Balfour Beatty

News Release

8 March 2012

BALFOUR BEATTY PLC
RESULTS FOR THE FULL-YEAR ENDED 31 DECEMBER 2011

Balfour Beatty, the international infrastructure group, reports its financial results for the full-year ended 31 December 2011:

(£m unless otherwise specified)	**2011**	2010	Change (%)
Revenue[1]	**11,035**	10,473	+5
Group revenue	**9,494**	9,236	+3
Profit from continuing operations			
- underlying[2]	**331**	325	+2
- reported	**243**	220	+10
Pre-tax profit from continuing operations			
- underlying[2]	**334**	306	+9
- reported	**246**	201	+22
Earnings per share from continuing operations			
- underlying[2]	**35.5p**	32.7p	+9
- basic	**26.7p**	23.0p	+16
Dividends per share	**13.8p**	12.7p	+9
Financing			
- net cash before PPP subsidiaries (non-recourse)	**340**	518	
- net borrowings of PPP subsidiaries (non-recourse)	**(332)**	(270)	

2010 financial statements have been re-presented for the classification of Barking Power as a discontinued operation (see Note 7)
[1] including joint ventures and associates; [2] before non-underlying items (see Note 5)

Highlights
- Strong performance demonstrates the diversity, flexibility and resilience of our business
- Order book stable at £15.2bn
- Revenue[1] up 5%; up 6% on a constant currency basis and 4% on an organic basis
- Underlying profit from operations improved in all divisions except for Construction Services
- Existing cost efficiency programme delivering, with £15m of savings in 2011; a further £50m pa of savings targeted through a broader programme over the next three years
- £20m gain from infrastructure investment disposals; Directors' valuation of the PPP portfolio increased to £743m
- Earnings per share up 9%; dividend increased by 9% to 13.8p
- Net cash position strong at £340m

"We delivered a strong performance in 2011, made further progress towards the delivery of our strategy and demonstrated the diversity, flexibility and resilience of our business. We are excited by the opportunities in growth sectors such as rail and power and growth markets like Australia, Canada and India.

"Our ongoing programmes to achieve cost efficiency and to recycle capital in our investments business were successful in 2011, and we plan to accelerate them. We have confidence that these programmes will underpin performance. This should ensure that we make progress in 2012." *Ian Tyler, Chief Executive*

BALFOUR BEATTY PLC
RESULTS FOR THE FULL-YEAR ENDED 31 DECEMBER 2011

OVERVIEW

2011 was a year of strong operational and financial performance. We are pleased to announce that we maintained a strong order book, achieved 5% growth in revenue and 9% improvement in underlying earnings per share from continuing operations in difficult markets.

Underlying profit from operations improved in Professional Services, Support Services and Infrastructure Investments, although Construction Services profit was lower, primarily as a result of anticipated margin decline in US construction.

2011 was also a year of progress towards the delivery of our strategy. We are pleased that the operating performance of Parsons Brinckerhoff has improved as planned with margins in Professional Services rising to 5.3% despite lower volumes in UK consultancy work which held back profits.

We also completed our target footprint in US construction with the acquisition of Howard S. Wright in the Northwest. With our significant national presence in the US, we are leveraging customer relationships and capabilities across most of the country.

In the year, the Directors' valuation of the Investments business increased to £743m. Meanwhile, we started our asset disposal programme, and reached our stated target of £20m of disposal gains while making the Investments business self-sufficient for capital.

Furthermore, we successfully implemented the cost efficiency programme announced in late 2010 and achieved a run rate of £15m. We are confident that we are on track to achieve our goal of £30m gross savings by 2013.

Looking ahead, we are cognisant of some near-term challenges, but also excited about delivering on our strategy. We are taking action to accelerate our cost efficiency and PPP disposal programmes following their successful implementation in 2011. We aim to drive a further £50m of cost savings per annum by 2015, for a one-off cost expected to be in a range 1 to 1.5 times the annual savings. We should see some modest savings this year, with a major portion coming through in 2013 and the residual element in 2014. During 2012 we also expect to be in a position to double the PPP disposal gains we achieved in 2011 through the sale of some mature assets. Our goal is to deliver £40m of gains in 2012. Together, we have confidence that these programmes will underpin performance and ensure that we make progress in 2012.

Longer term, we see excellent opportunities in the key verticals and new geographies, and we are making good headway. Our strategy remains to drive performance in vertical markets such as rail, power, mining, water and transportation, to develop our position in new geographies, deploying our collective capabilities across the Group, and to operate ever more efficiently in our core markets, so that we gain maximum benefit from the cyclical recovery as it comes.

The underlying theme behind this strategy – and behind our optimism for the future – is that we are in a global growth market, we are targeting the strongest growth sectors of that market, and we are competitively advantaged in those sectors. The development of infrastructure is an increasingly central imperative for economic policy in both mature and emerging markets. We have excellent knowledge and capability across the infrastructure market, and are very well-placed to benefit from this long-term global trend.

OPERATIONAL PERFORMANCE

Professional Services

	2011	2010	Actual growth (%)	Constant currency growth (%)
Order book (£bn)	1.6	1.5	+7	+6
Revenue[1] (£m)	1,645	1,613	+2	+2
Profit from operations[2] (£m)	87	85	+2	+1
Margin[2] (%)	5.3	5.3		

[1] *including joint ventures and associates*
[2] *before non-underlying items (see Notes 2 and 5)*

Order book increased in the year from £1.5bn to £1.6bn with reductions in the UK and the US more than offset by wins in the rest of the world, primarily in South Africa and Qatar.

The impact of the acquisition of Halsall, increased revenue in Australia, particularly in the mining sector, partly offset by revenue decline in the UK, resulted in overall revenue growth of £32m, or 2%.

The improvement in profit from operations is particularly noteworthy. Underlying profit from operations of £87m was ahead of the £85m in 2010. Excluding the effect of the additional £8m incentive income in 2010, underlying operating margin improved from 4.8% in 2010 to 5.3% in 2011.

In the US market, transportation accounts for some 80% of our professional services revenue and the funding of transportation projects is crucial to the availability of work. However, the contracts we won throughout the year demonstrate that despite the failure to agree a new six-year federal funding budget for transportation, individual states have found innovative ways to finance projects and bring them to market.

The US power market presented opportunities in the year. Our volume of work doubled, albeit from a small base, and we are encouraged about the future.

Our acquisition in Canada, Halsall, is giving us a good platform on which to develop a transportation and power business; we have recently been selected for two transportation projects in the country.

In a difficult market in the UK, we have shifted our emphasis towards the delivery of complex and specialist solutions, and away from commodity services. This approach has helped us to secure contracts across a number of market sectors including a significant power transmission contract in the second half. In parallel, a rigorous cost saving programme has ensured that we remain competitive in the challenging market conditions.

In the Middle East our work is shifting from Dubai and Abu Dhabi, where opportunities are currently limited, to other Gulf States such as Qatar, Saudi Arabia and Kuwait. We see these as growth markets which are integral to our expansion strategy and we have been mobilising some of our UK technical expertise to meet demand in these countries. Our long-term contracts include major programme management roles in both the rail and highways sectors in Qatar.

Strong revenue growth in Australia and parts of Asia helped to drive profitable growth in the region. The Australian market is currently buoyant, particularly in the minerals and power sectors. We have won significant contracts in rail, road and mining projects.

Despite the continuing difficulties in US transportation funding and constraints on UK public sector spending, we look forward with optimism. With 150 offices worldwide, we are well-diversified and able to direct resources to the markets that present the greatest opportunities.

We are encouraged by our robust order book and expect favourable market developments in higher-growth regions – particularly Australia, Asia and Southern Africa. Collectively, these positive developments are expected to benefit Professional Services and ensure that we continue to make further progress in 2012.

Construction Services

	2011	2010	Actual growth (%)	Constant currency growth (%)
Order book (£bn)	8.5	9.2	-8	-8
Revenue[1] (£m)	7,050	6,734	+5	+6
Profit from operations[2] (£m)	169	201	-16	-15
Margin[2] (%)	2.4	3.0		

The Group's segmentation was revised in 2011, moving Plant and Fleet Services from Construction Services into Support Services. Accordingly comparative information has been re-presented to reflect this change (see Note 1.3).

[1] *including joint ventures and associates*

[2] *before non-underlying items (see Notes 2 and 5)*

Performance was impacted by the full-year effect of the reduction in public spending as well as low volumes in commercial property development in our major markets. Against this background, order book declined by 8% to £8.5bn, including £0.4bn from acquisitions.

Revenue grew overall by 5% to £7.1bn for the year. Very good growth in Hong Kong and the US was partly offset by a 1% decline in the UK, particularly in civil infrastructure.

The reduction in underlying margins from 3.0% to 2.4% is due to a number of factors. Margins in US construction, which had been buoyed in the past by higher-margin niche projects, have come down to market levels in 2011 due to fierce competition for lower levels of available work. In the UK, the market was competitive and average project sizes were smaller relative to those in the recent past. In this difficult environment, margins in UK construction held up reasonably well at 2010 levels. This performance was helped by the cost reduction initiatives we have been implementing in back office and procurement in parts of the UK business. Our rail business had a solid performance overall, although a small number of projects in Germany and Scandinavia held back overall profitability.

At the start of the year expectations had been dampened by the UK Government's 2010 Comprehensive Spending Review. As expected, the overall UK market has been contracting – although some sectors have fared better than others.

The volume of work has been lower – particularly in health and education. This has increased competition in the market, with a consequent adverse impact on margins. In these conditions, our diversity has been a particular strength – enabling us to shift resources into more promising sectors such as energy-from-waste, nuclear new-build and Crossrail.

Operational delivery was excellent during the year. We completed and handed over a number of projects – most notably the Olympic Aquatics Centre and the A3 Hindhead road project as well as 42 education projects across the UK and four hospitals. We made excellent progress on the M25 widening and Terminal 2B at Heathrow and handed Blackfriars Station over in February 2012.

With the acquisition of Howard S. Wright ("HSW") in June, we completed our target US construction footprint. This allowed us to undertake a significant year of reorganisation and consolidation while successfully pursuing growth in a very competitive market.

HSW's integration has gone smoothly and our combined team is already pursuing projects. We have had a number of wins and prequalifications which are evidence of the revenue synergies we expected from the acquisition. We also completed the acquisition of Fru-Con in June, significantly enhancing our strength in the US water sector.

In Hong Kong, 2011 was a heavy tendering period that ended in a record order book for the second year running. There are early signs of improvement in the Dubai market in terms of awards. Abu Dhabi has grown less than expected but we remain active, both in M&E and construction. As we sought new opportunities in the Middle East, we had particular success in winning M&E work in Qatar despite intense competition from other international companies.

We have formed a discrete business unit to develop major rail projects globally – typically those requiring integration of resources from across the Group. The combination of our construction and professional services capabilities gives us a strong competitive position in such projects which is evident in the award of two rail projects in recent months in Melbourne, Australia and in Denmark.

Looking forward, with public sector spending likely to continue shrinking in many developed countries, we will look for growth in the regulated and private sectors – as well as economies where governments are spending on infrastructure to support their economic development.

In the UK we are pursuing growth particularly in the power, rail and commercial sectors. We also see continuing opportunity in parts of the public sector, such as the new PFI priority schools programme.

In the US we can now compete from a position of strength as one of only a few players with national capability. We are looking to capitalise on this position by leveraging customer relationships and capability from one region to another.

The public sector infrastructure market in Hong Kong is expected to remain strong. While the private sector building market remains subdued, public sector spending on residential, leisure and government buildings will take up the slack to some extent.

As previously stated we expect the reduction in the US margin to continue in 2012. Given the increasing proportion of our business from the US, this will reduce the overall margin for Construction Services. The UK should remain reasonably steady, benefiting from the cost reduction plans we announced in 2010.

While margin depends on the mix of business, we expect to be able to maintain underlying margin at around 2%, and expect an improvement towards some 3% as the market recovers.

Support Services

	2011	2010	Actual growth (%)	Constant currency growth (%)
Order book (£bn)	5.1	4.5	+13	+13
Revenue[1] (£m)	1,584	1,443	+10	+10
Profit from operations[2] (£m)	67	62	+8	+8
Margin[2] (%)	4.2	4.3		

The Group's segmentation was revised in 2011, moving Plant and Fleet Services from Construction Services into Support Services. Accordingly comparative information has been re-presented to reflect this change (see Note 1.3).

[1] including joint ventures and associates

[2] before non-underlying items (see Notes 2 and 5)

The order book grew to a record level in the year in all activities except in water where we are working through the AMP5 water cycle. Our order book of £5.1bn, up 13% from 2010, promises good growth for the future.

Revenue improved in transport, power and buildings, each of which represents around 30% of the division, while water revenue recovered from the low level last year with over 40% growth. Overall, revenue reached £1,584m, up 10% from that in 2010.

Underlying profit from operations increased by 8% to £67m in the year, resulting in an underlying operating margin of 4.2% compared to 4.3% in 2010. This was a good result in view of numerous new contracts which are typically less profitable at the start of the contract period due to mobilisation costs.

Support Services is mainly a UK-based business. Although the UK Government's Comprehensive Spending Review aimed to reduce public sector spending overall, it has opened up new kinds of opportunity. Local authorities are changing the way they work in order to be more cost efficient. They are bringing more services into the marketplace, integrating contracts and lengthening contract terms. This has created a window of opportunity to build order books. During the year this business progressed extremely well, gaining contracts worth £475m – half in highways and half in integrated contracts.

A similar pattern is evident in the outsourced FM market. While the reduction in discretionary spend since the 2008 financial crisis has made this market extremely competitive at the single-service end, there is significant potential for profitable work in the bundled FM and total FM segments that we target. 2011 was a record year for both revenue and order intake for this business.

The regulated utilities sectors in the UK and elsewhere have substantial investment programmes driven by rising energy demand and the need to renew ageing assets. Growing consumer demand and the privatisation of network ownership mean that much of this investment is insulated from government spending reviews. As well as asset renewal and construction we also undertake asset maintenance, providing a steady business stream alongside the investment cycles.

Internationally, all markets are seeing significant investment in electricity networks to support a shift towards renewable generation and to meet rising energy demand from consumers and the resources sector. We have power network contracts in the US, Australasia, Hong Kong and Indonesia, where we operate domestic businesses in joint ventures. We are now reviewing opportunities in these and other international markets such as Canada where we have past experience and there is a demand for our skilled resources and capabilities in managing supply chain relationships.

Our rail renewal activities for Network Rail were adversely impacted by a 24% planned reduction in volume. Efficiency improvements and gain share payments offset part of this impact.

In highway maintenance, our contract for Area 2 was not renewed during the year. We are currently bidding to secure the contract for Area 10.

We expect 2012 to be another year of progress for Support Services, with the current order book supporting good revenue growth. We expect the continuation of reductions in rail and highways volumes to have a negative impact on margins, although this is expected to be offset by the positive margin impact from recent contracts which will have bedded down.

Infrastructure Investments

	2011	2010
Profit from continuing operations[2] (£m)	43	12
Net interest income from PPP concessions[3] (£m)	28	18
Pre-tax result from continuing operations[2] (£m)	71	30
Directors' valuation of PPP concessions (£m)	743	671

2010 financial statements have been re-presented for the classification of Barking Power as a discontinued operation

[2] *before non-underlying items (see Notes 2 and 5)*

[3] *subordinated debt interest income and net interest income from PPP subsidiaries (see Notes 3 and 4)*

Infrastructure Investments delivered a sharply increased underlying pre-tax result from continuing operations up to £71m (2010: £30m) including net interest income. The growth in the portfolio in recent years has started to provide increased returns in the PPP operating profit results but also in the subordinated debt interest income, reflecting the increased investment. In addition to this the more active recycling of the portfolio delivered disposal gains of £20m. Bid costs were down in the year, partly reflecting a move away from the more complex bids, such as hospitals, but also reflecting increased crystallised bid cost recoveries.

We sold two mature assets in line with our strategy of realising value from the PPP portfolio. The disposal of a 60% interest in Connect A50, reducing our holding to 25%, yielded proceeds of £16m. The sale of our 50% stake in Blackburn Hospital yielded proceeds of £12m. Both interests realised proceeds in excess of Directors' valuation. The total £20m book gain has been accounted for as part of our underlying profits and supports our progressive dividend policy.

Following our previously announced decision to dispose of our 25.5% effective interest in Barking Power, we sold the asset to the Balfour Beatty Pension Fund at its £55m book value in December 2011.

At 31 December 2011, Balfour Beatty had 64 PPP projects, eight of which were at preferred bidder stage. Overall, despite the sale of assets, the Directors' valuation of the PPP portfolio rose in the year to £743m (2010 restated: £671m).

Operationally, the division had an excellent year in 2011 – in business wins, project completions and progress towards its strategic goals. The projects won in 2011 secured future investment of £70m, as well as generating around £700m of construction work and a number of facilities management contracts.

In education in the UK, Hertfordshire Schools BSF reached financial close and four schools across Islington, Southwark and Blackburn were completed and handed over.

In the healthcare market we completed four hospitals – Pinderfields, Pontefract, Salford and Fife – on time and to budget. The buildings have been handed over to clients, with our Support Services division taking responsibility for maintenance and operation.

Northwest Fire and Rescue and street lighting projects in Cambridgeshire and Northamptonshire also reached financial close.

We were chosen as preferred bidder for the Greater Gabbard offshore transmission asset, the last and largest project in the first round of tenders for OFTO licences, which comes after our preferred bidder position to acquire the transmission assets of the Thanet offshore wind farm in 2010.

Energy-from-waste is another growth area we have been targeting in the last two years. We have been selected as preferred bidder for an energy-from-waste project for Gloucestershire Council as well as a waste treatment project for Essex Council.

In North America, we were chosen as "highest-ranked offeror" (preferred bidder) for three more family housing projects for the US Air Force: Western Group, Northern Group and ACC Group.

In 2011 we made significant progress in transferring our successful military housing model to other accommodation investments. We are pleased to have attracted experienced and skilled people to help us address the higher education market.

One of our strategic goals is to generate more income from the skills accumulated in the Investments business – and the asset knowledge in the Group, which has been significantly enhanced by the addition of Parsons Brinckerhoff. To that end we have established an infrastructure funds management business, which made good progress in the year.

Our focus for the future is on diversification. We operate in complex markets and are continually developing our skills to address them effectively.

Looking forward, we aim to generate an increasing proportion of income outside the public sector and to partner with a wider range of organisations to meet increasingly complex client demands. University accommodation is a good example of this strategy both in the US and the UK. Over time, we expect this broadening of horizons to reduce our reliance on traditional sectors such as education, health and transportation. In line with overall Group strategy we are also broadening our geographical reach.

The success of our disposal programme so far and the active secondary markets we are currently experiencing have led to the decision to accelerate our disposal programme with a target of £40m of gains on disposals in 2012. In February 2012, we disposed of our 50% interest in the North Lanarkshire schools PPP concession for £18m, resulting in a disposal gain of £8m. The programme should ensure that our pre-tax result from the Investments business continues to make progress despite bid costs returning to their previous level.

COST AND EFFICIENCY UPDATE

The Group-wide cost efficiency programme made good progress in 2011. Operational efficiency has benefited from the opening of our UK shared service centre (SSC) in early 2011. The SSC now has over 230 employees and provides eight of our operating companies, representing £3.0bn or 50% of UK revenue, with their transactional accounting and payroll services. In addition, on the procurement side, they are now delivering benefits by co-ordinating and managing £300m of spend. Operational cost savings reached a gross annual run-rate of some £15m by the end of 2011, and we are on target for £30m of gross savings by 2013 as forecast.

The achievements of 2011 give us confidence to broaden these programmes this year. We are targeting to deliver a further £50m of savings per annum by 2015 for a one-off cost expected to be in a range 1 to 1.5 times the annual savings. We aim to see some modest savings in 2012 with a major portion coming through in 2013 and the residual element in 2014.

FINANCIAL SUMMARY

Revenue including joint ventures and associates increased 5% in the year to £11,035m (2010: £10,473m). The impact of acquisitions was relatively modest in the year, and was partially offset by the loss of revenue from the disposals of the UK specialist rail manufacturing business and PPP assets. Excluding the impact of currency and acquisitions and disposals, underlying revenue growth was 4% compared with the underlying decline of 11% experienced in 2010.

Our share of underlying post-tax profits from continuing joint ventures and associates increased to £75m from £72m last year, principally due to increased profits from our UK PPP roads concessions offset by reduced profits from overseas rail joint ventures.

Underlying profit from continuing operations increased by 2% to £331m (2010: £325m) including the benefit of £20m of gains from PPP disposals.

Net finance income of £3m was up significantly on the prior year (2010: net cost £19m), largely as a result of an £18m reduction in the net finance cost on pension schemes. Additional investment into PPP projects resulted in a £6m increase in subordinated debt interest income.

Underlying pre-tax profit from continuing operations therefore increased 9% to £334m (2010: £306m).

The underlying tax charge for continuing operations for the year of £91m (2010: £83m) equates to an effective tax rate of 35.1% (2010: 35.5%), excluding the Group's share of the results of joint ventures and associates. Eliminating the preference share dividends, which do not attract tax relief, the Group's effective tax rate would have been 33.7% (2010: 33.9%). Adjusting further to include tax in associates and joint ventures, and comparing this to pre-tax profits for the continuing Group and associates and joint ventures, the effective tax rate was 29.2% (2010: 29.7%).

Non-underlying items of £88m (2010: £105m) before tax were charged to the income statement for continuing operations. This comprised amortisation of acquired intangible assets of £62m (2010: £82m) and other items of £26m (2010: £23m). This amortisation charge declined in the year as some intangible assets became fully written down and more than offset the increase from new acquisitions. Other items comprised £7m for acquisition related costs (2010: £31m) and £12m for the cost of implementing the UK shared service centre (2010: £12m), which remains on track for annual gross savings of £30m by 2013 as forecast. In 2011 we also had a £7m loss on disposal of the UK specialist rail manufacturing business, including a goodwill write-off of £7m. In 2010 PPP disposal gains of £20m were included in non-underlying items.

Underlying earnings per share for continuing businesses of 35.5p were up 9% on last year (2010: 32.7p).

The Group's effective 25.5% interest in Barking Power was classified as a discontinued operation from 2 March 2011 and was sold in December 2011 to the Balfour Beatty Pension Fund at its carrying value of £55m.

Cash generated from operations of £35m (2010: £169m) was impacted by a working capital outflow of £201m. Including the impact of acquisitions and exchange, negative working capital decreased from £1,248m at the end of 2010 to £1,085m at the end of

2011. Of this decrease of £163m, the two biggest components were reductions of £122m in Construction Services and £67m in Professional Services. In Construction the reduction in negative working capital results largely from changes in the mix of business, away from larger more complex projects, which have the potential for more favourable terms, to smaller projects. The Professional Services movement largely relates to a decrease in negative working capital on some Asian contracts, which was anticipated at the time of the acquisition of Parsons Brinckerhoff.

Cash from operations was also impacted by the regular pension deficit payments of £58m (2010: £41m).

Average cash in the second half of the year was £104m, although the Group's net cash at 31 December 2011 was in excess of that at £340m (2010: £518m), before taking into account the consolidation of £332m (2010: £270m) of non-recourse net debt held in wholly-owned PPP project companies.

In November 2011 the Group's existing bilateral committed banking facilities were replaced by a five-year revolving syndicated facility at £850m with similar covenants.

GOODWILL AND INTANGIBLE ASSETS

Total consideration for acquisitions in the year amounted to £120m. Goodwill arising on these acquisitions amounted to £87m and a further £34m of intangible assets were recognised. As a result, and after exchange adjustments, the goodwill on the Group's balance sheet at 31 December 2011 increased to £1,279m (2010: £1,196m) and other intangible assets, net of amortisation of £66m (2010: £82m), reduced to £239m (2010: £251m).

Impairment reviews have been carried out, and none of the goodwill has been impaired. Details of the calculations and assumptions are shown in Note 11.

BALANCE SHEET AND CAPITAL STRUCTURE

Excluding intangible assets, there are two significant sources of asset strength - the Directors' value of the PPP investments portfolio and net cash. These balance the liabilities of negative working capital and pensions. During 2011 there were a number of factors that affected the absolute levels of those balances, and despite a reduction in the absolute level of cash we consider the year-end position overall to be as strong as at the start of the year.

Infrastructure investments

During 2011, the Group invested £52m (2010: £73m) in a combination of equity and shareholder loans to PPP project companies. During the year total proceeds of £28m were received from the disposals of interests in two concessions, realising £4m in excess of Directors' valuation.

The Directors have carried out a valuation of the Group's PPP concessions which shows that the value of the portfolio has increased during the year from a restated £671m to £743m, despite the £28m of disposals.

Working capital

Negative working capital reduced from £1,248m to £1,085m, so total working capital as a percentage of annualised revenue ("WCPR") at the end of the year was (10.9)% (2010: (13.5)%). The most significant component of negative working capital relates to Construction Services, which ended the year with WCPR of (14.7)% (2010: (17.6)%).

We have seen a shift of our business away from larger and more complex construction projects, many of which are project financed, to shorter-term smaller projects, which tend to have less scope for favourable payment terms. We anticipate this trend will continue in 2012, and so expect the WCPR for Construction Services to reduce further by 1% to 2%.

In Professional Services we have seen a shift from a small negative WCPR of (2.4)% last year-end to a positive 1.9% at the end of 2011. This is due to the unwinding of some particularly favourable projects in the Asia Pacific region, anticipated at the time of acquisition. This segment is expected to trend toward a positive 5% working capital business over the next 18 months, which is the norm for a professional services business, where the largest element of cost is salaries.

Pensions – balance sheet movement

The Group's balance sheet includes aggregate deficits of £275m (2010: £441m) for the Group's pension funds based on the assumptions set out in Note 15. The Group recorded net actuarial gains for 2011 on those funds totalling £60m (2010: £86m), with the effects of the lower discount rates applied to the funds' liabilities more than offset by better than expected returns on the assets held by the funds and the rebasing of some benefits from RPI to CPI.

A formal actuarial valuation of the Balfour Beatty Pension Fund ("BBPF") was carried out at 31 March 2010 and showed a funding position of 85%. A funding plan was agreed to eliminate that deficit over eight years, comprising an initial one-off payment of £40m, which was paid in December 2010, and regular monthly payments of £4.0m starting from April 2010. The monthly payments increase each April by the growth in CPI up to a cap of 5%, plus 50% of any increase in the Company's dividend in excess of CPI. Monthly deficit payments from April 2011 were £4.2m, and an additional one-off contribution of £55m was made in December 2011.

Note 15 includes a sensitivity analysis which identifies the impact on the income statement and the balance sheet from changes in the assumptions.

DIVIDENDS

The Board has recommended a final dividend of 8.5p in respect of 2011, giving a full-year dividend of 13.8p (2010: 12.7p), up 9% on last year.

OUTLOOK

We delivered a strong performance in 2011, made further progress towards the delivery of our strategy and demonstrated the diversity, flexibility and resilience of our business. We are excited by the opportunities in growth sectors such as rail and power and growth markets like Australia, Canada and India.

Our ongoing programmes to achieve cost efficiency and to recycle capital in our Investments business were successful in 2011, and we plan to accelerate them. We have confidence that these programmes will underpin performance. This should ensure that we make progress in 2012.

ENDS

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Forward-looking statements

This announcement may include certain forward-looking statements, beliefs or opinions, including statements with respect to Balfour Beatty plc's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by the Balfour Beatty plc Directors in good faith based on the information available to them at the date of this announcement and reflect the Balfour Beatty plc Directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in UK and US government policies, spending and procurement methodologies, and failure in Balfour Beatty's health, safety or environmental policies.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this announcement and Balfour Beatty plc and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. No statement in the announcement is intended to be, or intended to be construed as, a profit forecast or to be interpreted to mean that earnings per Balfour Beatty plc share for the current or future financial years will necessarily match or exceed the historical earnings per Balfour Beatty plc share. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

Notes to editors:

Balfour Beatty (www.balfourbeatty.com) is a world-class infrastructure group with capabilities in professional services, construction services, support services and infrastructure investments.

We work in partnership with our customers principally in the UK, continental Europe, the US, South-East Asia, Australia and the Middle East, who value the highest levels of quality, safety and technical expertise.

Key infrastructure markets include transportation (roads, rail and airports); social infrastructure (education, specialist healthcare, and various types of accommodation);

utilities (water, gas and power transmission and generation) and commercial (offices, leisure and retail).

The Group delivers services essential to the development, creation and care of these infrastructure assets including project design, financing and management, engineering and construction, and facilities management services.

Balfour Beatty employs 50,000 people around the world.

Additional information

A presentation to analysts and investors will be made at Goldman Sachs International, Auditorium, River Court, 120 Fleet Street, London, EC4A 2BB at 10:00 (UK time). There will be a live webcast of this presentation on www.balfourbeatty.com.

A teleconference for analysts and investors will be hosted at 15:00 (UK time). To join the call, please dial participant telephone number +44 (0)20 7784 1036 and quote confirmation code 7154435. A recording of the call and its transcript can be found on our website within 24 hours of the event.

High-resolution photographs are available to the media free of charge at www.newscast.co.uk (Tel. +44 (0)20 7608 1000).

The Company's statutory accounts for the year ended 31 December 2011 are expected to be posted to those shareholders who have requested a paper copy on 5 April 2012.

The Annual report and accounts 2011 will be available on the Company's website www.balfourbeatty.com from the date this is posted to shareholders. Paper copies of the document will also be available from the Company's registered office from this time.

The Company's AGM is scheduled to be held at Park Plaza Victoria, 239 Vauxhall Bridge Road, London SW1V 1EQ at 11:00 on 10 May 2012.

Subject to approval at the Annual General Meeting on 10 May 2012, the final 2011 dividend will be paid on 6 July 2012 to holders on the register on 27 April 2012 by direct credit or, where no mandate has been given, by cheque posted on 5 July 2012 payable on 6 July 2012. The ordinary shares will be quoted ex-dividend on 25 April 2012.

A preference dividend of 5.375p gross (4.8375p net at current tax rate) per cumulative convertible redeemable preference share will be paid in respect of the six months ending 30 June 2012 on 1 July 2012 to holders of these shares on the register on 25 May 2012 by direct credit or, where no mandate has been given, by cheque posted on 29 June 2012 payable on 1 July 2012. The preference shares will be quoted ex-dividend on 23 May 2012.

The Company's statutory accounts for the year ended 31 December 2011 comply with the Disclosure and Transparency Rules of the Financial Services Authority in respect of the requirement to produce an annual financial report. Those financial statements are the responsibility of, and were approved by the Directors, on 7 March 2012.

The responsibility statement below has been prepared in connection with the Company's Annual report and accounts 2011. Certain parts thereof are not included within this announcement.

The Directors confirm that to the best of their knowledge:

(i) the Company's financial statements for the year ended 31 December 2011, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(ii) the Business and financial review, which is incorporated into the Directors' report in those financial statements, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the Board of Directors on 7 March 2012 and is signed on its behalf by:

I P Tyler
Chief Executive

D J Magrath
Finance Director

Group income statement

For the year ended 31 December 2011

	Notes	2011 Underlying items[1] £m	2011 Non-underlying items (Note 5) £m	2011 Total £m	2010[2] Underlying items[1] £m	2010[2] Non-underlying items (Note 5) £m	2010[2] Total £m
Continuing operations							
Revenue including share of joint ventures and associates		**11,035**	**–**	**11,035**	10,473	–	10,473
Share of revenue of joint ventures and associates	12	**(1,541)**	**–**	**(1,541)**	(1,237)	–	(1,237)
Group revenue		**9,494**	**–**	**9,494**	9,236	–	9,236
Cost of sales		**(8,358)**	**–**	**(8,358)**	(8,132)	–	(8,132)
Gross profit		**1,136**	**–**	**1,136**	1,104	–	1,104
Net operating expenses							
- amortisation of acquired intangible assets		**–**	**(62)**	**(62)**	–	(82)	(82)
- other		**(880)**	**(26)**	**(906)**	(851)	(23)	(874)
Group operating profit/(loss)		**256**	**(88)**	**168**	253	(105)	148
Share of results of joint ventures and associates	12	**75**	**–**	**75**	72	–	72
Profit/(loss) from operations		**331**	**(88)**	**243**	325	(105)	220
Investment income	3	**57**	**–**	**57**	46	–	46
Finance costs	4	**(54)**	**–**	**(54)**	(65)	–	(65)
Profit/(loss) before taxation		**334**	**(88)**	**246**	306	(105)	201
Taxation	6	**(91)**	**27**	**(64)**	(83)	39	(44)
Profit/(loss) for the year from continuing operations		**243**	**(61)**	**182**	223	(66)	157
Profit/(loss) for the year from discontinued operation	7	**–**	**4**	**4**	13	(27)	(14)
Profit for the year		**243**	**(57)**	**186**	236	(93)	143
Attributable to							
Equity holders		**243**	**(57)**	**186**	236	(93)	143
Non-controlling interests		**–**	**–**	**–**	–	–	–
Profit for the year		**243**	**(57)**	**186**	236	(93)	143

[1] Before non-underlying items (Note 5).
[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).

	Notes	2011 Pence	2010[2] Pence
Basic earnings per ordinary share			
- continuing operations	8	**26.7**	23.0
- discontinued operation	8	**0.6**	(2.0)
		27.3	21.0
Diluted earnings per ordinary share			
- continuing operations	8	**26.7**	22.9
- discontinued operation	8	**0.6**	(2.0)
		27.3	20.9
Dividends per ordinary share proposed for the year	9	**13.8**	12.7

[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).

Group statement of comprehensive income

For the year ended 31 December 2011

		Notes	2011 £m	2010 £m
Profit for the year			**186**	143
Other comprehensive income/(expense) for the year				
Currency translation differences			**4**	43
Actuarial movements on retirement benefit obligations			**53**	87
Fair value revaluations	- PPP financial assets		**204**	61
	- PPP cash flow hedges		**(239)**	(67)
	- other cash flow hedges		**–**	(2)
	- available-for-sale investments in mutual funds		**(2)**	4
Tax relating to components of other comprehensive income			**(12)**	(25)
Total other comprehensive income for the year			**8**	101
Total comprehensive income for the year		17	**194**	244
Attributable to				
Equity holders			**194**	244
Non-controlling interests			**–**	–
Total comprehensive income for the year			**194**	244

Group statement of changes in equity

For the year ended 31 December 2011

	Called-up share capital £m	Share premium account £m	Equity component of preference shares £m	Special reserve £m	Share of joint ventures' and associates' reserves £m	Other reserves £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2010	343	57	16	32	157	288	102	4	999
Total comprehensive income for the year	–	–	–	–	53	46	145	–	244
Ordinary dividends	–	–	–	–	–	–	(84)	–	(84)
Joint ventures' and associates' dividends	–	–	–	–	(62)	–	62	–	–
Issue of ordinary shares	–	2	–	–	–	–	–	–	2
Recycling of revaluation reserves to the income statement on disposal	–	–	–	–	(4)	–	–	–	(4)
Acquisition of non-controlling interest	–	–	–	–	–	–	(1)	–	(1)
Movements relating to share-based payments	–	–	–	–	–	–	4	–	4
Transfers	–	–	–	(2)	–	–	2	–	–
At 31 December 2010	343	59	16	30	144	334	230	4	1,160
Total comprehensive income/(expense) for the year	**–**	**–**	**1**	**–**	**60**	**(18)**	**151**	**–**	**194**
Ordinary dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(88)**	**–**	**(88)**
Joint ventures' and associates' dividends	**–**	**–**	**–**	**–**	**(54)**	**–**	**54**	**–**	**–**
Issue of ordinary shares	**1**	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**3**
Recycling of revaluation reserves to the income statement on disposal	**–**	**–**	**–**	**–**	**(6)**	**–**	**–**	**–**	**(6)**
Movements relating to share-based payments	**–**	**–**	**–**	**–**	**–**	**(5)**	**5**	**–**	**–**
Transfers	**–**	**–**	**–**	**(3)**	**–**	**–**	**3**	**–**	**–**
At 31 December 2011	**344**	**61**	**17**	**27**	**144**	**311**	**355**	**4**	**1,263**

Group statement of financial position
At 31 December 2011

		Notes	2011 £m	2010[3] £m
Non-current assets				
Intangible assets	- goodwill	10	**1,279**	1,196
	- other	11	**239**	251
Property, plant and equipment			**288**	320
Investments in joint ventures and associates		12	**466**	488
Investments			**96**	95
PPP financial assets			**457**	327
Deferred tax assets			**105**	163
Trade and other receivables			**87**	70
			3,017	2,910
Current assets				
Inventories			**140**	89
Due from customers for contract work			**604**	591
Derivative financial instruments			**1**	4
Trade and other receivables		13	**1,410**	1,197
Current tax assets			**5**	4
Cash and cash equivalents	- PPP subsidiaries		**18**	18
	- other		**577**	566
			2,755	2,469
Total assets			**5,772**	5,379
Current liabilities[3]				
Trade and other payables		14	**(2,426)**	(2,232)
Due to customers for contract work			**(576)**	(651)
Derivative financial instruments			**(10)**	(2)
Current tax liabilities			**(30)**	(29)
Borrowings	- PPP non-recourse loans		**(21)**	(8)
	- other		**(231)**	(37)
Provisions[3]			**(107)**	(135)
			(3,401)	(3,094)
Non-current liabilities[3]				
Trade and other payables			**(142)**	(144)
Derivative financial instruments			**(120)**	(45)
Borrowings	- PPP non-recourse loans		**(329)**	(280)
	- other		**(6)**	(11)
Deferred tax liabilities			**(15)**	(8)
Liability component of preference shares			**(91)**	(89)
Retirement benefit obligations		15	**(275)**	(441)
Provisions[3]			**(130)**	(107)
			(1,108)	(1,125)
Total liabilities			**(4,509)**	(4,219)
Net assets			**1,263**	1,160
Equity				
Called-up share capital		17	**344**	343
Share premium account		17	**61**	59
Equity component of preference shares		17	**17**	16
Special reserve		17	**27**	30
Share of joint ventures' and associates' reserves		17	**144**	144
Other reserves		17	**311**	334
Retained profits		17	**355**	230
Equity attributable to equity holders of the parent			**1,259**	1,156
Non-controlling interests		17	**4**	4
Total equity		17	**1,263**	1,160

[3] Re-presented to reflect the disclosure of provisions between current liabilities and non-current liabilities (Note 24.2).

Group statement of cash flows

For the year ended 31 December 2011

	Notes	2011 £m	2010[2] £m
Cash flows from operating activities			
Cash generated from underlying operations	19.1	**54**	212
Cash used in non-underlying operations	19.1	**(19)**	(43)
Income taxes paid		**(18)**	(21)
Net cash from operating activities		**17**	148
Cash flows from investing activities			
Dividends received from joint ventures and associates		**54**	53
Dividends received from discontinued operation		**5**	9
Interest received		**23**	19
Acquisition of businesses, net of cash and cash equivalents acquired	18.2	**(100)**	(44)
Purchase of intangible assets - other		**(19)**	(14)
Purchase of property, plant and equipment		**(77)**	(85)
Purchase of other investments		**(21)**	(13)
Investments in and loans made to joint ventures and associates		**(41)**	(56)
Investment in PPP financial assets		**(40)**	(22)
Disposal of investments in joint ventures		**28**	24
Disposal of other business	18.5.1	**37**	–
Disposal of property, plant and equipment		**21**	13
Disposal of other investments		**19**	7
Net cash used in investing activities		**(111)**	(109)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**3**	2
Purchase of ordinary shares		**(4)**	(3)
Proceeds from new loans		**282**	49
Repayment of loans		**(8)**	(30)
Proceeds from new finance leases		**–**	4
Repayment of finance leases		**(4)**	(5)
Ordinary dividends paid		**(88)**	(84)
Interest paid		**(44)**	(31)
Preference dividends paid		**(11)**	(11)
Net cash from/(used in) financing activities		**126**	(109)
Net increase/(decrease) in cash and cash equivalents		**32**	(70)
Effects of exchange rate changes		**(2)**	12
Cash and cash equivalents at beginning of year		**550**	608
Cash and cash equivalents at end of year	19.2	**580**	550

[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).

Notes

1 Basis of accounting

The annual financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS. The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee and adopted by the European Union relevant to its operations and effective for accounting periods beginning on 1 January 2011. The presentational currency of the Group is sterling.

The Directors have acknowledged the guidance "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" published by the Financial Reporting Council in October 2009 and consider it reasonable to assume that the Group has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the accounts.

The financial information in this announcement, which was approved by the Board of Directors on 7 March 2012, does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2010, but is derived from those accounts. Statutory accounts for 2010 have been delivered to the Register of Companies and those for 2011 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; the report is unqualified, did not draw attention to any matters by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

1 Basis of accounting continued

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements for the Group and the Company that comply with IFRS in April 2012.

1.1 Changes in accounting policies

IAS 24 Related Party Disclosures (revised 2009); IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; Improvements to IFRSs (issued May 2010); and the amendments to: IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters; IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets; and IFRIC 14 Prepayments of a Minimum Funding Requirement came into effect and were adopted in the current year but had no effect on the Group financial statements.

1.2 Accounting standards not yet adopted by the Group

The following accounting standards, interpretations and amendments have been released by the IASB but have either not been adopted by the European Union or are not yet effective in the European Union at 31 December 2011: IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 Disclosure of Interests in Other Entities; IFRS 13 Fair Value Measurement; IAS 27 Separate Financial Statements; IAS 28 Investments in Associates and Joint Ventures; IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine; and the amendments to: IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters; IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities; IAS 1 Presentation of Items in Other Comprehensive Income; IAS 12 Deferred Tax: Recovery of Underlying Assets; IAS 19 Employee Benefits; and IAS 32 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities. Of these, IFRS 9 and IAS 19 are expected to have the most significant effect.

IFRS 9 is expected to replace IAS 39 Financial Instruments: Recognition and Measurement from 2015, subject to EU adoption. IFRS 9 in issue as at 31 December 2011 only concerns the classification and measurement of financial assets and financial liabilities. New requirements for de-recognition of financial instruments, impairment and hedge accounting are expected to be added to IFRS 9 in 2012. The requirements of IFRS 9 in issue as at 31 December 2011 would result in the Group's PPP financial assets being reclassified from "available-for-sale", which is a category that will no longer exist under the new standard, to a debt instrument measured either at amortised cost or at fair value through profit or loss. As a result, movements in the fair value of PPP financial assets would no longer be recognised in other comprehensive income. Retrospective application of this requirement would result in the closing balance of fair value movements recognised in PPP financial asset reserves being transferred to retained earnings. The effect within the Group's reserves would be a transfer of £67m from PPP financial asset reserves to retained earnings. The effect within the share of joint ventures' and associates' reserves would be a transfer of £181m from PPP financial asset reserves to retained earnings.

Adopting amendments to IAS 19 Employee Benefits would have increased the 2011 net finance charge by £17m. The effect on 2012 would be to increase the net finance charge by £13m.

1.3 Re-presentation of comparative information

On 2 March 2011 the Directors resolved to dispose of the Group's effective 25.5% interest in Barking Power Ltd ("Barking"), subject to receiving a satisfactory offer. Barking's carrying value was expected to be recovered principally through a sale transaction within one year rather than through continuing use and accordingly the Group's interest in Barking has been classified as a discontinued operation held for sale from 2 March 2011. The sale was subsequently completed on 21 December 2011. As a result the financial statements for the 2010 year-end have been re-presented to show all amounts relating to Barking as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Refer to Note 7.

The income statement has been re-formatted to reflect the re-presentation of "Exceptional items" as "Non-underlying items" in order to clarify the nature of these items, resulting in "Before exceptional items" being classified as "Underlying items". Refer to Note 5.

The statement of financial position has been re-formatted to reflect the disclosure of provisions between current and non-current liabilities which was previously only shown within the provisions note.

The Group's segmentation was revised following a change in the Group management structure on 1 January 2011 when Balfour Beatty Plant and Fleet Services was transferred from Construction Services into Support Services. The information for the 2010 year-end disclosed in Note 2 has been re-presented based on the new Group management structure as disclosed in Note 24.3.

1.4 Exchange rates

The following key exchange rates were applied in the preparation of these financial statements.

£1 buys	**2011**	2010	Change
Average rates			
US$	**1.60**	1.55	3.2%
EUR	**1.15**	1.16	(0.9)%
Closing rates			
US$	**1.55**	1.56	(0.6)%
EUR	**1.20**	1.16	3.4%

2 Segment analysis

For the year ended 31 December 2011

Performance by activity	Professional Services £m	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m
Revenue including share of joint ventures and associates	1,645	7,050	1,584	756	–	11,035
Share of revenue of joint ventures and associates	(1)	(849)	(140)	(551)	–	(1,541)
Group revenue	1,644	6,201	1,444	205	–	9,494
Underlying group operating profit/(loss)[1]	87	141	63	–	(35)	256
Share of results of joint ventures and associates	–	28	4	43	–	75
Underlying profit/(loss) from operations[1]	87	169	67	43	(35)	331
Amortisation of acquired intangible assets	(30)	(17)	(4)	(11)	–	(62)
Other non-underlying items	(1)	(11)	(14)	–	–	(26)
Profit/(loss) from operations	56	141	49	32	(35)	243
Investment income						57
Finance costs						(54)
Profit before taxation						246

Assets and liabilities	Professional Services £m	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m
Due from customers for contract work	165	412	27	–	–	604
Due to customers for contract work	(151)	(415)	(10)	–	–	(576)
Inventories	1	69	69	–	1	140
Trade and other receivables - current	309	794	233	49	25	1,410
Trade and other payables - current	(272)	(1,679)	(355)	(52)	(68)	(2,426)
Provisions	(22)	(156)	(36)	(2)	(21)	(237)
Working capital	30	(975)	(72)	(5)	(63)	(1,085)
Total assets	858	2,519	581	1,041	773	5,772
Total liabilities	(566)	(2,414)	(430)	(249)	(850)	(4,509)
Net assets/(liabilities)	292	105	151	792	(77)	1,263

Other information	Professional Services £m	Construction Services £m	Support Services £m	Infrastructure Investments £m	Corporate activities £m	Total £m
Capital expenditure	9	31	34	2	1	77
Depreciation	12	29	26	2	1	70
Gain on disposals of interests in PPP joint ventures	–	–	–	20	–	20

[1] Before non-underlying items (Note 5).

Performance by geographic destination	United Kingdom £m	United States £m	Rest of world £m	Total £m
Revenue including share of joint ventures and associates	5,700	3,413	1,922	11,035
Share of revenue of joint ventures and associates	(675)	(112)	(754)	(1,541)
Group revenue	5,025	3,301	1,168	9,494

2 Segment analysis continued

For the year ended 31 December 2010

Performance by activity	Professional Services £m	Construction Services[4] £m	Support Services[4] £m	Infrastructure Investments[2] £m	Corporate activities £m	Total[2] £m
Revenue including share of joint ventures and associates	1,613	6,734	1,443	682	1	10,473
Share of revenue of joint ventures and associates	(4)	(616)	(131)	(486)	–	(1,237)
Group revenue	1,609	6,118	1,312	196	1	9,236
Underlying group operating profit/(loss)[1]	84	170	57	(23)	(35)	253
Share of results of joint ventures and associates	1	31	5	35	–	72
Underlying profit/(loss) from operations[1]	85	201	62	12	(35)	325
Amortisation of acquired intangible assets	(50)	(18)	(1)	(13)	–	(82)
Other non-underlying items	(25)	(6)	(12)	20	–	(23)
Profit/(loss) from operations	10	177	49	19	(35)	220
Investment income						46
Finance costs						(65)
Profit before taxation						201
Assets and liabilities						
Due from customers for contract work	148	389	54	–	–	591
Due to customers for contract work	(187)	(453)	(11)	–	–	(651)
Inventories	1	48	39	–	1	89
Trade and other receivables - current	275	695	161	45	21	1,197
Trade and other payables - current	(244)	(1,628)	(246)	(48)	(66)	(2,232)
Provisions	(30)	(148)	(44)	(1)	(19)	(242)
Working capital	(37)	(1,097)	(47)	(4)	(63)	(1,248)
Total assets	842	2,339	469	934	795	5,379
Total liabilities	(579)	(2,454)	(428)	(171)	(587)	(4,219)
Net assets/(liabilities)	263	(115)	41	763	208	1,160
Other information						
Capital expenditure	13	37	32	1	2	85
Depreciation	11	34	26	2	1	74

[1] Before non-underlying items (Note 5).
[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).
[4] Re-presented to reflect the change in the group management structure (Note 24.3).

Performance by geographic destination	United Kingdom £m	United States £m	Rest of world £m	Total £m
Revenue including share of joint ventures and associates	5,602	3,090	1,781	10,473
Share of revenue of joint ventures and associates	(611)	(18)	(608)	(1,237)
Group revenue	4,991	3,072	1,173	9,236

3 Investment income

	2011 £m	2010 £m
PPP subordinated debt interest receivable	**25**	19
PPP interest on financial assets	**25**	19
Other interest receivable and similar income	**7**	8
	57	46

4 Finance costs

		2011 £m	2010 £m
Preference shares	- finance cost	**12**	12
PPP non-recourse	- bank loans and overdrafts	**22**	20
Net finance cost on pension scheme assets and liabilities		**3**	21
Other interest payable	- bank loans and overdrafts	**9**	7
	- commitment fees	**4**	4
	- other loans	**4**	1
		54	65

A preference dividend of 5.375p gross (4.8375p net) per cumulative convertible redeemable preference share of 1p was paid on 1 July 2011 in respect of the six months ended 30 June 2011 to holders of these shares on the register on 27 May 2011. A preference dividend of 5.375p gross (4.8375p net) per cumulative convertible redeemable preference share was paid on 1 January 2012 in respect of the six months ended 31 December 2011 to holders of these shares on the register on 25 November 2011.

5 Non-underlying items

		2011 £m	2010[2] £m
5.1	**Operating expenses (charged against)/credited to profit**		
	Continuing operations		
5.1.1	Amortisation of acquired intangible assets	**(62)**	(82)
5.1.2	Other non-underlying items		
	- cost of implementing UK shared service centre	**(12)**	(12)
	- loss on disposal of UK specialist rail manufacturing business	**(7)**	–
	- post-acquisition integration, reorganisation and other costs	**(4)**	(29)
	- acquisition related expenses	**(3)**	(2)
	- gain on disposal of investments in joint ventures	**–**	20
	Total other non-underlying items	**(26)**	(23)
	Charged against profit before taxation	**(88)**	(105)
5.2	Tax on items above	**27**	39
	Non-underlying items charged against profit for the year from continuing operations	**(61)**	(66)
	Discontinued operation		
5.3	Barking		
	- dividends received	**5**	–
	- loss on disposal of Barking	**(1)**	–
	- share of joint ventures and associates – impairment of Barking Power Station	**–**	(27)
		4	(27)
	Charged against profit for the year	**(57)**	(93)

[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).

In addition to the items included above during the year, a net £nil non-underlying item arose in respect of Romec Services Ltd comprising: revaluation of the existing 49% stake on step acquisition £13m; service credit (£4m); and preference dividend to Royal Mail Group (£9m). Refer to Note 18.1.2.

5 Non-underlying items continued

5.1.1 The amortisation of acquired intangible assets comprises: customer contracts £24m (2010: £34m); customer relationships £27m (2010: £34m); and brand names £11m (2010: £12m).

5.1.2 The UK specialist rail manufacturing business was sold during the first half of 2011. A loss of £7m arose on the sale which comprises: a loss on the disposal of the rail business operations of £4m, including writing-off £7m goodwill; and an onerous lease liability of £3m due to a property becoming vacant. Refer to Note 18.

During 2011, the implementation of the UK shared service centre in Newcastle-upon-Tyne led to incremental costs of £12m (2010: £12m) being incurred.

Reorganisation and integration costs of £4m (2010: £29m) have been incurred: £1m (2010: £23m) relating to Parsons Brinckerhoff; £1m (2010: £1m) relating to SpawMaxwell; £1m (2010: £3m) relating to Rok; £1m (2010: £nil) relating to various other acquisitions; and £nil (2010: £2m) relating to Schreck-Mieves.

In 2011, costs of £1m directly attributable to the acquisition of Romec Services Ltd, £1m directly attributable to the acquisition of Fru-Con, and £1m directly attributable to the acquisition of Howard S. Wright were incurred. During 2010, costs of £2m directly attributable to the acquisition of Halsall were incurred.

During 2010, the Group disposed of its 50% interest in Aberdeen Environmental Services (Holdings) Ltd and a 23.9% interest in Consort Healthcare (Edinburgh Royal Infirmary) Holdings Ltd. The Group retains a 50% interest in Consort Healthcare (Edinburgh Royal Infirmary) Holdings Ltd following the transaction. The aggregate consideration received was £24m. The disposals resulted in a total gain of £20m being realised, comprising £16m in respect of gains on disposal of the investments in the joint ventures and £4m in respect of revaluation reserves recycled to the income statement. Subsequent to these transactions, and following the development of the Group's strategy to release regularly the value contained in the PPP portfolio, from 2011 gains or losses from disposals of PPP investments are treated as part of underlying profits.

5.2 The non-underlying items charged against Group operating profit have given rise to a tax credit of £27m, comprising: £23m on amortisation of acquired intangible assets; and £4m on other non-underlying items (2010: £39m comprising: £27m on amortisation of acquired intangible assets; and £12m on other non-underlying items).

5.3 On 2 March 2011 it was resolved to dispose of the Group's effective 25.5% interest in Barking Power Ltd ("Barking"), which became a discontinued operation with all items from this date classified as non-underlying items. Subsequent to 2 March 2011, dividends of £5m were received by the Group. On 21 December 2011 the Group disposed of its interest in Barking which resulted in a loss on disposal of £1m for the Group after transaction costs. Refer to Note 7. In 2010, a post-tax impairment charge of £27m was incurred in respect of writing-down the value of the assets held by Barking.

6 Taxation

			2011	2010
	Underlying items[1] £m	**Non-underlying items (Note 5) £m**	**Total £m**	Total £m
Total UK tax	**31**	**(6)**	**25**	21
Total non-UK tax	**60**	**(21)**	**39**	23
Total tax charge/(credit)	**91**	**(27)**	**64**	44
Analysis				
UK current tax				
- corporation tax for the year at 26.5% (2010: 28%)	**–**	**–**	**–**	4
- adjustments in respect of previous periods	**–**	**–**	**–**	3
	–	**–**	**–**	7
Non-UK current tax				
- non-UK tax on profits for the year	**24**	**–**	**24**	34
- adjustments in respect of previous periods	**(8)**	**–**	**(8)**	3
	16	**–**	**16**	37
Total current tax	**16**	**–**	**16**	44
UK deferred tax				
- current year charge/(credit)	**28**	**(6)**	**22**	14
- adjustments in respect of previous periods	**1**	**–**	**1**	(1)
- rate change	**2**	**–**	**2**	1
	31	**(6)**	**25**	14
Non-UK deferred tax				
- current year charge/(credit)	**33**	**(19)**	**14**	1
- adjustments in respect of previous periods	**11**	**(2)**	**9**	(15)
	44	**(21)**	**23**	(14)
Total deferred tax	**75**	**(27)**	**48**	–

[1] Before non-underlying items (Note 5).

6 Taxation continued

The Group tax charge above excludes amounts for joint ventures and associates (refer to Note 12), except where tax is levied at the Group level.

In addition to the Group tax charge above is £12m of tax charged (2010: £25m charged) directly to equity, comprising a deferred tax charge of £12m (2010: £28m charge), a current tax charge of £1m (2010: £nil) and a tax credit in respect of joint ventures and associates of £1m (2010: £3m credit).

The weighted average applicable tax rate is 29% (2010: 35%) based on underlying profit before taxation, excluding the results of joint ventures and associates.

7 Discontinued operation

On 2 March 2011 the Directors resolved to dispose of the Group's effective 25.5% interest in Barking Power Ltd ("Barking") and accordingly, from 2 March 2011, the Group's interest in Barking was classified as a discontinued operation held for sale.

Barking was previously accounted for as an associate using the equity method. Subsequent to classification as a discontinued operation, equity accounting was no longer applied and all income and expenses relating to Barking were classified as non-underlying items.

On 21 December 2011 the Group disposed of its effective 25.5% interest in Barking to the Balfour Beatty Pension Fund at its carrying value of £55m. Transaction costs of £1m were incurred in respect of the disposal resulting in a £1m loss on disposal for the Group.

The £55m proceeds from the disposal of Barking to the BBPF and the £55m one-off BBPF deficit contribution were net settled.

Barking was part of the Infrastructure Investments segment.

Barking results included in the income statement

	2011 £m	2010 £m
Share of revenue of joint ventures and associates	**8**	68
Underlying operating profit[1]	**–**	18
Taxation	**–**	(5)
Share of underlying results of joint ventures and associates[1]	**–**	13
Non-underlying items – impairment of Barking Power Station (Note 5)	**–**	(27)
Share of results of joint ventures and associates	**–**	(14)
Non-underlying items – dividends received (Note 5)	**5**	–
Non-underlying items – loss on disposal (Note 5)	**(1)**	–
Profit/(loss) for the year from discontinued operation	**4**	(14)

[1] Before non-underlying items (Note 5).

8 Earnings per ordinary share

	2011		2010[2]	
	Basic £m	**Diluted £m**	Basic £m	Diluted £m
Continuing operations				
Earnings	**182**	**182**	157	157
Amortisation of acquired intangible assets - net of tax credit of £23m (2010: £27m)	**39**	**39**	55	55
Other non-underlying items - net of tax credit of £4m (2010: £12m)	**22**	**22**	11	11
Underlying earnings	**243**	**243**	223	223
Discontinued operation				
Earnings	**4**	**4**	(14)	(14)
Other non-underlying items - net of tax of £nil (2010: £nil)	**(4)**	**(4)**	27	27
Underlying earnings	**–**	**–**	13	13
Total operations				
Earnings	**186**	**186**	143	143
Amortisation of acquired intangible assets - net of tax credit of £23m (2010: £27m)	**39**	**39**	55	55
Other non-underlying items - net of tax credit of £4m (2010: £12m)	**18**	**18**	38	38
Underlying earnings	**243**	**243**	236	236
	m	**m**	m	m
Weighted average number of ordinary shares	**683**	**684**	682	683
	Pence	**Pence**	Pence	Pence
Continuing operations				
Earnings per ordinary share	**26.7**	**26.7**	23.0	22.9
Amortisation of acquired intangible assets	**5.7**	**5.7**	8.1	8.1
Other non-underlying items	**3.1**	**3.1**	1.6	1.6
Underlying earnings per ordinary share	**35.5**	**35.5**	32.7	32.6
Discontinued operation				
Earnings per ordinary share	**0.6**	**0.6**	(2.0)	(2.0)
Other non-underlying items	**(0.6)**	**(0.6)**	4.0	4.0
Underlying earnings per ordinary share	**–**	**–**	2.0	2.0
Total operations				
Earnings per ordinary share	**27.3**	**27.3**	21.0	20.9
Amortisation of acquired intangible assets	**5.7**	**5.7**	8.1	8.1
Other non-underlying items	**2.5**	**2.5**	5.6	5.6
Underlying earnings per ordinary share	**35.5**	**35.5**	34.7	34.6

[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).

9 Dividends on ordinary shares

	2011		2010	
	Per share Pence	**Amount £m**	Per share Pence	Amount £m
Proposed dividends for the year				
Interim – current year	**5.30**	**36**	5.05	35
Final – current year	**8.50**	**58**	7.65	52
	13.80	**94**	12.70	87
Recognised dividends for the year				
Final – prior year		**52**		49
Interim – current year		**36**		35
		88		84

The interim 2011 dividend was paid on 9 December 2011. Subject to approval at the Annual General Meeting on 10 May 2012, the final 2011 dividend will be paid on 6 July 2012 to holders on the register on 27 April 2012 by direct credit or, where no mandate has been given, by cheque posted on 5 July 2012 payable on 6 July 2012. The ordinary shares will be quoted ex-dividend on 25 April 2012.

10 Intangible assets – goodwill

	Cost £m	Accumulated impairment losses £m	Carrying amount £m
At 1 January 2011	1,242	(46)	1,196
Currency translation differences	**1**	**–**	**1**
Businesses acquired (Note 18)	**89**	**–**	**89**
Business disposed (Note 18)	**(7)**	**–**	**(7)**
At 31 December 2011	**1,325**	**(46)**	**1,279**

Carrying amounts of goodwill by segment

	United Kingdom 2011 £m	**United States 2011 £m**	**Rest of world 2011 £m**	**Total 2011 £m**	United Kingdom 2010 £m	United States 2010 £m	Rest of world 2010 £m	Total 2010 £m
Professional Services	**10**	**166**	**61**	**237**	10	165	59	234
Construction Services	**329**	**379**	**162**	**870**	330	326	166	822
Support Services	**125**	**–**	**–**	**125**	93	–	–	93
Infrastructure Investments	**4**	**43**	**–**	**47**	4	43	–	47
Group	**468**	**588**	**223**	**1,279**	437	534	225	1,196

The 2010 segment analysis has been re-presented.

The recoverable amount of goodwill is based on value in use. Cash flow forecasts are based on the expected workload of each cash-generating unit ("CGU") giving consideration to the current level of confirmed orders and anticipated orders. Cash flow forecasts for the next four years (2010: three years) are based on the Group's 2012 budget and strategic road map. The other key inputs in assessing each CGU are its revenue growth rate and discount rate. The revenue growth rate has been applied to cash flows after four years (2010: three years) into perpetuity and reflects published GDP growth rates for the economic environment of each CGU. The cash flows assume a residual value based on a multiple of earnings before interest and tax.

The cash flows have been discounted using a pre-tax discount rate in the range of 10.3% to 13.4% (2010: 11.0% to 11.7%). The discount rates are revised annually applying updated market inputs to the capital asset pricing model.

	2011			2010		
	United Kingdom	**United States**	**Rest of world**	United Kingdom	United States	Rest of world
Inflation rate	**2.0%**	**1.7%**	**2.0%**	2.9%	2.5%	2.0%
GDP growth rate	**1.7%**	**2.4%**	**0.5%**	1.3%	1.7%	1.0%
Nominal long-term revenue growth rate applied	**3.7%**	**4.1%**	**2.5%**	4.2%	4.2%	3.0%

Sensitivities

The Group's impairment review is sensitive to changes in the key assumptions used. The major assumptions that result in significant sensitivities are the discount rate and the revenue growth rate.

Except as noted below, a reasonably possible change in a single assumption will not give rise to impairment in any of the Group's CGUs. The Balfour Beatty Capital US goodwill is £43m and the key assumption is the discount rate of 10.3%, at which the fair value of the CGU exceeds the carrying value by £49m or 25%. The fair value is equal to the carrying value at a discount rate of 11.9%. The Rail Power Systems Europe goodwill is £165m and the key assumption is the revenue growth rate of 2.5%, at which the fair value of the CGU exceeds the carrying value by £26m or 10%. The fair value is equal to the carrying value at a revenue growth rate of 1.5%.

11 Intangible assets – other

	Cost £m	Accumulated amortisation £m	Carrying amount £m
At 1 January 2011	422	(171)	251
Currency translation differences	**3**	**(2)**	**1**
Additions	**19**	**–**	**19**
Businesses acquired (Note 18)	**34**	**–**	**34**
Charge for the year	**–**	**(66)**	**(66)**
At 31 December 2011	**478**	**(239)**	**239**

The amounts above include internally generated software with a cost and carrying value of £3m (2010: £2m) and accumulated amortisation of £nil (2010: £nil).

Other intangible assets comprise customer contracts, customer relationships, brand names and software.

12 Joint ventures and associates

	2011						
				Infrastructure Investments			
	Professional Services £m	Construction Services £m	Support Services £m	UK PPP^ £m	US PPP[6] £m	Infra-structure £m	Total £m
Revenue	**1**	**849**	**140**	**536**	**2**	**13**	**1,541**
Underlying operating profit[1]	**–**	**31**	**4**	**12**	**7**	**1**	**55**
Investment income	**–**	**1**	**–**	**184**	**–**	**–**	**185**
Finance costs	**–**	**–**	**–**	**(148)**	**–**	**(3)**	**(151)**
Profit/(loss) before taxation	**–**	**32**	**4**	**48**	**7**	**(2)**	**89**
Taxation	**–**	**(4)**	**–**	**(11)**	**–**	**1**	**(14)**
Profit/(loss) after taxation	**–**	**28**	**4**	**37**	**7**	**(1)**	**75**
Intangible assets							
- goodwill	**–**	**31**	**–**	**–**	**–**	**24**	**55**
- PPP concession assets	**–**	**–**	**–**	**19**	**–**	**–**	**19**
- other	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Property, plant and equipment	**–**	**42**	**1**	**–**	**–**	**11**	**54**
PPP financial assets	**–**	**–**	**–**	**2,481**	**–**	**–**	**2,481**
Military housing projects	**–**	**–**	**–**	**–**	**55**	**–**	**55**
Net cash/(borrowings)	**3**	**145**	**9**	**(1,795)**	**–**	**(35)**	**(1,673)**
Other net (liabilities)/assets	**(2)**	**(124)**	**1**	**(407)**	**1**	**5**	**(526)**
Net assets	**1**	**94**	**11**	**299**	**56**	**5**	**466**

^ Including Singapore
[1] Before non-underlying items (Note 5).
[6] The Group's investment in military housing projects is recognised at the initial equity investment plus the value of the Group's accrued preferred return from the underlying projects.

12 Joint ventures and associates continued

	2010						
				Infrastructure Investments			
	Professional Services £m	Construction Services £m	Support Services £m	UK PPP^ £m	US PPP[6] £m	Infra-structure[2] £m	Total[2] £m
Revenue	4	616	131	473	1	12	1,237
Underlying operating profit[1]	1	35	6	11	6	1	60
Investment income	–	–	–	159	–	–	159
Finance costs	–	–	–	(128)	–	(3)	(131)
Profit/(loss) before taxation	1	35	6	42	6	(2)	88
Taxation	–	(4)	(1)	(12)	–	1	(16)
Profit/(loss) after taxation	1	31	5	30	6	(1)	72
Intangible assets							
- goodwill	–	31	–	–	–	24	55
- PPP concession assets	–	–	–	21	–	–	21
- other	–	–	–	1	–	–	1
Property, plant and equipment	–	36	2	–	–	68	106
PPP financial assets	–	–	–	2,121	–	–	2,121
Military housing projects	–	–	–	–	45	–	45
Net cash/(borrowings)	4	135	5	(1,616)	–	(23)	(1,495)
Other net (liabilities)/assets	(3)	(106)	3	(253)	–	(7)	(366)
Net assets	1	96	10	274	45	62	488

^ Including Singapore
[1] Before non-underlying items (Note 5).
[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).
[6] The Group's investment in military housing projects is recognised at the initial equity investment plus the value of the Group's accrued preferred return from the underlying projects.

13 Trade and other receivables - current

	2011 £m	2010 £m
Trade receivables	**1,094**	928
Less: Provision for impairment of trade receivables	**(46)**	(48)
	1,048	880
Due from joint ventures and associates	**24**	25
Due from jointly controlled operations	**2**	4
Contract retentions	**244**	176
Accrued income	**34**	25
Prepayments	**58**	87
	1,410	1,197

14 Trade and other payables - current

	2011 £m	2010 £m
Trade and other payables	**1,183**	992
Accruals	**1,052**	1,010
Deferred income	**32**	35
Advance payments on contracts*	**18**	68
VAT, payroll taxes and social security	**114**	98
Due to joint ventures and associates	**8**	17
Dividends on preference shares	**5**	5
Due on acquisitions	**14**	7
	2,426	2,232

* Includes £12m (2010: £66m) advances on construction contracts.

15 Retirement benefit obligations

The latest actuarial funding valuations of the Group's principal defined benefit schemes have been updated by the actuaries to 31 December 2011 on the basis prescribed by IAS 19. In particular, scheme liabilities have been discounted using the rate of return on high-quality corporate bonds rather than the expected rate of return on the assets in the scheme used in the funding valuations.

On 21 December 2011, the Balfour Beatty Pension Fund ("BBPF") acquired the Group's effective 25.5% interest in Barking Power Ltd at its carrying value of £55m. Refer to Note 7.

During the year ended 31 December 2011 the Group made a pension increase exchange ("PIE") offer to certain current pensioners, widows and widowers of the BBPF to forego their entitlement to future non-statutory inflationary increases in return for a higher pension than their current entitlement. At 31 December 2011, 509 members had accepted the PIE offer, resulting in a £2m reduction in liabilities and a consequential past service cost credit of £2m.

During the year ended 31 December 2010 the Group offered certain deferred members of the BBPF enhanced benefits to leave the BBPF and transfer to a freestanding defined contribution scheme. 1,641 deferred members took up the option of the enhanced benefits, resulting in a £42m reduction in assets, a £50m reduction in liabilities and a settlement gain of £8m. A net gain of £2m was recognised after payments of £6m of enhancements and other expenses.

A formal funding valuation of the BBPF was carried out as at 31 March 2010. As a result of the funding valuation the Group agreed to an additional one-off deficit funding contribution of £40m, paid in December 2010, and to increase the amount of ongoing deficit payments to the BBPF to £48m per annum from April 2010, increasing each year by CPI (capped at 5%) plus 50% of any increase in the Company's dividend in excess of capped CPI. A further one-off deficit funding contribution of £55m was made in December 2011.

The investment strategy of the BBPF is to hold assets of appropriate liquidity and marketability to generate income and capital growth to meet, together with any contributions from the Group, the cost of current and future benefits. The BBPF invests partly in a diversified range of assets including equities and hedge funds in anticipation that, over the longer term, they will grow in value faster than the liabilities. The equities are in the form of pooled funds and are a combination of UK, other developed market and emerging market equities. The remaining BBPF assets are principally fixed and index-linked bonds and swaps in order to match the duration and inflation exposure of the liabilities and enhance the resilience of the funding level of the scheme. The performance of the assets is measured against market indices.

On 30 November 2010 the UK Government published the Occupational Pensions (Revaluation) Order 2010 which, with effect from 1 January 2011, changed the basis of UK general statutory pension indexation from the retail prices index ("RPI") to the consumer prices index ("CPI"). The benefits of certain members of the Group's schemes are defined by reference to the statutory measure of inflation rather than being specifically linked by the scheme rules to RPI. In the year ended 31 December 2011, the Group reassessed the difference between the RPI and CPI measures of price inflation from 0.50% to 0.90%. The increase was applied following consideration of research published by the Office for National Statistics and independent advice received from the Group's actuaries. These changes in assumptions gave rise to a £35m (2010: £52m) actuarial reduction in liabilities which is credited to equity in the statement of comprehensive income.

Principal actuarial assumptions for the IAS 19 accounting valuations of the Group's principal schemes

	2011			2010		
	Balfour Beatty Pension Fund %	**Railways Pension Scheme %**	**Parsons Brinckerhoff Scheme %**	Balfour Beatty Pension Fund %	Railways Pension Scheme %	Parsons Brinckerhoff Scheme %
Discount rate on obligations	**4.85**	**4.85**	**4.85**	5.45	5.45	5.45
Expected return on plan assets	**5.20**	**5.85**	**5.30**	6.10	7.10	6.45
Inflation rate						
- RPI	**2.95**	**2.95**	**2.95**	3.40	3.40	3.40
- CPI	**2.05**	**2.05**	**2.05**	2.90	2.90	2.90
Future increases in pensionable salary						
- certain members of the BBPF whose increase in pensionable pay is limited	**–**	**–**	**–**	–	–	–
- other members	**4.45**	**3.95**	**–**	4.90	4.90	–
Rate of increase in pensions in payment (or such other rate as is guaranteed)	**2.85**	**2.05**	**3.00**	3.30	2.90	3.00
	Number	**Number**	**Number**	Number	Number	Number
Total number of defined benefit members	**35,879**	**3,237**	**2,190**	36,377	3,251	2,224

15 Retirement benefit obligations continued

The mortality tables adopted for the 2011 and 2010 IAS 19 valuations are the SAPS tables with a multiplier of 94% and an improvement rate of 1.5% pa from 2003 to 2010, plus future improvements from 2010 in line with the CMI core projection model applicable to each member's year of birth with a long-term rate of 1.5% pa.

	2011		2010	
	Average life expectancy at 65 years of age		Average life expectancy at 65 years of age	
	Male	**Female**	Male	Female
Members in receipt of a pension	**22.0**	**24.6**	21.8	24.5
Members not yet in receipt of a pension (current age 50)	**23.8**	**26.5**	23.7	26.4

The demographic of the members of the Parsons Brinckerhoff Scheme is different to the other schemes and allowance has been made for approximately three further years of life expectancy for members of this scheme compared to members of the other schemes.

Amounts recognised in the statement of financial position

	2011					2010				
	Balfour Beatty Pension Fund £m	**Railways Pension Scheme £m**	**Parsons Brinckerhoff Scheme £m**	**Other schemes^ £m**	**Total £m**	Balfour Beatty Pension Fund £m	Railways Pension Scheme £m	Parsons Brinckerhoff Scheme £m	Other schemes^ £m	Total £m
Present value of obligations	**(2,465)**	**(174)**	**(187)**	**(89)**	**(2,915)**	(2,345)	(175)	(176)	(89)	(2,785)
Fair value of plan assets	**2,370**	**141**	**127**	**2**	**2,640**	2,072	145	125	2	2,344
Liability in the statement of financial position	**(95)**	**(33)**	**(60)**	**(87)**	**(275)**	(273)	(30)	(51)	(87)	(441)

^ Available-for-sale investments in mutual funds of £50m (2010: £49m) are held by the Group to satisfy the Group's deferred compensation obligations.

The defined benefit obligation comprises £87m (2010: £87m) arising from wholly-unfunded plans and £2,828m (2010: £2,698m) arising from plans that are wholly or partly funded.

Movement in the retirement benefit obligations of the Group's defined benefit schemes for the year ended 31 December 2011

			£m
At 1 January 2011			(441)
Currency translation differences			**1**
Service cost			**(52)**
Past service cost credit			**2**
Interest cost			**(146)**
Expected return on plan assets			**143**
Contributions from employer	- ongoing deficit funding		58
	- one-off deficit funding		55
			113
	- regular funding		**39**
Benefits paid			**6**
Actuarial gains and losses	- liabilities		
		- actuarial gains from rebasing certain pension obligations to CPI	35
		- other actuarial losses	(106)
			(71)
	- assets		**131**
At 31 December 2011			**(275)**

15 Retirement benefit obligations continued

The BBPF includes a defined contribution section with 8,953 members at 31 December 2011 (2010: 7,985 members) with £33m (2010: £30m) of contributions paid and charged in the income statement in respect of this section.

The total net pension cost recognised in the income statement in respect of employee service for defined benefit and defined contribution schemes was £105m (2010: £105m).

Sensitivity of the Group's retirement benefit obligations at 31 December to different actuarial assumptions

Obligations	Percentage points/years	(Decrease)/ increase in obligations %	(Decrease)/ increase in obligations £m
Increase in discount rate	0.5%	(7.8)	(221)
Increase in RPI inflation expectation	0.5%	6.5	183
Increase in salary above inflation	0.5%	0.2	7
Increase in life expectancy	1 year	3.3	92

Sensitivity of the Group's retirement benefit assets at 31 December to changes in market conditions

Assets	Percentage points	(Decrease)/ increase in assets %	(Decrease)/ increase in assets £m
Increase in interest rates	0.5%	(5.9)	(155)
Increase in market expectation of RPI inflation	0.5%	3.9	104

16 Share capital

During the year ended 31 December 2011, 665,516 ordinary shares were issued following the exercise of savings-related share options and 302,586 ordinary shares were issued following the exercise of executive share options for an aggregate cash consideration of £3m.

17 Movements in equity

For the year ended 31 December 2011

	Called-up share capital £m	Share premium account £m	Equity component of preference shares £m	Special reserve £m	Share of joint ventures' and associates' reserves £m	Other reserves: Merger reserve £m	Other reserves: Other £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2011	343	59	16	30	144	249	85	230	4	1,160
Profit for the year	**–**	**–**	**–**	**–**	**75**	**–**	**–**	**111**	**–**	**186**
Currency translation differences	**–**	**–**	**–**	**–**	**3**	**–**	**1**	**–**	**–**	**4**
Actuarial (losses)/gains on retirement benefit obligations	**–**	**–**	**–**	**–**	**(7)**	**–**	**–**	**60**	**–**	**53**
Fair value revaluations										
- PPP financial assets	**–**	**–**	**–**	**–**	**140**	**–**	**64**	**–**	**–**	**204**
- PPP cash flow hedges	**–**	**–**	**–**	**–**	**(154)**	**–**	**(85)**	**–**	**–**	**(239)**
- other cash flow hedges	**–**	**–**	**–**	**–**	**2**	**–**	**(2)**	**–**	**–**	**–**
- available-for-sale investments in mutual funds	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**–**	**–**	**(2)**
Tax on items taken directly to equity	**–**	**–**	**1**	**–**	**1**	**–**	**6**	**(20)**	**–**	**(12)**
Total comprehensive income/ (expense) for the year	**–**	**–**	**1**	**–**	**60**	**–**	**(18)**	**151**	**–**	**194**
Ordinary dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(88)**	**–**	**(88)**
Joint ventures' and associates' dividends	**–**	**–**	**–**	**–**	**(54)**	**–**	**–**	**54**	**–**	**–**
Issue of ordinary shares	**1**	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3**
Recycling of revaluation reserves to the income statement on disposal	**–**	**–**	**–**	**–**	**(6)**	**–**	**–**	**–**	**–**	**(6)**
Movements relating to share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**	**5**	**–**	**–**
Transfers	**–**	**–**	**–**	**(3)**	**–**	**–**	**–**	**3**	**–**	**–**
At 31 December 2011	**344**	**61**	**17**	**27**	**144**	**249**	**62**	**355**	**4**	**1,263**

17 Movements in equity (continued)

For the year ended 31 December 2010

	Called-up share capital £m	Share premium account £m	Equity component of preference shares £m	Special reserve £m	Share of joint ventures' and associates' reserves £m	Other reserves: Merger reserve £m	Other reserves: Other reserves £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2010	343	57	16	32	157	249	39	102	4	999
Profit for the year	–	–	–	–	58	–	–	85	–	143
Currency translation differences	–	–	–	–	5	–	38	–	–	43
Actuarial gains on retirement benefit obligations	–	–	–	–	1	–	–	86	–	87
Fair value revaluations										
- PPP financial assets	–	–	–	–	36	–	25	–	–	61
- PPP cash flow hedges	–	–	–	–	(47)	–	(20)	–	–	(67)
- other cash flow hedges	–	–	–	–	(3)	–	1	–	–	(2)
- available-for-sale investments in mutual funds	–	–	–	–	-	–	4	–	–	4
Tax on items taken directly to equity	–	–	–	–	3	–	(2)	(26)	–	(25)
Total comprehensive income for the year	–	–	–	–	53	–	46	145	–	244
Ordinary dividends	–	–	–	–	–	–	–	(84)	–	(84)
Joint ventures' and associates' dividends	–	–	–	–	(62)	–	–	62	–	–
Issue of ordinary shares	–	2	–	–	–	–	–	–	–	2
Recycling of revaluation reserves to the income statement on disposal	–	–	–	–	(4)	–	–	–	–	(4)
Acquisition of non-controlling interest	–	–	–	–	–	–	–	(1)	–	(1)
Movements relating to share-based payments	–	–	–	–	–	–	–	4	–	4
Transfers	–	–	–	(2)	–	–	–	2	–	–
At 31 December 2010	343	59	16	30	144	249	85	230	4	1,160

18 Acquisitions and disposals

18.1 Current year acquisitions

	Acquisition date	Subsidiary	Percentage acquired	Cash consideration £m	Contingent consideration £m	Fair values of net assets acquired £m	Goodwill arising on acquisition £m	Costs (ii) £m
18.1.1	First half 2011	Various Rok contracts (iii)		**–**	**–**	**(1)**	**1**	**–**
18.1.2	30 March 2011	Romec Services Ltd	**100%**	**29**	**–**	**5**	**24**	**1**
18.1.3	7 April 2011	Power Efficiency Holdings Ltd	**100%**	**18**	**–**	**10**	**8**	**–**
18.1.4	15 June 2011	Fru-Con Construction LLC (i)(iii)	**100%**	**14**	**–**	**6**	**8**	**1**
18.1.5	30 June 2011	Howard S. Wright (i)(iii)	**100%**	**44**	**7**	**10**	**41**	**1**
18.1.6	22 August 2011	Office Projects Group Ltd	**100%**	**8**	**–**	**3**	**5**	**–**
				113	**7**	**33**	**87**	**3**

(i) As at 31 December 2011 the fair values of acquired assets, liabilities and goodwill for these businesses have been determined on a provisional basis, pending finalisation of the post-acquisition review of the fair value of the acquired net assets.
(ii) Costs directly attributable to each acquisition have been expensed within non-underlying items (Note 5).
(iii) Goodwill is expected to be deductible for income tax purposes in respect of Rok, Fru-Con and the majority of Howard S. Wright.

18.1.1 In the first half of 2011 additional contracts were transferred in respect of certain operations of Rok's business which extend the Group's capabilities in the affordable new build housing market. In addition, management reassessed contracts that were acquired on 19 November 2010, resulting in additional liabilities of (£3m), intangibles arising of £2m and goodwill of £1m.

18.1.2 On 30 March 2011 an associate, Romec Ltd, in which Royal Mail Group ("RMG") and the Group hold 51% and 49% respectively, agreed a new facilities management contract for a further 10 years whereby Romec Ltd will provide a wide range of technical and building services to RMG worth £0.9bn with further variable scope for works worth £0.9bn over the 10-year term. In addition Romec Ltd credited RMG with £10m in respect of the previous 10-year management contract and a special dividend of £19m was paid on a class of preference shares owned 100% by RMG. The Group's share of these items is disclosed in non-underlying items.

On 30 March 2011 the Group acquired 100% of Romec Services Ltd ("RSL") from Romec Ltd for a cash consideration of £29m. RSL provides services to third-party customers and will enhance the Group's mobile engineering and maintenance services capabilities. The fair value of net assets acquired was £2m, intangible assets arising net of deferred tax were £3m and goodwill of £24m has been recognised. A gain of £13m disclosed in non-underlying items arose on the revaluation of the Group's existing 49% interest in RSL.

18.1.3 On 7 April 2011 the Group acquired 100% of Power Efficiency Holdings Ltd, a leader in the energy management market, for consideration of £18m, of which £14m was paid in cash to the vendors and £4m was paid into an escrow account distributable over two years subject to certain provisions of the purchase agreement. The acquisition strengthens the Group's ability to maintain large complex energy portfolios and deliver end-to-end energy and carbon management services. The fair value of net assets acquired was £3m, intangible assets arising net of deferred tax were £7m and goodwill of £8m has been recognised.

18.1.4 On 15 June 2011 the Group acquired 100% of Fru-Con Construction LLC ("Fru-Con"), a water and wastewater infrastructure contractor, for a cash consideration of £14m. The acquisition of Fru-Con enhances the Group's expertise in water infrastructure projects. The provisional fair value of net assets acquired was £1m, intangible assets arising were £5m and goodwill of £8m has been recognised.

18.1.5 On 30 June 2011 the Group acquired 100% of Howard S. Wright ("HSW") for a cash consideration of £44m with a further estimated £7m contingent consideration payable on the satisfaction of certain financial projections. HSW provides pre-construction, general contracting and construction management services and enhances the Group's presence in Northern California and the US Pacific Northwest. The provisional fair value of net liabilities acquired was (£3m), intangible assets arising were £13m and goodwill of £41m has been recognised.

18.1.6 On 22 August 2011 the Group acquired 100% of Office Projects Group Ltd ("OPL") for a cash consideration of £8m of which £1m has been paid into an escrow account to be released after an 18-month retention period. OPL manages and delivers commercial interior and exterior fit-out and refurbishment projects for a range of blue-chip UK customers. The fair value of net assets acquired was £2m, intangible assets arising net of deferred tax were £1m and goodwill of £5m has been recognised. The acquisition extends the Group's capabilities in the fit-out and refurbishment markets.

18 Acquisitions and disposals continued

18.2 The recognised amounts of identifiable assets acquired and liabilities assumed

	£m
Net assets acquired	
Intangible assets – customer contracts	**7**
Intangible assets – customer relationships	**20**
Intangible assets – brand names	**7**
Property, plant and equipment	**5**
Deferred taxation	**(5)***
Working capital	**(15)**
Cash and cash equivalents	**16**
Other net liabilities	**(4)**
Identifiable net assets	**31**
Goodwill	**89***
Total consideration	**120**

* Includes prior year amendments to Halsall's acquisition fair values as detailed in Note 18.4.

Satisfied by	
Cash consideration	**113**
Contingent consideration	**7**
Total consideration transferred	**120**

Net cash flow on acquisitions	
Cash consideration	**113**
Cash and cash equivalent balances acquired	**(16)**
Net cash outflow on acquisitions completed in 2011	**97**
Deferred consideration paid during 2011 in respect of acquisitions completed in earlier years	**3**
Net cash outflow on acquisitions	**100**

18.3 The businesses acquired during the year contributed £255m to Group revenue and £4m to profit for the year in the current year.

18.4 Prior year acquisitions

The fair values of acquired assets and liabilities, including goodwill, previously disclosed as provisional for Ethos56 Ltd ("Halsall") have been finalised in the current year resulting in a £2m deferred tax liability and an increase in goodwill of £2m. These amounts are not considered material and are shown in the current year.

There are no other changes to the acquisition fair values disclosed in the 2010 financial statements.

18.5 Current year disposals

18.5.1 On 3 May 2011, the Group disposed of its UK specialist rail manufacturing business for £37m. The fair value of net assets disposed comprise property, plant and equipment £26m; and working capital £8m. No cash and cash equivalents were disposed. The business generated revenue of £55m in 2010 and had profit from operations of £4m. A total loss on disposal of £7m, including £7m goodwill written off and an onerous lease provision of £3m, was recognised within non-underlying items.

18.5.2 On 23 June 2011 the Group disposed of a 60% interest in its Connect Roads Ltd joint venture for a cash consideration of £16m. Connect Roads Ltd holds a 100% interest in Connect A50 Ltd. The disposal resulted in a total gain of £14m being recognised in underlying operating profit, comprising £8m in respect of the gain on disposal of the investment in the joint venture and £6m in respect of revaluation reserves recycled to the income statement. The Group retains a 25% interest in Connect Roads Ltd following the transaction.

18.5.3 On 7 November 2011 the Group disposed of its 50% interest in the shares and loan notes issued by Consort Healthcare Blackburn (Holdings) Ltd for a cash consideration of £12m. This resulted in a gain on disposal of £6m being recognised in underlying operating profit. There were no revaluation reserves relating to Consort Healthcare Blackburn (Holdings) Ltd.

18.5.4 On 21 December 2011 the Group disposed of its effective 25.5% interest in Barking Power Ltd at its carrying value of £55m. Transaction costs of £1m were incurred resulting in a £1m loss on disposal being recognised within non-underlying items.

19 Notes to the statement of cash flows

	Underlying 2011 £m	Non-underlying 2011 £m	2011 £m	2010[2] £m
19.1 Cash generated from/(used in) operations				
Profit from continuing operations	**331**	**(88)**	**243**	220
Profit from discontinued operation	**–**	**4**	**4**	(14)
Share of results of joint ventures and associates – continuing operations	**(75)**	**–**	**(75)**	(72)
Share of results of joint ventures and associates – discontinued operation	**–**	**–**	**–**	14
Dividends received – discontinued operation	**–**	**(5)**	**(5)**	–
Depreciation of property, plant and equipment	**70**	**–**	**70**	74
Amortisation of other intangible assets	**4**	**62**	**66**	82
Pension deficit payments – ongoing deficit funding	**(58)**	**–**	**(58)**	(41)
– one-off deficit funding	**–**	**–**	**–**	(40)
Pension past service cost credit	**(2)**	**–**	**(2)**	–
Movements relating to share-based payments	**6**	**–**	**6**	8
Profit on disposal of investments in joint ventures	**(20)**	**–**	**(20)**	(20)
Profit on disposal of property, plant and equipment	**(4)**	**–**	**(4)**	(2)
Loss on disposal of business	**–**	**7**	**7**	–
Loss on disposal of Barking	**–**	**1**	**1**	–
Other non-cash items	**3**	**–**	**3**	(8)
Operating cash flows before movements in working capital	**255**	**(19)**	**236**	201
Increase in working capital	**(201)**	**–**	**(201)**	(32)
Cash (used in)/generated from operations	**54**	**(19)**	**35**	169

[2] Re-presented for the classification of Barking Power as a discontinued operation (Note 7).

			2011 £m	2010 £m
19.2	**Cash and cash equivalents**			
	Cash and deposits		**574**	518
	Term deposits		**3**	48
	PPP cash balances		**18**	18
	Bank overdrafts		**(15)**	(34)
			580	550
19.3	**Analysis of net cash**			
	Bank overdrafts		**(15)**	(34)
	Other loans		**(214)**	(2)
	Finance leases		**(8)**	(12)
	Cash and deposits		**574**	518
	Term deposits		**3**	48
			340	518
	PPP non-recourse project finance	- Sterling floating rate term loan (2008-2027)	**(22)**	(23)
		- Sterling floating rate term loan (2011-2030)	**(25)**	(25)
		- Sterling floating rate term loan (2012-2031)	**(24)**	(19)
		- Sterling floating rate term loan (2010-2034)	**(167)**	(162)
		- Sterling floating rate term loan (2016-2035)	**(7)**	(3)
		- Sterling floating rate term loan (2016-2035)	**(3)**	–
		- Sterling floating rate term loan (2016-2036)	**(3)**	–
		- Sterling floating rate term loan (2012-2037)	**(76)**	(56)
		- Sterling floating rate term loan (2013-2037)	**(23)**	–
	PPP cash and cash equivalents		**18**	18
	Net cash		**8**	248

A significant part of the PPP non-recourse project finance floating rate term loans has been swapped into fixed rate debt by the use of interest rate swaps.

19 Notes to the statement of cash flows continued

19.4 Analysis of movement in net cash

	PPP 2011 £m	Other 2011 £m	Total 2011 £m	Total 2010 £m
Opening net cash	**(270)**	**518**	**248**	324
Currency translation differences	**–**	**(2)**	**(2)**	12
Net increase/(decrease) in cash and cash equivalents	**–**	**32**	**32**	(70)
Proceeds from new loans	**(70)**	**(212)**	**(282)**	(49)
Repayment of loans	**8**	**–**	**8**	30
Proceeds from new finance leases	**–**	**–**	**–**	(4)
Repayment of finance leases	**–**	**4**	**4**	5
Closing net cash	**(332)**	**340**	**8**	248

19.5 Borrowings

During the year to 31 December 2011 the significant movements in borrowings were an increase of £70m (2010: £49m) in non-recourse borrowings funding the development of financial assets in PPP subsidiaries, a draw down of other short-term loans of £212m (2010: £nil), a £19m net decrease (2010: £24m increase) in bank overdrafts and repayment of £8m (2010: £19m) non-recourse PPP loans.

20 Contingent liabilities

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and given guarantees in respect of their share of certain contractual obligations of joint ventures and associates and certain retirement benefit obligations of the Balfour Beatty Pension Fund and Parsons Brinckerhoff Pension Scheme. Where such agreements are entered into they are considered to be and accounted for as insurance arrangements. Guarantees are treated as contingent liabilities until such time as it becomes probable payment will be required to be made under the terms of the guarantee.

Provision has been made for the Directors' best estimate of known legal claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation.

21 Principal risks and uncertainties

The principal risks and uncertainties facing the Group which could adversely impact its profitability and its ability to achieve its strategic objectives are detailed in the Annual report and accounts 2011. These include: external risks arising from the continued effects of the global economic downturn and the evolving legal and regulatory environments in which the Group operates; strategic risks which may arise as the Group expands through acquisitions and moves into new territories; organisation and management risks including business conduct and people related risks; and operational risks arising from bidding, project execution and health, safety and sustainability matters.

The Group is an integrated infrastructure services business operating across the lifecycle of infrastructure assets, with capabilities extending from financing and designing assets to constructing, operating and maintaining them. At present some 80% of the Group's business is in the UK and US, although it has a presence in some 80 countries around the world. The continued effect of the global economic downturn may cause the Group's customers to cancel, postpone or reduce existing or future projects which would adversely affect the Group's order book. In particular, the Group is dependent on UK and US government policies and spending for a significant part of its revenues. The risk of changes in the expenditure of government and/or regulated bodies in any market sector or country is mitigated by the diverse end-markets and geographies in which the Group operates and the continuing need to maintain and upgrade infrastructure. The Group is also accelerating the international reach of its business and increasing its focus on markets where demand is expanding faster. In particular, the Group sees potential in the rail, power and mining sectors and in some countries, transportation and water.

22 Related party transactions

The Group has contracted with, provided services to, and received management fees from, certain joint ventures and associates amounting to £898m (2010: £972m). These transactions occurred in the normal course of business at market rates and terms. In addition, the Group procured equipment and labour on behalf of certain joint ventures and associates which were recharged at cost with no mark-up. The amount due from joint ventures and associates was £26m (2010: £26m). The amount due to joint ventures and associates was £33m (2010: £42m).

On 30 March 2011 the Group acquired Romec Services Ltd from its associate Romec Ltd for a cash consideration of £29m. Refer to Note 18.1.2.

On 21 December 2011 the Balfour Beatty Pension Fund, acting through its Trustees, purchased the Group's effective 25.5% interest in Barking Power Ltd at its carrying value of £55m which was considered to be its fair value. Refer to Note 7.

23 Events after the reporting date

On 1 February 2012, the Group sold its 50% interest in Transform Schools (North Lanarkshire) Holdings Ltd for a cash consideration of £18m. The disposal resulted in a £8m gain being recognised within underlying operating profit.

24 Prior year comparisons

24.1 The 2010 income statement has been re-presented to reflect the classification of Barking Power Ltd as a discontinued operation from 2 March 2011. Refer to Note 7.

24.2 The 2010 statement of financial position has been re-presented to reflect the disclosure of provisions between current liabilities and non-current liabilities. This had the following effect.

	As re-presented 2010 £m	As previously reported 2010 £m	Net Effect £m
Current liabilities	(135)	–	(135)
Non-current liabilities	(107)	(242)	135
Total provisions	(242)	(242)	–

24.3 On 1 January 2011 management responsibility for Balfour Beatty Plant and Fleet Services ("BBPFS") was transferred from Construction Services to Balfour Beatty WorkPlace ("BBW") in Support Services, to enhance its growth prospects utilising BBW's customer base. Amounts in 2010 presented for Construction Services and Support Services have been re-presented accordingly.

	Construction Services as re-presented 2010 £m	Construction Services as previously reported 2010 £m	Support Services as re-presented 2010 £m	Support Services as previously reported 2010 £m
Performance by activity				
Revenue including share of joint ventures and associates	6,734	6,743	1,443	1,434
Share of revenue of joint ventures and associates	(616)	(616)	(131)	(131)
Group revenue	6,118	6,127	1,312	1,303
Underlying group operating profit	170	181	57	46
Share of results of joint ventures and associates	31	31	5	5
Underlying profit from operations	201	212	62	51
Amortisation of acquired intangible assets	(18)	(18)	(1)	(1)
Other non-underlying items	(6)	(6)	(12)	(12)
Profit from operations	177	188	49	38
Total assets	2,339	2,412	469	396
Total liabilities	(2,454)	(2,519)	(428)	(363)
Net (liabilities)/assets	(115)	(107)	41	33
Other information				
Capital expenditure	37	52	32	17
Depreciation	34	48	26	12