100.0**

Shares and votes per share class [1]

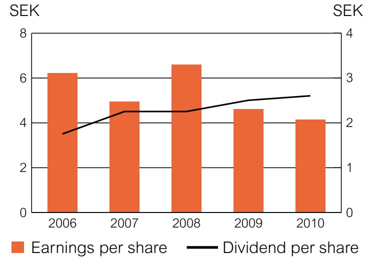
Share class	Number	Number of votes	Proportion of capital, %	Proportion of votes, %
A	34,319,957	10	11.6	56.7
B	261,729,773	1	88.4	43.3
Total	**296,049,730**		**100.0**	**100.0**

Allocation of shareholdings[1]

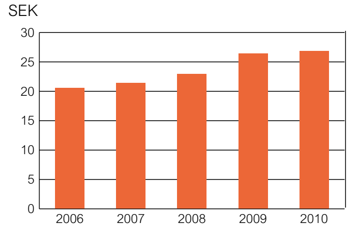
Number of shares	Number of shareholders	Proportion of capital, %	Proportion of votes,%
1– 500	15,367	1.0	0.5
501– 1,000	5,917	1.7	0.8
1,001– 5,000	8,580	7.1	3.5
5,001– 10,000	1,712	4.2	2.0
10,001– 15,000	769	3.1	1.6
15,001– 20,000	278	1.7	0.8
20,001–	788	81.2	90.8
	33,411	**100.0**	**100.0**

[1] Per 2011-02-28

Earnings and dividend per share[1), 2), 3)]

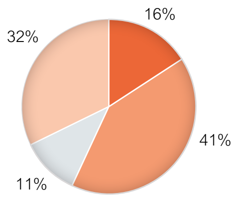


Equity per share [2), 3)]

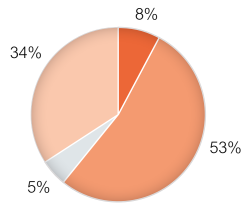


1) For 2010, Board of Directors' proposal to the AGM.
2) Calculated on the recalculated number of shares after the 2:1 split for 2006.
3) Peab Industri not included 2007.

Shareholder categories, proportion of capital [1)]



Shareholder categories, proportion of votes[1)]



Financial companies and trust funds
Other Swedish legal entities
Foregin shareholders
Swedish private persons

SHARE HOLDER INFORMATION.

UPCOMPING REPORTS 2011

Annual General Meeting	10 May, 2011
Interim Report, January-March	10 May, 2011
Interim Report, January-June	23 August, 2011
Interim Report, January-September	22 November, 2011
Year-end Report 2011	15 February, 2012
2011 Annual Report	April, 2012

SHAREHOLDER CONTACT

Mats Leifland, Deputy CEO, Investor relations,
Tel +46 431-891 16,
mats.leifland@peab.se

Gösta Sjöström, Chief Information Officer,
Tel +46 431-891 26,
gosta.sjostrom@peab.se

Fredrik Wahrolén, Chief of Communication
(starts May 2011)

UPDATED FINANCIAL INFORMATION

Peab publishes quarterly reports in Swedish and English about the company's development. Financial information and other company related information, can be downloaded from the Peab website, www.peab.com, or ordered by contacting: Peab AB, Information, SE-260 92 Förslöv, Sweden,
Tel +46 431- 890 00, Fax +46 431- 45 19 75.

ANALYSTS WHO FOLLOW PEAB

Company	Name	Email
ABG Sundal Collier	Fredric Cyon	fredric.cyon@abgsc.se
Carnegie	Tobias Kaj	tobias.kaj@carnegie.se
Danske Bank	Peter Trigarszky	peter.trigarszky@danskebank.se
DnB NOR	Simen Mortensen	simen.mortensen@dnbnor.no
Evli Bank	Magnus Eidemo	magnus.eidemo@evli.com
Handelsbanken	Albin Sandberg	alsa06@handelsbanken.se
Nordea	Jonas Andersson	jonas.l.andersson@nordea.com
SEB Enskilda	Bengt Claesson	bengt.claesson@enskilda.se
Swedbank	Jan Ihrfelt	jan.ihrfelt@swedbank.se
Öhman	David Zaudy	david.zaudy@ohman.se

GROUP

MSEK	**2010 1)**	2009 1)	2008 2) 3)	2007 2) 3)	2006 2) 3)
Income statement items					
Net sales	38,045	34,868	34,132	31,977	26,132
Operating profit	1,503	1,573	1,349	1,261	722
Pre-tax profit	1,513	1,619	1,014	1,099	932
Profit for the year from continuing operations	1,190	1,301	1,093	774	708
Profit for the year	1,190	1,301	1,093	811	1,048
Balance sheet items					
Fixed assets	9,657	8,982	8,192	2,448	4,620
Current assets	17,923	17,632	17,500	12,904	11,893
Total assets	**27,580**	**26,614**	**25,692**	**15,352**	**16,513**
Equity	7,673	7,563	6,370	3,600	3,277
Non-controlling interests	0	43	92	6	1
Long-term liabilities	6,061	6,060	5,897	912	1,640
Current liabilities	13,846	12,948	13,333	10,834	11,595
Total equity and liabilities	**27,580**	**26,614**	**25,692**	**15,352**	**16,513**
Key ratios					
Operating margin, percent	4.0	4.5	4.0	3.9	2.8
Profit margin, percent	4.6	5.4	4.5	4.4	4.0
Return on equity, percent	15.6	18.7	21.9	23.6	31.6
Capital employed	14,712	15,440	13,277	4,674	5,911
Return on capital employed, percent	11.7	13.1	17.3	26.6	17.2
Equity/assets ratio, percent	27.8	28.6	25.2	23.5	19.9
Net assets (+)/Net debt (-)	–5,719	–4,571	–4,042	587	–1,534
Debt/equity ratio, multiple	0.9	1.0	1.1	0.3	0.8
Interest coverage ratio, multiple	7.6	7.5	5.9	12.7	10.4
Capital expenditures					
Goodwill	–6	–23	1,446	14	177
Buildings and land	46	896	969	139	225
Machinery and equipment	496	278	2,827	379	725
Shares and participations	773	576	–222	133	723
Project and development properties	789	518	914	670	246
Orders					
Orders received	34,764	30,393	32,269	37,529	28,711
Order backlog	27,063	24,487	24,233	26,299	20,642
Personnel					
Average numer of employees	13,541	13,633	11,945	11,480	10,740
Data per share 4)					
Earnings, SEK	4.11	4.52	6.56	4.92	6.18
after completed subscription and conversion	4.10	4.52	6.45	4.77	5.89
Cash flow, SEK	–1.09	2.76	–7.59	8.70	14.55
after completed subscription and conversion	–1.06	2.68	–7.20	8.41	13.75
Equity, SEK	26.76	25.98	22.86	21.32	20.51
after completed subscription and conversion	27.93	27.13	24.13	20.27	22.00
Share price at year-end, SEK	57.25	46.00	21.60	66.75	57.35
Ordinary dividend, SEK 5)	2.60	2.50	2.25	2.25	1.75
Extra dividend, SEK	–	–	–	–	3.75
Number of shares at year-end, millions	286.7	291.1	278.7	168.8	159.8
after completed subscription and conversion	295.5	299.9	287.5	177.8	170.8
Average number of outstanding shares, millions	288.6	286.7	166.6	165.0	169.2
after completed subscription and conversion	297.4	295.4	175.5	171.3	180.2

1) From 1 January 2010 Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in reporting. 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. The comparable items for 2009 below have been recalculated according to the new accounting principle.

2) Not recalculated according to the new accounting principles for housing.

3) Peab Industri was distributed to the shareholders in 2007. Peab Industri's profit is therefore reported separately from the profit in continuing operation's profit in the income statements for 2006 and 2007. Peab Industri was repurchased in December 2008. Peab Industri is included in the balance sheet per 31 December 2008. Peab Industri is not included in the income statment for 2008.

4) Calculated on adjusted number of shares after the 2:1 split for the year 2006.

5) For 2010, the Board of Director's proposal to the AGM.

DEFINITIONS.

FINANCIAL DEFINITIONS

Capital employed
Total assets at year-end less non-interest-bearing operating liabilities and provisions.

Cash flow per share
Cash flow per share calculated as the total of the cash flow from current operations and cash flow from investment activities divided by the average number of outstanding shares during the year.

Debt/equity ratio
Interest-bearing liabilities in relation to equity.

Direct return
Dividend as a percentage of the share price at year-end.

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

Equity/assets ratio
Equity as a percentage of total assets at year-end.

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

Interest coverage ratio
Pre-tax profit items plus interest expenses in relation to interest expenses.

Net assets (+) / Net debt (-)
Interest-bearing liabilities including provisions for pensions less liquid and interest-bearing assets.

Operating margin
Operating profit as a percentage of net sales.

Order backlog
The value of the remaining income in ongoing production plus orders recieved yet to be produced.

Orders received
The sum of orders received during the year.

P/E ratio
Share price at year-end divided by earnings per share.

Profit margin
Pre-tax profit items plus financial expenses as a percentage of net sales.

Return on capital employed
Pre-tax profit items plus financial expenses as a percentage of average capital employed.

Return on equity
Profit for the period attributable to shareholders in parent company divided by average equity attributable to shareholders in parent company.

CONSTRUCTION RELATED DEFINITIONS

Contract amount
The amount stated in the contract for contract work excluding VAT.

Fixed price
Contract to be carried out for a fixed price without the contractor being able to alter it, unless the client makes changes to the contract or makes supplementary orders.

General contract
Contract work where the contractor carries out construction and appoints and is responsible for sub-contractors on the basis of documentation provided by the client.

Peab Partnering
A type of collaboration which is similar to Peab's trust-based contracts. The difference is that partnering requires whole-hearted collaboration by two or more equal partners during all phases of the construction process. Partnering is suitable for customers who want to be, can and are actively involved from start to finish.

Peab's trust-based contracts
A type of collaboration between Peab and the customer involving collaboration at an early stage, shared goals and decisions and complete openness in processes and systems such as finance and purchasing. To start with, the customer presents his/her requirements and then Peab comes up with a proposal. Customers are not as closely involved in the construction process in Peab's trust-based contracts as they are in Peab Partnering.

PGS
PGS stands for Peab Gemensamt System (Peab's Common System)and refers to standardized construction elements manufactured in Peab's own factories or by partners. PGS means industrial construction from fabrication to final mounting.

Project and development property
Holdings of unimproved land and decontamination property for future development, real estate with buildings for project development or improvement and thereafter sales within Peab's normal operation cycle.

Project development
Finding project and development properties in the market and developing these into complete projects.

Total contract
Contract work where the contractor, in addition to building, is also responsible for planning the project.

Head office
Peab AB
SE-260 92 Förslöv, (Margretetorpsvägen 84), Sweden, Tel +46 431-890 00, Fax +46 431-45 17 00

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RHR Corporate Communication, Malmö