

# New Accounting Standards (IFRS)

PSA Peugeot Citroën, along with all other European listed companies, will be required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as from January 1, 2005 (European Regulation no.1606/2002 of July 19, 2002 on the application of international accounting standards). The first IFRS-based disclosures will concern net sales for the first quarter of 2005, followed by first-half 2005 results and 2005 annual results. In each case, the Group will be required to present comparative IFRS data for the year-earlier period.

In order to comply as closely as possible with the recommendation of the Committee of European Securities Regulators (CESR) on the changeover to IFRS (recommendation 03-323e of December 30, 2003), the Group intends to publish IFRS accounts for 2004, without prior year comparatives (the IFRS 2004 Accounts), in parallel with the statutory French GAAP statements, in February 2005.

As provided for in IFRS 1 – First-time adoption of International Financial Reporting Standards, the IFRS 2004 Accounts will be prepared in accordance with all IFRSs/IASs published as of December 31, 2004 and applicable as of January 1, 2005. In particular, these accounts will fully comply with IAS 39, since the provisions currently rejected by the EU Commission do not apply to the Group. Note that IFRS 2 has not yet been endorsed by the European Commission.

The Group considers that the production of a full set of IFRS financial statements – income statement, cash flow statement, balance sheet and statement of changes in stockholders' equity – together with a full set of notes represents the best way of ensuring that the financial community understands the changes resulting from the adoption of IFRS and can accurately assess their impact on the financial statements.

In order to provide the financial community with initial insight into these changes, the Group decided to publish before the end of year 2004 a set of 16 fact sheets describing current accounting practice, the corresponding accounting treatment under IFRS and the main impact on the accounts. These fact sheets deal with the areas where the changeover to IFRS will result in a material change in accounting practice compared to French GAAP. The description of IFRS rules only covers the accounting treatment adopted by the Group, and not any allowed alternative treatments. Where useful, the method of applying IAS/IFRS is also described.

At the time of the 2004 results presentation, the Group will provide the financial impacts of these changes of method between French GAAP and IFRS on the opening IFRS balance sheet at January 1, 2004 and/or on the 2004 results.

1. Automobile Division Research and Development Expenditure
2. Faurecia Research and Development Expenditure
3. Goodwill
4. Property, Plant and Equipment
5. Impairment in Value of Long-Lived Assets
6. Faurecia Special Tools
7. Sales with a Buyback Commitment
8. Banque PSA Finance – Impairment of Finance Receivables
9. Pension Benefits
10. Treasury Stock
11. Stock Options
12. Financial Assets and Liabilities
13. Foreign Currency Transactions
14. Finance Receivables
15. Interest Rate Hedging
16. Securitizations