

# Notes to the summary financial statement

## 1 Basis of preparation

The summary financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. The Group's accounting policies are set out in the Directors' report and accounts 2007.

## 2 Segment analysis – continuing operations

	Building, building management and services 2007 £m	Civil and specialist engineering and services 2007 £m	Rail engineering and services 2007 £m	Investments 2007 £m	Corporate costs 2007 £m	Total 2007 £m
<b>Performance by activity:</b>						
<b>Results</b>						
Group revenue	3,527	2,112	775	51	1	6,466
Group operating profit	75	63	43	(25)	(30)	126
Share of results of joint ventures and associates	–	23	1	41	–	65
Profit from operations before exceptional items and amortisation	75	86	44	16	(30)	191
Exceptional items	(26)	(9)	2	–	–	(33)
Amortisation of intangible assets	(6)	(3)	–	–	–	(9)
Profit from operations	43	74	46	16	(30)	149

	Europe 2007 £m	North America 2007 £m	Other* 2007 £m	Total 2007 £m
<b>Performance by geographic origin:</b>				
Group revenue	4,958	1,471	37	6,466
Profit from operations before exceptional items and amortisation	145	18	28	191
Exceptional items	(27)	(6)	–	(33)
Amortisation of intangible assets	(4)	(5)	–	(9)
Profit from operations	114	7	28	149

	Building, building management and services 2006 £m	Civil and specialist engineering and services 2006 £m	Rail engineering and services 2006 £m	Investments 2006 £m	Corporate costs 2006 £m	Total 2006 £m
<b>Performance by activity:</b>						
<b>Results</b>						
Group revenue	2,030	1,677	766	14	–	4,487
Group operating profit	42	46	35	(19)	(24)	80
Share of results of joint ventures and associates	1	1	3	43	–	48
Profit from operations before exceptional items and amortisation	43	47	38	24	(24)	128
Exceptional items	–	(21)	2	–	–	(19)
Amortisation of intangible assets	–	(1)	–	–	–	(1)
Profit from operations	43	25	40	24	(24)	108

	Europe 2006 £m	North America 2006 £m	Other* 2006 £m	Total 2006 £m
<b>Performance by geographic origin:</b>				
Group revenue	3,893	572	22	4,487
Profit from operations before exceptional items and amortisation	125	(12)	15	128
Exceptional items	(1)	(18)	–	(19)
Amortisation of intangible assets	(1)	–	–	(1)
Profit from operations	123	(30)	15	108

\*Other principally comprises the Group's operations in Hong Kong and Dubai.

### 3 Exceptional items and amortisation of intangible assets

	Group			Group 2006 £m
	Metronet 2007 £m	Other 2007 £m	Total 2007 £m	
<b>Charged against profit before taxation</b>				
Metronet – net contract losses	(27)	–	(27)	–
North America integration and reorganisation costs	–	(6)	(6)	(2)
National Engineering and Contracting Company – impairment of goodwill	–	–	–	(16)
Other items	–	–	–	(1)
Premium on buy-back of preference shares	–	(2)	(2)	(7)
	(27)	(8)	(35)	(26)
<b>Credited to taxation</b>				
Tax on items above	9	2	11	1
Recognition of US deferred tax assets	–	51	51	–
Credited to/(charged against) profit from continuing operations	(18)	45	27	(25)
<b>(Charged against)/credited to profit from discontinued operations</b>				
Profit on sale of operations	–	57	57	–
Metronet – impairment of investment	(87)	–	(87)	–
– tax thereon	10	–	10	–
<b>Exceptional items credited to/(charged against) profit for the year</b>	(95)	102	7	(25)
Amortisation of intangible assets	–	(9)	(9)	(1)
Tax thereon	–	3	3	–
<b>Credited to/(charged against) profit for the year</b>	(95)	96	1	(26)

### 4 Discontinued operations

Discontinued operations include the Group's 24.5% interest in Devonport Management Ltd, which was sold on 28 June 2007 and resulted in a profit on sale of operations of £57m, and the Group's 20% interests in Metronet Rail BCV Holdings Ltd and Metronet Rail SSL Holdings Ltd, following the appointment of a PPP Administrator to the concession companies on 18 July 2007, resulting in a £87m impairment of investment, before a tax credit of £10m.

### 5 Earnings per ordinary share

	Earnings Basic 2007 £m	EPS Basic 2007 Pence	Earnings Basic 2006 £m	EPS Basic 2006 Pence
Continuing operations	169	39.3	75	17.6
Discontinued operations	(18)	(4.2)	16	3.6
	151	35.1	91	21.2
Exceptional items	(7)	(1.6)	25	5.9
Amortisation of acquired intangible assets	6	1.5	1	0.2
<b>Adjusted earnings/earnings per ordinary share</b>	<b>150</b>	<b>35.0</b>	117	27.3

The weighted average number of ordinary shares used to calculate basic earnings per share was 430.0m (2006: 427.1m). Adjusted earnings per ordinary share, before exceptional items and amortisation of intangible assets, and including the pre-exceptional results of discontinued operations, has been disclosed to give a clearer understanding of the Group's underlying trading performance.

### 6 Post balance sheet events

On 11 February 2008, the Group agreed to acquire the military PPP accommodation business of GMH Communities Trust for a cash consideration of approximately US\$350m. The transaction is conditional upon certain US military division, funder and regulatory consents.