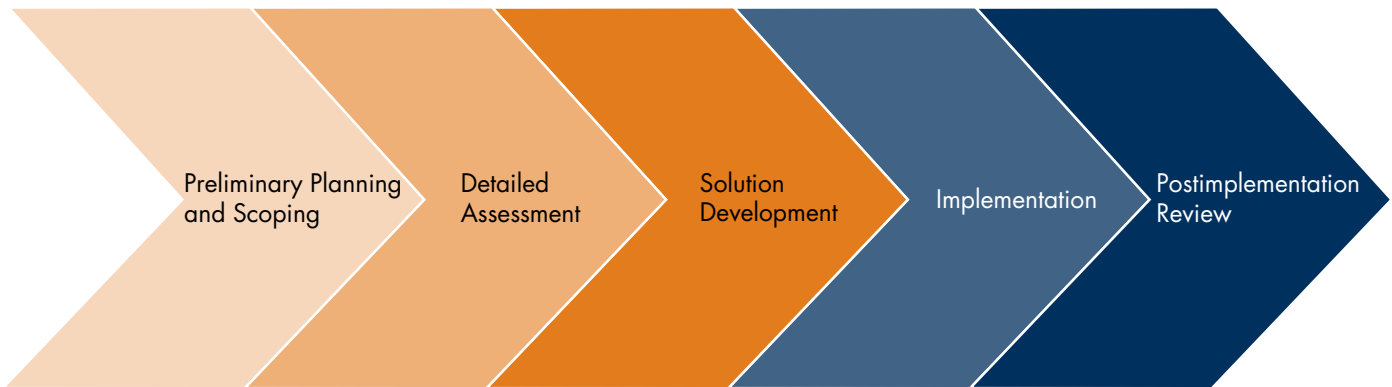


International Financial Reporting Standards



Adopting a new system

There's a major movement happening in the accounting world across North America. In June 2006, the Accounting Standards Board of Canada announced that, by the first quarter of 2011, all publicly accountable organizations in Canada would be required to begin publishing their financial statements using international financial reporting standards (IFRS) rather than Canadian generally acceptable accounting principles (GAAP), with comparative figures for 2010. Similarly, regulatory bodies in the United States have been working toward phasing in the use of IFRS by US companies.

What is IFRS?

IFRS is a single suite of global accounting standards that's been under development for over three decades. Today, it's made up of international accounting standards and international financial reporting standards and is set by the International Accounting Standards Board, an independent standard-setting body of the International Accounting Standards Committee Foundation.

The move to using IFRS gained momentum when the European Union (EU) announced its decision to adopt the standards in 2005. Now, the use of IFRS is required or permitted by over 100 countries, including Australia, New Zealand, China, Israel, South Africa, and the EU member states.

Why convert to IFRS?

The advantages of following this set of accounting standards are many. Use of these standards can help organizations stay competitive in global capital markets, streamline and reduce the cost of reporting globally, easily compare their operations with those of competitors, and make better decisions by employing standardized data, among other things.

Recognizing that IFRS is quickly becoming the global practice for accounting, along with other factors, Stantec has chosen to adopt the standards as its practice. In early 2008, the Company

established an IFRS project team to develop and implement a program for achieving a smooth transition to the new system.

The program consists of five phases (represented in the graphic above):

- 1) Preliminary planning and scoping
- 2) Detailed assessment
- 3) Solution development
- 4) Implementation
- 5) Postimplementation review

Transitioning to the new standards is no simple task. It requires learning IFRS, analyzing the differences between IFRS and Canadian GAAP, choosing accounting policies where alternatives are available, training our Financial Services staff, and communicating the effects on our business of using IFRS to shareholders and the investment community.

What does IFRS impact?

Although the conceptual framework for IFRS is similar to that for Canadian GAAP, there are differences in the way items are recognized, measured, and disclosed in financial statements. For us, converting to IFRS will mean making several changes to the format of our statements and including more or longer explanatory notes. We expect to make the most changes in our accounting for business combinations, testing for asset impairment, recognition of revenue from subleases, and accounting for joint ventures. More information about these impacts is included in our 2010 Third Quarter Report.

Adopting IFRS is a major undertaking, but we expect the end result to be an effective, globally recognized accounting system for reporting our results. After all, as one of the top companies, worldwide, in our industry, we strive to be at the forefront of significant, international developments.