

For the year ended 31 December 2008

Summary Group income statement

	2008			2007		
	Before exceptional items* £m	Exceptional items* (Note 3) £m	Total £m	Before exceptional items*# £m	Exceptional items* (Note 3) £m	Total# £m
Continuing operations						
Revenue including share of joint ventures and associates	9,486	–	9,486	7,488	–	7,488
Share of revenue of joint ventures and associates	(1,225)	–	(1,225)	(1,022)	–	(1,022)
Group revenue	8,261	–	8,261	6,466	–	6,466
Cost of sales	(7,628)	–	(7,628)	(5,959)	(33)	(5,992)
Gross profit	633	–	633	507	(33)	474
Net operating expenses						
– amortisation of intangible assets	–	(27)	(27)	–	(9)	(9)
– other	(478)	51	(427)	(394)	(6)	(400)
Group operating profit	155	24	179	113	(48)	65
Share of results of joint ventures and associates	75	(3)	72	65	6	71
Profit from operations	230	21	251	178	(42)	136
Investment income	43	–	43	42	–	42
Finance costs	(24)	–	(24)	(19)	(2)	(21)
Profit before taxation	249	21	270	201	(44)	157
Taxation	(66)	(8)	(74)	(53)	65	12
Profit for the year from continuing operations	183	13	196	148	21	169
Loss for the year from discontinued operations	–	–	–	2	(20)	(18)
Profit for the year attributable to equity shareholders	183	13	196	150	1	151

*and amortisation of intangible assets.

Re-presented (Note 1).

	Notes	2008 pence	2007 pence
Basic earnings per ordinary share			
– continuing operations	4	42.9	39.3
– discontinued operations	4	–	(4.2)
		42.9	35.1
Diluted earnings per ordinary share			
– continuing operations		42.7	39.0
– discontinued operations		–	(4.2)
		42.7	34.8
Dividends per ordinary share proposed for the year		12.8	11.5

For the year ended 31 December 2008

Summary Group statement of recognised income and expense

	2008 £m	2007 £m
Actuarial (losses)/gains on retirement benefit obligations	(76)	2
Cash flow hedges – fair value revaluations	(1)	–
PPP cash flow hedges – fair value revaluations	(107)	(7)
– reclassified and reported in net profit	–	7
PPP financial assets – fair value revaluations	102	(26)
– reclassified and reported in net profit	–	(3)
Changes in fair value of net investment hedges	(105)	(4)
Currency translation differences	217	7
Tax on items taken directly to equity	25	5
Net income/(expense) recognised directly in equity	55	(19)
Profit for the year from continuing operations	196	169
Loss for the year from discontinued operations	–	(18)
Total recognised income for the year attributable to equity shareholders	251	132

At 31 December 2008

Summary Group balance sheet

	2008 £m	2007 £m
Non-current assets		
Intangible assets – goodwill	975	694
– other	223	59
Property, plant and equipment	296	215
Investments in joint ventures and associates	469	381
Investments	55	57
PPP financial assets	151	62
Deferred tax assets	132	125
Derivative financial instruments	3	3
Trade and other receivables	74	77
	2,378	1,673
Current assets		
Inventories	125	72
Due from customers for contract work	383	338
Derivative financial instruments	2	1
Trade and other receivables	1,193	881
Cash and cash equivalents – PPP subsidiaries	2	3
– other	461	391
	2,166	1,686
Total assets	4,544	3,359
Current liabilities		
Trade and other payables	(2,168)	(1,718)
Due to customers for contract work	(540)	(415)
Derivative financial instruments	(66)	(6)
Current tax liabilities	(23)	(7)
Borrowings – PPP non-recourse loans	–	(3)
– other	(12)	(16)
	(2,809)	(2,165)
Non-current liabilities		
Trade and other payables	(152)	(135)
Derivative financial instruments	(40)	(6)
Borrowings – PPP non-recourse loans	(145)	(61)
– other	(9)	(1)
Deferred tax liabilities	(10)	(7)
Liability component of preference shares	(87)	(87)
Retirement benefit obligations	(261)	(286)
Provisions	(166)	(128)
	(870)	(711)
Total liabilities	(3,679)	(2,876)
Net assets	865	483
Equity		
Called-up share capital	239	216
Share premium account	54	52
Equity component of preference shares	16	16
Special reserve	139	164
Share of joint ventures' and associates' reserves	230	178
Other reserves	79	9
Retained profits/(accumulated losses)	104	(152)
Equity attributable to equity holders of the parent	861	483
Minority interests	4	–
Total equity	865	483

The summary financial statement, extracted from the Directors' report and accounts 2008, has been approved by the Board and signed on its behalf by:

Duncan Magrath Director
4 March 2009

For the year ended 31 December 2008

Summary Group cash flow statement

	2008 £m	2007 £m
Cash flows from operating activities		
Cash generated from operations	297	277
Income taxes paid	(18)	(24)
Net cash from operating activities	279	253
Cash flows from investing activities		
Dividends received from joint ventures and associates	53	83
Interest received	27	26
Acquisition of businesses, net of cash and cash equivalents acquired	(302)	(198)
Purchase of property, plant and equipment	(93)	(80)
Purchase of investments	–	(11)
Investment in and loans made to joint ventures and associates	(9)	(50)
Investment in PPP financial assets	(81)	(39)
Settlement of financial derivatives	(48)	4
Disposal of businesses, net of cash and cash equivalents disposed	–	92
Disposal of property, plant and equipment	17	9
Disposal of investments	2	–
Net cash used in investing activities	(434)	(164)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	186	5
Purchase of ordinary shares	(13)	(4)
Proceeds from new loans	81	42
Repayment of loans	(18)	(1)
Repayment of finance leases	(2)	–
Buy-back of preference shares	–	(8)
Ordinary dividends paid	(54)	(42)
Interest paid	(12)	(7)
Preference dividends paid	(11)	(11)
Net cash from/(used in) financing activities	157	(26)
Net increase/(decrease) in cash and cash equivalents	2	63
Effects of exchange rate changes	72	8
Cash and cash equivalents at beginning of year	379	308
Cash and cash equivalents at end of year	453	379

Notes to the summary financial statement

1 Basis of preparation

The summary financial statement has been prepared on a going concern basis 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 2008. In order to better reflect the operating performance of the Group, certain pension related income and costs have been reclassified within the income statement in the current year as permitted by IAS 19. The net amount of the interest cost for the unwind of the pension obligations and the expected return on scheme assets has been reclassified out of net operating expenses to investment income. 2007 comparative amounts have been re-presented to reflect this change.

2 Segment analysis – continuing operations

	Building, building management and services 2008 £m	Civil and specialist engineering and services 2008 £m	Rail engineering and services 2008 £m	Investments 2008 £m	Corporate costs 2008 £m	Total 2008 £m
Performance by activity:						
Results						
Revenue including share of joint ventures and associates	4,635	3,243	1,055	553	–	9,486
Share of revenue of joint ventures and associates	(137)	(656)	(39)	(393)	–	(1,225)
Group revenue	4,498	2,587	1,016	160	–	8,261
Group operating profit	84	85	39	(19)	(34)	155
Share of results of joint ventures and associates	4	19	2	50	–	75
Profit from operations before exceptional items and amortisation	88	104	41	31	(34)	230
Exceptional items	(1)	(5)	–	(5)	59	48
Amortisation of intangible assets	(14)	(3)	(1)	(9)	–	(27)
Profit from operations	73	96	40	17	25	251

	Europe 2008 £m	North America 2008 £m	Other* 2008 £m	Total 2008 £m
Performance by geographic origin:				
Group revenue	5,981	2,216	64	8,261
Profit from operations before exceptional items and amortisation	147	59	24	230
Exceptional items	51	(3)	–	48
Amortisation of intangible assets	(10)	(17)	–	(27)
Profit from operations	188	39	24	251

	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
Performance by activity:						
Results						
Revenue including share of joint ventures and associates	3,640	2,668	785	394	1	7,488
Share of revenue of joint ventures and associates	(113)	(556)	(10)	(343)	–	(1,022)
Group revenue	3,527	2,112	775	51	1	6,466
Group operating profit	70	59	39	(25)	(30)	113
Share of results of joint ventures and associates	–	23	1	41	–	65
Profit from operations before exceptional items and amortisation	70	82	40	16	(30)	178
Exceptional items	(26)	(9)	2	–	–	(33)
Amortisation of intangible assets	(6)	(3)	–	–	–	(9)
Profit from operations	38	70	42	16	(30)	136

2 Segment analysis – continuing operations continued

	Europe 2007 [#] £m	North America 2007 [#] £m	Other* 2007 [#] £m	Total 2007 [#] £m
Performance by geographic origin:				
Group revenue	4,958	1,471	37	6,466
Profit from operations before exceptional items and amortisation	132	18	28	178
Exceptional items	(27)	(6)	–	(33)
Amortisation of intangible assets	(4)	(5)	–	(9)
Profit from operations	101	7	28	136

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

[#] Re-presented (Note 1).

3 Exceptional items and amortisation of intangible assets

	2008 £m	2007 £m
Credited to/(charged against) profit before taxation		
Reduction in pension past service liabilities	60	–
Metronet – net contract losses	–	(27)
Post-acquisition integration, reorganisation and other costs	(6)	(6)
Adjustment to Birse Group goodwill	(3)	–
Tax adjustments on share of joint ventures and associates	(3)	–
Premium on buy-back of preference shares	–	(2)
	48	(35)
(Charged against)/credited to taxation		
Tax on items above	(15)	11
Tax credit on recognition of Birse Group losses	3	–
Industrial buildings allowances	(3)	–
Recognition of US deferred tax assets	–	51
Credited to profit from continuing operations	33	27
Credited to/(charged against) profit from discontinued operations		
Profit on sale of operations	–	57
Metronet – impairment of investment	–	(87)
– tax thereon	–	10
Exceptional items credited to profit for the year	33	7
Amortisation of intangible assets	(27)	(9)
Tax thereon	7	3
Credited to profit for the year	13	1

4 Earnings per ordinary share

	Earnings Basic 2008 £m	EPS Basic 2008 pence	Earnings Basic 2007 £m	EPS Basic 2007 pence
Continuing operations	196	42.9	169	39.3
Discontinued operations	–	–	(18)	(4.2)
	196	42.9	151	35.1
Exceptional items	(33)	(7.2)	(7)	(1.6)
Amortisation of intangible assets	20	4.2	6	1.5
Adjusted earnings/earnings per ordinary share	183	39.9	150	35.0

The weighted average number of ordinary shares used to calculate basic earnings per share was 457.6m (2007: 430.0m). Adjusted earnings per ordinary share, before exceptional items and amortisation of intangible assets, and including the pre-exceptional results of discontinued operations in 2007, has been disclosed to give a clearer understanding of the Group's underlying trading performance.

5 Post balance sheet events

On 23 February 2009 the Group acquired Dooley Construction Limited Partnership, a leading North Carolina USA firm in the interiors construction market, for a cash consideration of \$40m.

Independent auditors' statement to the members of Balfour Beatty plc

We have examined the Group's summary financial statement for the year ended 31 December 2008 which comprises the summary Group income statement, the summary Group balance sheet, the summary Group cash flow statement, the summary Group statement of recognised income and expense, the notes to the summary financial statement, the summary Directors' report and the summary Directors' remuneration report.

This report is made solely to the Company's members, as a body, in accordance with Section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual review 2008, including the summary financial statement, in accordance with United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual review 2008, with the full annual accounts, the Directors' report and the Directors' remuneration report, and its compliance with the relevant requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the Annual review 2008 as described in the contents section, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our work in accordance with bulletin 1999/6 "The Auditors' Statement on the Summary Financial Statement" issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's and Company's full annual financial statements describes the basis of our audit opinion on those financial statements and the Directors' remuneration report.

Opinion

In our opinion, the summary financial statement is consistent with the full annual accounts, the Directors' report and the Directors' remuneration report of Balfour Beatty plc for the year ended 31 December 2008 and complies with the applicable requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom
4 March 2009

Summary reports

The Annual review 2008 includes a summary of information contained in the Directors' report and accounts 2008. The aim is to provide shareholders with information in a clear and concise manner. For this reason, the Annual review 2008 does not contain all the information to allow for a full understanding of the results of the Company and the Group and their state of affairs. For further information, the full Annual report and accounts 2008, comprising the Annual review 2008 and the Directors' report and accounts 2008 (containing the financial review, the Directors' report, the Directors' remuneration report, the financial statements and the independent auditors' report, which is unqualified), should be consulted. A copy of the Directors' report and accounts 2008 may be obtained, free of charge, by writing to Capita Registrars at the address on the inside back cover. Shareholders contacting the Registrars should quote their full name and address in correspondence. The Directors' report and accounts 2008 is also available on the Group's website at www.balfourbeatty.com



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Shareholder information

Financial calendar

	2009
22 April	Ex-dividend date for final 2008 ordinary dividend
24 April	Final 2008 ordinary dividend record date
14 May	Annual General Meeting
27 May	Ex-dividend date for July 2009 preference dividend
29 May	July 2009 preference dividend record date
10 June	Final date for receipt of DRIP mandate forms (see below)
1 July	Preference dividend payable
6 July*	Final 2008 ordinary dividend payable
12 August*	Announcement of 2009 half-year results
10 December*	Interim 2009 ordinary dividend payable

*Provisional dates.

Registrars

All administrative enquiries relating to shareholdings and requests to receive corporate documents by email should be directed to the Company's Registrars and clearly state the shareholder's registered address and, if available, the full shareholder reference number. Please write to:

Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, Telephone: 0871 664 0300 from the UK (calls cost 10p per minute plus network extras) and +44 20 8639 3399 from outside the UK (Monday – Friday 9.00 am – 5.30 pm, UK time). Alternatively, you can email them at: ssd@capitaregistrars.com

They can help you to:

- check your shareholding;
- register a change of address or name;
- obtain a replacement dividend cheque or tax voucher;
- record the death of a shareholder;
- amalgamate multiple accounts;
- resolve any other question about your shareholding.

Dividends and dividend reinvestment plan

If you wish dividends to be paid directly into your bank or building society account, through the Bankers Automated Clearing System (BACS), you should contact the Registrars for a dividend mandate form.

Balfour Beatty has a dividend reinvestment plan (DRIP) which allows ordinary shareholders to reinvest their cash dividends in the Company's shares bought in the market through a specially arranged share dealing service. Full details of the DRIP and its charges, together with mandate forms, can be accessed at www.balfourbeatty-shares.com

Shareholder information on the internet and electronic communications

The Balfour Beatty website at www.balfourbeatty.com offers shareholders and prospective investors a range of information about the Company, its people and businesses and its policies on corporate governance and corporate responsibility. It should be regarded as your first point of reference for information on any of these matters.

In conjunction with Capita Registrars, you can create a Share Portal account, through which you are able to access the full range of online shareholder services, including the ability to:

- view your holdings and indicative share price and valuation;
- view movements on your holdings and your dividend payment history;
- register a dividend mandate to have your dividends paid directly into your bank account;
- change your registered address;
- sign-up to receive e-communications or access the online proxy voting facility;
- download and print shareholder forms.

The Share Portal is easy to use. Please visit www.balfourbeatty-shares.com. Alternatively, you can email: shareportal@capita.co.uk

Balfour Beatty actively supports Climate Care, a not-for-profit organisation that funds global sustainable energy and forest restoration projects that reduce greenhouse gases. Climate Care's projects also help to improve people's standard of living and to protect wildlife habitats. For more information on Climate Care, visit www.climatecare.org

In support of the Climate Care programme, Balfour Beatty will donate £1 to Climate Care for every shareholder that registers to receive shareholder communications electronically.

Gifting shares to your family or to charity

To transfer shares to another member of your family as a gift, please ask the Registrars for a Balfour Beatty gift transfer form. Alternatively, if you only have a small number of shares whose value makes it uneconomic to sell them, you may wish to consider donating them to the share donation charity ShareGift (registered charity no. 1052686), whose work Balfour Beatty supports.

Any shares that you donate to ShareGift will be aggregated, sold when possible, and the proceeds will be donated to a wide range of other UK charities. Since ShareGift was launched, over £13m has been given to more than 1,500 charities. The relevant share transfer form may be accessed at www.balfourbeatty-shares.com. For more information on ShareGift, visit www.ShareGift.org

Share dealing services

Capita IRG Trustees Limited provide a telephone and online share dealing service for UK and EEA resident shareholders. To use this service, shareholders should contact Capita, Telephone: 0871 664 0454 – lines are open Monday to Friday 8.00 am to 4.30 pm, UK time (calls cost 10p per minute plus network extras). Alternatively, log on to www.capitadeal.com

The Company has also established an execution-only postal share dealing service through JPMorgan Cazenove Limited for private investors who wish to buy or sell Balfour Beatty plc's shares. Further details can be obtained from The Balfour Beatty Share Dealing Service, JPMorgan Cazenove Limited, 20 Moorgate, London EC2R 6DA, Telephone: 020 7155 5155.

An execution-only share dealing service for the purchase and sale of Balfour Beatty shares is also available from NatWest Stockbrokers. For details, please contact: NatWest Stockbrokers, Waterhouse Square, 138-142 Holborn, London EC1N 2TH, Telephone: 0808 208 4433.

Capita IRG Trustees Limited, JPMorgan Cazenove Limited and NatWest Stockbrokers are each authorised and regulated by the Financial Services Authority.

Share price

The Balfour Beatty share price can be found at the Balfour Beatty website at www.balfourbeatty.com and in the appropriate sections of national newspapers under the classification "Construction and Building Materials". It is also available on a number of personal finance websites on the Internet and from television text services.

The London Stock Exchange Daily Official List (SEDOL) codes are:

Ordinary shares: 0096162.

Preference shares: 0097820.

The London Stock Exchange "ticker" codes are:

Ordinary shares: BBY.

Preference shares: BBYB.

Capital gains tax

For capital gains tax purposes the market value on 31 March 1982 of Balfour Beatty plc's ordinary shares of 50p each was 307.3p per share. This has been adjusted for the 1-for-5 rights issue in June 1992 and the 2-for-11 rights issue in September 1996.

Enquiries

Enquiries relating to Balfour Beatty's results, business and financial position should be made in writing to the Corporate Communications Department at the Company's Registered Office address or by email to info@balfourbeatty.com

Balfour Beatty plc
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