

## Chairman's Statement

The Group had another successful year. We have a strong balance sheet and will continue to invest in developing the business.



## Results

I am pleased to report that the Group had another successful year, with revenue up 13% and normalised diluted earnings per share up by 23%. We have, as planned, continued to make further progress in increasing operating margin from 6.6% to 6.9%. This continued development of the Group, including the improvement in operating margins, was achieved against a challenging economic backdrop in the second half of the year.

In the UK, our Rail, Highways and Transportation and Management and Project Services segments all performed well. There were good performances from the majority of our businesses within the Design and Engineering Solutions segment other than in our building design business which was adversely impacted by the slowdown of its market. The results of our small Asset Management segment were very disappointing, reflecting problems with one legacy long-term PFI facilities management contract.

The result for our business in the Middle East was significantly ahead of last year, with operating profit of £17.3m, up 82%. In the first half of the year the business grew strongly but confidence in the region was significantly impacted by the global economic slowdown and a liquidity crisis in the region in autumn 2008. A number of projects were cancelled during the third quarter, necessitating a re-sizing of the business in the fourth quarter of the year. Our businesses in China and Europe have both delivered increased profits.

The Group's liquidity remains strong helped by a very good cash performance and we ended the year with net funds of £234.2m.

## People

After a number of years of sustained growth, the Group's staff numbers reached a peak of approximately 18,600 in November 2008. In response to the worsening market conditions in the latter part of the year, principally in our UK and Middle East commercial and residential property-facing businesses, we announced the redundancy of some 1,200 staff. Approximately 600 staff had left the business by the year-end, taking our year-end staff numbers to approximately 18,000, with the remainder leaving in the subsequent few months as their notice periods come to an end. We do not make such decisions lightly, as we take our responsibilities to our people very seriously, but they were necessary in order to reduce our costs in response to the changed economic environment. At the same time, however, we are continuing to recruit to fill specialist vacancies in other areas of our business, such as nuclear, which continue to experience growth in demand and to take in graduate trainees.

I would like to thank all our employees throughout the Group for their commitment and efforts during these turbulent economic times.

## Board of directors

Robert MacLeod, who has served as Group finance director since June 2004, and James Morley, who has served as a non-executive director since January 2001, have both announced their intention to leave the Board in June 2009. Robert will step down as Group finance director and leave the Board on 19 June and James will retire from the Board on 30 June. They have each made an invaluable contribution to the Group and I wish them every success in their future endeavours.

I am delighted to welcome Heath Drewett and Joanne Curin to the Board. Heath joined the Board on 15 June 2009 and will assume the role of Group finance director on 19 June 2009. Joanne joined the Board as a non-executive director on 10 February 2009 and will take the chair of the Audit Committee on 30 June 2009. Lord Boyce will assume the role of senior independent director, also on 30 June.

## Dividend

The Board is recommending a final dividend of 17.25p, making the total dividend for the year 26.0p (2008: 24.0p), an increase of 8%. If approved, the dividend will be paid on 25 September 2009 to ordinary shareholders on the register on 14 August 2009.

## Outlook

We start the new financial year in a good position with work in hand representing 54% of our budgeted revenue (2008: 55%). The macro-economic climate varies significantly across our diverse range of markets. The majority are relatively stable but some uncertainties remain in our UK building design business and confidence has yet to fully return in the Middle East. We are, however, well prepared to respond to fluctuations, both positive and negative, in all our markets.

The Group is well placed to navigate through the challenging overall environment. We have a strong balance sheet and will continue to invest in developing the business.

## Ed Wallis

Chairman  
16 June 2009