

Keller Group plc
Full Year Results Announcement for the year ended 31 December 2009

Keller Group plc (“Keller” or “the Group”), the international ground engineering specialist, is pleased to announce its preliminary results for the year ended 31 December 2009.

Results summary:	2009	2008*
Revenue	£1,037.9m	£1,196.6m
Operating profit	£77.3m	£119.4m
Profit before tax	£74.7m	£113.2m
Earnings per share	78.8p	111.1p
Cash from continuing operations	£123.2m	£143.5m
Total dividend per share	21.75p	20.7p
<i>*2008 comparators relate to results from continuing operations. There were no discontinued operations in 2009.</i>		

Highlights include:

- Good contract performance and firm cost control keep operating margin high by historic standards
- Further geographical diversification, with 26% of 2009 revenue coming from Australia and developing markets
- October acquisition of Resource Holdings Limited in Singapore for an initial cash and debt-free consideration of £27.1m, bringing critical mass to the Group’s operations in South East Asia
- Cash generated from operations represents 109% of EBITDA, reflecting strong focus on cash collection and working capital
- Year-end net debt of £78.8m (0.7x EBITDA); committed facilities of over £200m with substantial covenant headroom
- Total dividend of 21.75p (2008: 20.7p), a 5% increase, maintaining our track record of increasing the dividend every year since flotation

Justin Atkinson, Keller Chief Executive said:

“The Group’s 2009 results held up well, given that most of our markets were severely depressed throughout the year. Despite a general shortage of contract awards, resulting in intense competition and tighter pricing, good overall contract performance and our firm cost control mitigated the impact on the Group’s operating margin.

“The Group is in a very sound financial position, which we will safeguard through our constant focus on cash generation and costs. From this position of strength, we expect to continue to grow in those markets which offer good opportunities. In more mature markets, the actions taken to protect our profitability mean that we will emerge from the downturn even stronger and ready to seize the advantage, as these regions recover.

“By focusing on what we do best, we are confident that we will maintain our track record of out-performing our markets over the medium to long term.”

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*A presentation for analysts will be held at 9.15 for 9.30am at The Theatre & Gallery,
London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS
Print resolution images are available for the media to download from www.vismedia.co.uk*

Chairman's Statement

In my first statement to shareholders since becoming your Chairman, I am pleased to report a resilient set of results for 2009, delivered against the most severe downturn in global construction seen in my lifetime and the harsh trading environment that has ensued in many of our markets.

Results¹

Group revenue reduced by 13% to £1,037.9m (2008: £1,196.6m). The operating margin, at 7.4%, was down from the previous year's excellent 10.0%, resulting in an operating profit of £77.3m (2008: £119.4m). Profit before tax was £74.7m (2008: £113.2m) and earnings per share were 78.8p (2008: 111.1p).

Cash flow and net debt²

Cash generated from continuing operations was £123.2m (2008: £143.5m), which represented 109% of EBITDA (2008: 99%). This continued the Group's consistent track record of converting profits into cash and reflects our strong focus on cash collection and the minimisation of working capital. After significantly reduced net capital expenditure of £35.5m (2008: £66.6m) and expenditure on acquisitions of £34.7m (2008: £14.1m), net debt at the end of the year stood at £78.8m (2008: £84.6m).

The Group has significant committed facilities and we are operating well within all the associated financial covenants.

Dividends

The Board has declared a second interim dividend of 14.5p per share in lieu of a final dividend (2008 final: 13.8p per share). This, together with the first interim dividend paid of 7.25p, brings the total dividend for the year to 21.75p, an increase of 5% on the previous year's 20.7p. Dividend cover for the year is 3.6x (2008: 5.4x). The second interim dividend will be paid on 1 April 2010 to shareholders on the register at 12 March 2010.

This maintains our record of increasing the dividend each year since the Company's flotation in 1994.

Strategy

We remain focused on our strategy: to extend further our global leadership in specialist ground engineering through both organic growth and targeted acquisitions. There are three key elements to our strategy:

- transfer of technologies and methods within our current geographic regions;
- expansion into new, higher growth geographic regions; and
- acquisition and development of new technologies and methods.

Key developments in 2009 in furtherance of this strategy included:

- acquiring Resource Holdings Limited in Singapore in October, which brought critical mass to the Group's operations in South East Asia and added further momentum to our move into heavy foundations in the region;
- strengthening our businesses through the deployment of more people and equipment in India, Egypt and Algeria; and
- extending our range of technologies in some of our more established regions, such as

¹ 2008 comparators relate to revenue, operating margin, operating profit, profit before tax and earnings per share from continuing operations. There were no discontinued operations in 2009.

² Net debt is cash and short-term deposits less total loans and borrowings.

the introduction of wick drains in the US, pre-cast piles in Poland and the further expansion of soil mixing in many regions.

Sustainability

Over the past year, much of the Board's focus has inevitably been on cash generation and ensuring that our cost base remains aligned with our trading environment, both of which will remain at the top of our agenda. However, we have also concentrated on other issues which underpin the long-term health of the business, such as succession planning, health and safety and environmental management. By developing common frameworks for these areas of management, which provide for a consistency of approach and aim to bring all our businesses up to the standard of the best, we are confident that we will build on our strong track record in these disciplines, to support the long-term sustainability of the Group.

People

After more than 45 years' service to Keller, Dr Michael West retired as Chairman in July 2009. Having joined in 1964, Mike led a management buyout of Keller in 1990 and the Company's subsequent flotation in 1994, becoming Chairman a year later. It is a privilege to follow in the footsteps of someone whose role in the creation and development of the Keller Group was so pivotal. He has left behind a strong legacy for which, on behalf of shareholders, the Board and employees, I thank him.

It has been a most demanding year for the Group and for its employees, throughout which they have demonstrated their continued support and commitment. On behalf of shareholders and the Board, I would like to take this opportunity to thank them for all their efforts.

Outlook

Clearly, 2010 will be another challenging year, not helped by the impact of the severe weather in the northern hemisphere in the first two months, which has greatly restricted our output. As a Group, we have not yet seen a sustained upturn in orders and this is reflected in our order book, which is 14% below the same time last year on a constant currency basis.

Looking to our markets, commercial construction in the developed world is likely to contract further, particularly in the US, which will increase the downward pressure on our margins. However, government spending in most parts of the world is expected to remain at a relatively high level and we expect to see some benefit from US stimulus spending in the second half. The underlying fundamentals in Australia and our developing markets³ remain strong.

The Group is in a very sound financial position, which we will safeguard through our constant focus on cash generation and costs. From this position of strength, we expect to continue to grow in those markets which offer good opportunities. In more mature markets, the actions taken to protect our profitability mean that we will emerge from the downturn even stronger and ready to seize the advantage, as these regions recover.

³ Our markets in Eastern Europe, North Africa, the Middle East & Asia

Operating Review

The Group's 2009 results held up well, given that most of our markets were severely depressed throughout the year. Despite a general shortage of contract awards, resulting in intense competition and tighter pricing, good overall contract performance and our firm cost control mitigated the impact on the Group's operating margin.

A strong feature underpinning these results is the ongoing re-balancing of the Group, which over several years has resulted in improved geographical diversification and increased exposure to higher growth markets. As a consequence, £275m (26%) of our 2009 revenue came from Australia and our developing markets, more than four times the level in 2004.

Conditions in our major markets

Generally, across the world we witnessed a sharp reduction in privately-financed construction, whilst investment in public infrastructure remained relatively strong. This was reflected in our revenue, with infrastructure and public buildings accounting for 47% of our 2009 revenue, compared to 35% in 2008.

In the US, which remains our largest market and where we are market leader, non-residential construction expenditure was down by 5% on the previous year⁴, despite modest growth in public infrastructure spending and, within the private sector, strong growth in investment in power and manufacturing. However, expenditure in the office, commercial and leisure sector was down by 26%. This is expected to reduce further in 2010, as the full impact of the much sharper fall in building starts in this sector feeds through into construction spend as a whole. The residential sector continued to contract, with housing starts falling by a further 39% in the year, although the second half showed an improvement on the first six months. Taken as a whole, US construction expenditure reduced in the year by approximately 12%.

Within our principal European markets: demand in Poland remained strong; Austria and Germany were flat; whilst France, the UK and, in particular, Spain continued to contract.

Elsewhere, construction activity in our markets in the Middle East was significantly down on 2008, whereas Australia and our Asian markets remained robust.

Operations

US

Results summary:	2009	2008
Revenue	£467.0m	£532.1m
Operating profit	£32.2m	£52.1m
Operating margin	6.9%	9.8%

In local currency, revenue from our US operations as a whole was down by 26%, whilst operating profit reduced by 48%, mainly reflecting a loss at Suncoast and pressure on margins across the US foundation businesses. In sterling terms, overall revenue was 12% lower, whilst operating profit was down by 38%.

⁴ The US Census Bureau of the Department of Commerce, 1 February 2010.

Hayward Baker

Overall, Hayward Baker had a satisfactory year, responding well to the challenges presented by the sharp downturn in commercial work. With offices in 15 states and a wide range of techniques at its disposal, the business is closely tuned into local market conditions and able to respond accordingly. This is reflected in the variety of work Hayward Baker undertook during the year: from a design and construct sheet piling and soil mixing contract for a new shipyard in Louisiana, to a vibro stone column contract for a new hospital in California. The result also benefited from jobs as diverse as further work on the levees at New Orleans, soil mixing for new bridge abutments in Utah, vibro replacement and compaction grouting for a large power plant expansion in Florida and jet grouting for a new transit tunnel in New York City.

The ability to offer a particularly wide range of solutions has long been one of the hallmarks of this business and in 2009 Hayward Baker added to its product offering wick drains - vertical drains which are used for accelerating the consolidation of compressible soils. The company's first wick drain project was for an extension to an oil refinery in Washington, where an underlying layer of clay needed to be consolidated before construction could begin. Hayward Baker installed 348,000 linear feet of wick drains to depths of up to 80 feet. The job was a success and the precursor to several more contracts using this technique during the year.

Further progress was made in integrating Olden, the business acquired by Hayward Baker in October 2008 which, as expected, is proving to be a good fit. Olden's value-engineering capability has secured several important jobs, such as a large contract for the Texas Department of Transport to install temporary shoring, shotcrete facia and tiebacks for a major road widening scheme.

Case, McKinney, Anderson and HJ

Amongst our US piling businesses, strong performances were delivered by Case and Anderson, despite activity levels slowing down somewhat towards the end of the year. McKinney had a satisfactory year, whilst HJ did well to remain profitable, given the sharp fall off in demand for privately-funded projects in its Florida home market. In all of these businesses, the headcount has been reduced to reflect the lower activity levels.

All four have managed to increase their exposure to the growing power and renewable energy sectors, from which 27% of their combined revenue in 2009 was derived, approximately double the level in 2008. In addition, HJ worked with the other US businesses in continuing the expansion of continuous flight augur piling outside of Florida.

The result for these businesses benefited from some large contracts, several of which were undertaken by two subsidiaries in partnership. These included the installation of foundations for the Populus to Ben Lomond Power Line in Utah (undertaken by Anderson); the Virginia City Power Plant (Case), the Edwardsport Power Plant in Indiana (Case and McKinney); the BP Refinery in Indiana (Case and HJ); a solar power plant in Florida (HJ); and a project to widen an existing 10-lane freeway in Arizona (Case).

This Arizona contract is one of many successful jobs performed by Case outside of its depressed Chicago home market. A more geographically-balanced business has resulted from the development of its regional offices such that, for the first time ever, the Arizona regional office generated more revenue than Chicago.

Suncoast

With no significant signs of improvement in the residential market as yet, and a further decline in demand for high-rise products, volume and prices have remained under pressure. As a result, further cost cutting measures have been taken, with headcount reduced by a further 25% in the year to below 400. With these measures and continuous improvements in efficiency over recent years, Suncoast is well placed to grow revenues and restore margins as the US housing market recovers over time.

Continental Europe, Middle East & Asia (CEMEA)

Results summary:		
	2009	2008
Revenue	£386.4m	£442.2m
Operating profit	£33.6m	£49.9m
Operating margin	8.7%	11.3%

In local currency, revenue was down some 22% and operating profit was 40% below the previous year. Translated into sterling, revenue was 13% behind the previous year and operating profit was down by 33%.

Continental Europe

Overall, our businesses within the more mature Continental European markets gave another solid performance.

In Germany, despite a stagnant market and tight pricing, we recorded our best operating margin for many years, reflecting a process of continuous improvement in our technical and business processes. Similarly, in Austria, notwithstanding a shortage of major projects and highly competitive pricing, a very good result was achieved through a sharp focus on value-engineered designs and excellent logistics, enabling small to medium sized sites to be better managed.

Keller France, which has traditionally had limited exposure to the infrastructure sector, saw a sharp reduction in its domestic market, which resulted in some ongoing streamlining measures. However, good opportunities were to be found in the energy sector in North Africa, such as involvement in the construction of new LNG tanks for a major oil company at Arzew in Algeria. Here, a field team comprising operators from Algeria, UK, Germany and France worked together on a large jet grouting contract, with successful results likely to lead to further work at the same site during 2010.

In Spain, where the construction market is estimated to have shrunk by 22% in 2009 following a contraction of around 13% the previous year⁵, decisive management actions ensured that the business remained profitable; however, with a further market reduction expected in 2010 as spending on public infrastructure slows, the business will face further challenges in the near term.

In Europe's developing markets, our Polish business once again stood out for its strong performance. It benefitted in particular from heavy demand associated with road infrastructure upgrades, such as the A1 motorway between Pyrzowice and Piekary Slaskie, where we are installing around 39,000 linear metres of wet deep soil mixed columns. In 2009, Keller Polska added to its broad product range with the introduction of pre-cast piling, enabling it to provide a packaged solution comprising continuous flight augur piles, vibro stone columns

⁵ Euroconstruct Country Report, November 2009.

and deep soil mixing in addition to around 800 pre-cast displacement piles, for the construction of a new road bridge over the Vistula River in Warsaw.

The integration of the Group's small 2008 acquisition in the Czech Republic, Boreta, has progressed to plan and good co-operation has been established between Boreta and Keller's existing Czech business.

Middle East

Whilst our Middle Eastern markets remained generally quiet for most of last year, in recent weeks we have seen early signs of the markets stirring.

In the UAE, although there was little construction activity in Dubai, several opportunities arose in neighbouring Abu Dhabi, such as the development of the Khalifa Port, where we used vibro techniques to improve reclaimed land for the construction of a new container terminal.

Elsewhere in the region, our operations in Bahrain and Saudi Arabia were relatively quiet, although high levels of tendering activity throughout last year are now gradually being reflected in contract awards. In Egypt, where we have a long-established business, we built up our resources during 2009 to take advantage of an expected growth in demand.

Asia

An excellent result was delivered by our Asian business. Malaysia contributed strongly to this result, performing well on several large road and rail infrastructure projects, including the ongoing Ipoh to Padang Besar railway.

Further progress was made on building up our capacity and extending our product range in India where, during the year, we added anchors, dry vibro replacement, vibro compaction and piling services. Successful contracts employing these techniques included: temporary ground anchors for a multi-level underground car park in New Delhi; vibro stone columns for a gas-fired power plant, also in New Delhi; and piling together with stone columns for a new power plant at Anpara.

After a somewhat subdued first half, activity in our Singapore business picked up in the fourth quarter. 2009 saw our established ground improvement business introduce vibro concrete columns to the Singapore market, broadening the range of ground improvement techniques on offer in the region.

In October we announced the acquisition of Resource Holdings Limited ("Resource Piling"), a Singapore-based piling contractor, for an initial cash and debt-free payment of £27.1m, plus further payments based on future profits. Resource Piling has particular expertise in large diameter bored piling in soft clays.

This acquisition significantly strengthens the Group's existing operations in Singapore. By adding piling to our product range, it enables us to offer packaged solutions which combine Keller's existing ground improvement techniques with Resource Piling's piling products. The acquisition will also assist us in growing our heavy foundations capability in South East Asia. A collaborative relationship has already been established, with Resource Piling and Keller pooling their resources on certain piling activities in India and identifying joint tendering opportunities in Singapore and Vietnam.

Australia

Results summary:		
	2009	2008
Revenue	£126.9m	£137.1m
Operating profit	£16.6m	£19.4m
Operating margin	13.1%	14.2%

Our Australian business had another very strong year although, as expected, not reaching the exceptional level seen in 2008. In local currency, revenue was down by 16% and operating profit by 22% whilst in sterling terms, revenue and operating profit reduced by 7% and 14% respectively.

Although investment in public infrastructure and construction for the resources sector continued strongly throughout the year, commercial construction remained weak, particularly in Victoria. Vibro-Pile, which has had the most exposure to this market, did a good job of diversifying into the infrastructure sector, where it performed well. Frankipile, which has also traditionally served the commercial market, derived a substantial part of its 2009 revenue from the resources sector, particularly in Western Australia. Piling Contractors had an excellent second half, as several of its large infrastructure projects ramped up. For Keller Ground Engineering, 2009 was a year of further market penetration with its specialist ground improvement techniques.

As we have seen elsewhere in the Group, growing co-operation between Keller companies, which has enabled them to offer packaged solutions and to take on large and complex contracts, has been an important driver of growth. Two such contracts in 2009 were for heavy foundations work on the Brisbane Airport Link project, where Keller Ground Engineering, Vibro-Pile and Piling Contractors have been engaged, and a mine bulk infill project in Queensland, where Keller Ground Engineering and Piling Contractors are working together, with significant engineering support from other parts of the Keller Group.

UK

Results summary (continuing business):		
	2009	2008
Revenue	£57.6m	£85.2m
Operating profit	£0.5m	£2.7m
Operating margin	0.9%	3.2%

Market conditions in the UK remained very challenging, with the housing and commercial sectors, which together used to account for much of the revenue from the UK business, being particularly weak.

Against this backdrop, the business reported revenue of £57.6m (2008: £85.2m) and operating profit of £0.5m (2008: £2.7m). After reporting an operating loss of £0.4m at the half year, it is pleasing to note that the business made a profit in the second half, reflecting the significant cost reductions, including a 20% reduction in headcount, implemented in the first half of the year.

In order to increase the exposure to larger projects, which were the mainstay of UK construction activity in 2009, the independent companies which made up Keller UK have been restructured and refocused to facilitate greater co-operation and sharing of resources and to better position the business to win more major projects. This has already started to bear fruit, being reflected in several of the larger contracts undertaken in 2009, including work on the M1

and M74 upgrade projects, and the recent award of a piling contract at London's Tottenham Court Road tube station, as part of the Crossrail project.

Future Positioning and Market Drivers

Our strategy, to extend further our global leadership in specialist ground engineering, has not fundamentally changed in recent years. Its successful implementation has delivered significant shareholder value and we are positioned to ensure that this track record continues.

We will continue to focus on those sectors where the barriers to entry are highest and where we have capabilities which give us a clear competitive advantage:

- bigger and more sophisticated foundation systems, often requiring specialist equipment;
- foundations for safety- and quality-critical environments; and
- bespoke solutions with a high design content.

Throughout the world, we expect the growth in specialist ground engineering to exceed the growth in general construction, driven over the medium to long term by such trends as:

- increasing land shortage, driving a need to use brownfield and marginal land;
- climate change, triggering more river and dam flood protection projects;
- the prevalence of very large-scale development projects;
- the need for investment in energy capacity; and
- the renewal of outdated road and rail infrastructure.

In our developing markets, additional drivers, such as population growth, urbanisation, rapid industrialisation and increased overseas trade, are expected to sustain high levels of investment across the whole construction spectrum over the medium to long term and we continue to strengthen our position in these regions.

By focusing on what we do best, we are confident that we will maintain our track record of out-performing our markets over the medium to long term.

Financial Review

2009 was a challenging year for Keller but, despite reduced revenue and profits, the Group continued to generate excellent operating cash flows.

Comparisons of sterling-denominated headline numbers with 2008 are made difficult by currency movements. Overseas revenue, profits and cash flows are translated using average foreign exchange rates. The average US dollar exchange rate against sterling was US\$1.57, 16% stronger than in 2008, whilst the average euro exchange rate against sterling strengthened 11% from €1.26 to €1.12. The impact on the Group's consolidated assets and liabilities, which are translated at year-end exchange rates, was somewhat less pronounced as both the US dollar and the euro weakened against sterling by around 9% between the beginning and end of 2009.

Results

Trading results⁶

Group revenue decreased by 13% in the year to £1,037.9m, reflecting reduced volumes in many of the Group's main markets, partially offset by currency benefits and a small contribution from acquisitions. Stripping out the effects of acquisitions and foreign exchange movements, the Group's 2009 revenue was 26% down on 2008. EBITDA was £113.2m, compared to £144.3m in 2008 and operating profit was £77.3m, down from £119.4m in 2008. Adjusting for the effects of acquisitions and currency movements, the Group's operating profit was down 45% on 2008. This reflects a combination of the lower revenue and the fall in operating margin to 7.4% from the record highs of the last few years (2008: 10.0%), as a result of the depressed state of most of our markets.

In the US, the Group's largest market, the US dollar-denominated operating profit was down 48% year-on-year, reflecting continued deterioration in the residential and commercial construction markets. The decline in CEMEA's constant-currency results was less marked, with CEMEA overtaking the US as the division making the largest contribution to the Group's profits. Profits in Australia were again strong, although below the excellent result achieved in 2008. In the UK, profits were down, reflecting the continued downturn in the UK construction market.

The Group's trading results are discussed more fully in the Chairman's Statement and the Operating Review.

Net finance costs

Net finance costs decreased from £6.2m in 2008 to £2.6m in 2009. This decrease is due to non-cash items included in net finance costs under IFRS. The net interest payable on the Group's net debt reduced by £0.5m to £2.8m, with the effect of lower interest rates being offset by the impact of weaker sterling on the translation of non-sterling denominated interest.

Tax

The Group's underlying effective tax rate was 30%, down from 32% in 2008, as a higher proportion of the Group's profit was derived from lower tax countries. This lower rate is expected to be maintained in the short term.

Earnings and dividends

Earnings per share (EPS) from continuing operations decreased by 29% to 78.8p (2008: 111.1p). The Board has declared a second interim dividend of 14.5p per share in lieu of a final dividend, which brings the total dividend paid out of 2009 profits to 21.75p, a 5% increase on last year. The 2009 dividend is covered 3.6 times by earnings.

⁶ 2008 comparators relate to results from continuing operations. There were no discontinued operations in 2009.

Cash flow

The Group has always placed a high priority on cash generation. The current economic environment is inevitably putting pressure on working capital in certain locations and we will therefore continue to focus on maximising cash generation and minimising the Group's investment in working capital. In 2009, the Group continued its excellent record of converting profits into cash. Net cash inflow from operations was £123.2m, representing 109% of EBITDA. Year-end working capital was £85.0m, £7.2m less than at the end of 2008. Stripping out the impact of currency movements and acquisitions, year-end working capital was down on 2008 by £13.0m. As planned, capital expenditure, net of disposals, decreased substantially to £35.5m, less than half of the 2008 spend using like-for-like exchange rates.

The Group spent £34.7m in cash on acquisitions in the year, including net debt assumed. Of this amount, £27.1m was the initial consideration for Resource Piling, a business based in Singapore and acquired in October 2009, and the vast majority of the remainder related to deferred consideration in respect of the 2005 acquisition of Donaldson. We expect to make further payments for Resource Piling based on its profits up to 31 March 2013. At the year end, a total of £10.0m has been accrued as deferred consideration for Resource Piling, the majority of which is not expected to be payable until 2013. There is no other significant deferred consideration due in respect of acquisitions.

Financing

As at 31 December 2009, year-end net debt amounted to £78.8m (2008: £84.6m). Based on net assets of £323.3m, year-end gearing was 24%, down slightly from 28% at the beginning of the year.

The Group's debt and committed facilities mainly comprise a US\$100m private placement, repayable US\$30m in 2011 and US\$70m in 2014, an £80m syndicated revolving credit facility expiring in 2011 and a £65m syndicated revolving credit facility expiring in July 2010. This last facility is undrawn. The Group's lenders remain very supportive and we plan to refinance our main bank facilities within the next twelve months.

At the year end, the Group also had other committed and uncommitted borrowing facilities totalling around £72m. The Group therefore has sufficient available financing to support our strategy of growth, both through organic means and targeted, bolt-on acquisitions.

The major covenants in respect of our main borrowing facilities relate to the ratio of net debt to EBITDA, EBITDA interest cover and the Group's net worth. The Group is operating very comfortably within its covenant limits, as is illustrated in the table below:

Test	Covenant limit	Current position
Net debt:EBITDA	< 3x	0.7x
EBITDA interest cover	> 4x	43x
Net worth	> £78m	£323m

Capital structure

The Group's capital structure is kept under constant review, taking account of the need for, availability and cost of various sources of finance.

Pensions

The Group has defined benefit pension arrangements in the UK, Germany and Austria. The Group closed its UK defined benefit scheme for future benefit accrual with effect from 31 March 2006 and existing active members transferred to a new defined contribution arrangement. The last actuarial valuation of the UK scheme was as at 5 April 2008, when the market value of the scheme's assets was £26.9m and the scheme was 77% funded on an ongoing basis. The level of contributions, currently set at £1.5m a year, will be reviewed at the next actuarial valuation, which will be as at April 2011.

The 2009 year-end IAS 19 valuation of the UK scheme showed assets of £27.8m, liabilities of £36.4m and a pre-tax deficit of £8.6m.

In Germany and Austria, the defined benefit arrangements only apply to certain employees who joined the Group prior to 1998. There are no segregated funds to cover these defined benefit obligations and the respective liabilities are included on the Group balance sheet. These totalled £11.6m at 31 December 2009. All other pension arrangements in the Group are of a defined contribution nature.

Principal risks and uncertainties

The main areas of uncertainty facing the Group relate to market conditions, acquisitions, technical risk and people. These also represent the Group's greatest opportunities and how we manage risks is a key differentiator between Keller and similar businesses.

Market cycles

Whilst our business will always be subject to economic cycles, market risk is reduced by the diversity of our markets, both in terms of geography and market segment. It is also partially offset by opportunities for consolidation in our highly fragmented markets. Typically, even where we are the clear leader, we still have a relatively small share of the market. Our ability to exploit these opportunities through bolt-on acquisitions is reflected in our track record of growing sales, and doing so profitably, across market cycles.

Acquisitions

We recognise the risks associated with acquisitions and our approach to buying businesses aims to manage these to acceptable levels. First, we try to get to know a target company, often working in joint venture, to understand the operational and cultural differences and potential synergies. This is followed by a robust due diligence process, most of which is undertaken by our own managers, and we then develop a clear integration plan which takes account of the unique character of the target company.

Technical risk

It is in the nature of our business that we continually assess and manage technical, and other operational, risks. The controls we have in place, particularly at the crucial stage of bidding for contracts, will be set out in the Internal Control section of our Corporate Governance Report in the Annual Report and Accounts. Given the Group's relatively small average contract value (less than £200,000), it is unlikely that any one contract is able to materially affect the results of the Group. Our ability to manage technical risks will generally be reflected in our profitability.

People

The risk of losing, or not being able to attract, good people is key. We pride ourselves in having some of the best professional and skilled people in the industry, who are motivated by our culture and the opportunities for career growth. The approach to training and developing

employees will be discussed in our Social Responsibility Report in the Annual Report and Accounts.

Management of financial risks

Currency risk

The Group faces currency risk principally on its net assets, most of which are in currencies other than sterling. The Group aims to reduce the impact that retranslation of these assets might have on the balance sheet by matching the currency of its borrowings, where possible, with the currency of its assets. The majority of the Group's borrowings are US dollar-denominated, in order to provide a hedge against the Group's US dollar-denominated net assets.

The Group manages its currency flows to minimise currency transaction exchange risk. Forward contracts and other derivative financial instruments are used to hedge significant individual transactions. The majority of such currency flows within the Group relate to repatriation of profits and intra-Group loan repayments. The Group's foreign exchange cover is executed primarily in the UK.

The Group does not trade in financial instruments, nor does it engage in speculative derivative transactions.

Interest rate risk

Interest rate risk is managed by mixing fixed and floating rate borrowings depending upon the purpose and term of the financing. As at 31 December 2009, virtually all the Group's third-party borrowings bear interest at floating rates.

Credit risk

The Group's principal financial assets are trade and other receivables and bank and cash balances. These represent the Group's maximum exposure to credit risk in relation to financial assets. The Group has stringent procedures to manage counterparty risk and the assessment of customer credit risk is embedded in the contract tendering processes. Customer credit risk is mitigated by the Group's relatively small average contract size and its diversity, both geographically and in terms of end markets.

As a result, no customer represented more than 5% of revenue in 2009. The counterparty risk on bank and cash balances is managed by limiting the aggregate amount of exposure to any one institution by reference to their credit rating and by regular reviews of these ratings.

Forward-looking statements

This announcement contains forward-looking statements. These have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report. The Directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Directors' responsibilities in respect of the financial statements

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- (b) the management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of its principal risks and uncertainties.

Signed on behalf of the Board

J R Atkinson Chief Executive
J W G Hind Finance Director

Consolidated Income Statement

for the year ended 31 December 2009

	Note	2009 £m	2008 £m
Revenue	3	1,037.9	1,196.6
Operating costs		(960.6)	(1,077.2)
Operating profit	3	77.3	119.4
Finance income		3.7	2.0
Finance costs		(6.3)	(8.2)
Profit before taxation		74.7	113.2
Taxation		(22.6)	(35.9)
Profit for the period from continuing operations		52.1	77.3
Discontinued operation			
Loss from discontinued operation net of taxation		-	(1.7)
Profit for the period		52.1	75.6
Attributable to:			
Equity holders of the parent		50.4	70.8
Minority interests		1.7	4.8
		52.1	75.6
Earnings per share from continuing operations			
Basic earnings per share	6	78.8p	111.1p
Diluted earnings per share	6	77.4p	109.2p
Earnings per share			
Basic earnings per share	6	78.8p	108.6p
Diluted earnings per share	6	77.4p	106.7p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

	Note	2009 £m	2008 £m
Profit for the period		52.1	75.6
Other comprehensive income			
Exchange differences on translation of foreign operations		(14.5)	66.1
Net investment hedge gains/(losses)		6.1	(19.0)
Cash flow hedge gains/(losses) taken to equity		11.3	(35.1)
Cash flow hedge transfers to income statement		(11.3)	35.1
Actuarial (losses)/gains on defined benefit pension schemes		(7.9)	1.6
Tax on actuarial losses/(gains) on defined benefit pension schemes		2.2	(0.5)
Other comprehensive income for the period, net of tax		(14.1)	48.2
Total comprehensive income for the period		38.0	123.8
Attributable to:			
Equity holders of the parent		37.2	115.9
Minority interests		0.8	7.9
		38.0	123.8

Consolidated Balance Sheet

as at 31 December 2009

	Note	2009 £m	2008 £m
ASSETS			
Non-current assets			
Intangible assets		119.1	111.8
Property, plant and equipment		264.4	254.7
Deferred tax assets		8.1	7.7
Other assets		12.7	12.5
		404.3	386.7
Current assets			
Inventories		37.4	50.9
Trade and other receivables		299.9	364.4
Current tax assets		5.9	2.3
Cash and cash equivalents		35.3	48.6
		378.5	466.2
Total assets	3	782.8	852.9
LIABILITIES			
Current liabilities			
Loans and borrowings		(7.9)	(4.8)
Current tax liabilities		(9.0)	(15.1)
Trade and other payables		(252.3)	(323.1)
Provisions		(6.3)	(8.4)
		(275.5)	(351.4)
Non-current liabilities			
Loans and borrowings		(106.2)	(128.4)
Retirement benefit liabilities		(20.2)	(13.6)
Deferred tax liabilities		(19.6)	(16.5)
Provisions		(4.2)	(4.4)
Other liabilities		(33.8)	(36.0)
		(184.0)	(198.9)
Total liabilities	3	(459.5)	(550.3)
NET ASSETS		323.3	302.6
EQUITY			
Share capital		6.6	6.6
Share premium account		38.0	37.6
Capital redemption reserve		7.6	7.6
Translation reserve		36.4	43.9
Retained earnings		224.1	194.0
Equity attributable to equity holders of the parent		312.7	289.7
Minority interests		10.6	12.9
Total equity		323.3	302.6

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Share capital	Share premium account	Capital redemption reserve	Translation reserve	Hedging reserve	Retained earnings	Attributable to the equity holders of parent	Minority interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2008	6.6	37.6	7.6	(0.1)	-	150.6	202.3	9.2	211.5
Profit for the period	-	-	-	-	-	70.8	70.8	4.8	75.6
Other comprehensive income									
Exchange differences on translation of foreign operations	-	-	-	63.0	-	-	63.0	3.1	66.1
Net investment hedge losses	-	-	-	(19.0)	-	-	(19.0)	-	(19.0)
Cash flow hedge losses taken to equity	-	-	-	-	(35.1)	-	(35.1)	-	(35.1)
Cash flow hedge transfers to income statement	-	-	-	-	35.1	-	35.1	-	35.1
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	1.6	1.6	-	1.6
Tax on actuarial gains on defined benefit pension schemes	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Other comprehensive income for the period, net of tax	-	-	-	44.0	-	1.1	45.1	3.1	48.2
Total comprehensive income for the period	-	-	-	44.0	-	71.9	115.9	7.9	123.8
Dividends	-	-	-	-	-	(12.3)	(12.3)	(4.2)	(16.5)
Share-based payments	-	-	-	-	-	1.3	1.3	-	1.3
Shares repurchased	-	-	-	-	-	(17.5)	(17.5)	-	(17.5)
At 31 December 2008 and 1 January 2009	6.6	37.6	7.6	43.9	-	194.0	289.7	12.9	302.6
Profit for the period	-	-	-	-	-	50.4	50.4	1.7	52.1
Other comprehensive income									
Exchange differences on translation of foreign operations	-	-	-	(13.6)	-	-	(13.6)	(0.9)	(14.5)
Net investment hedge gains	-	-	-	6.1	-	-	6.1	-	6.1
Cash flow hedge gains taken to equity	-	-	-	-	11.3	-	11.3	-	11.3
Cash flow hedge transfers to income statement	-	-	-	-	(11.3)	-	(11.3)	-	(11.3)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(7.9)	(7.9)	-	(7.9)
Tax on actuarial losses on defined benefit pension schemes	-	-	-	-	-	2.2	2.2	-	2.2
Other comprehensive income for the period, net of tax	-	-	-	(7.5)	-	(5.7)	(13.2)	(0.9)	(14.1)
Total comprehensive income for the period	-	-	-	(7.5)	-	44.7	37.2	0.8	38.0
Dividends	-	-	-	-	-	(13.5)	(13.5)	(3.1)	(16.6)
Share-based payments	-	-	-	-	-	0.5	0.5	-	0.5
Share capital issued	-	0.4	-	-	-	-	0.4	-	0.4
Shares repurchased	-	-	-	-	-	(1.6)	(1.6)	-	(1.6)
At 31 December 2009	6.6	38.0	7.6	36.4		224.1	312.7	10.6	323.3

Consolidated Cash Flow Statement

for the year ended 31 December 2009

	2009 £m	2008 £m
Cash flows from operating activities		
Operating profit from continuing operations	77.3	119.4
Operating loss from discontinued operation	-	(2.7)
	77.3	116.7
Depreciation of property, plant and equipment	34.4	24.2
Amortisation of intangible assets	1.5	0.7
(Profit)/loss on sale of property, plant and equipment	(1.2)	0.3
Other non-cash movements	0.5	1.3
Foreign exchange gains	(0.1)	(1.2)
Operating cash flows before movements in working capital	112.4	142.0
Decrease/(increase) in inventories	10.2	(12.4)
Decrease in trade and other receivables	50.2	0.1
(Decrease)/increase in trade and other payables	(52.5)	11.0
Change in provisions, retirement benefit and other non-current liabilities	2.9	(2.3)
Cash generated from operations	123.2	138.4
Interest paid	(4.8)	(4.7)
Income tax paid	(30.0)	(27.9)
Net cash inflow from operating activities	88.4	105.8
Cash flows from investing activities		
Interest received	0.3	0.6
Proceeds from sale of property, plant and equipment	4.5	3.0
Acquisition of subsidiaries, net of cash acquired	(34.7)	(14.1)
Acquisition of property, plant and equipment	(39.3)	(68.2)
Acquisition of intangible assets	(0.7)	(1.4)
Acquisition of other non-current assets	(0.8)	(1.7)
Net cash outflow from investing activities	(70.7)	(81.8)
Cash flows from financing activities		
Proceeds from the issue of share capital	0.4	-
Repurchase of own shares	(1.6)	(17.5)
New borrowings	7.0	25.3
Repayment of borrowings	(12.7)	(6.6)
Payment of finance lease liabilities	(5.6)	(2.0)
Dividends paid	(17.4)	(15.9)
Net cash outflow from financing activities	(29.9)	(16.7)
Net (decrease)/increase in cash and cash equivalents	(12.2)	7.3
Cash and cash equivalents at beginning of period	46.5	26.1
Effect of exchange rate fluctuations	(5.0)	13.1
Cash and cash equivalents at end of period	29.3	46.5

1. Basis of preparation

The Group's 2009 results have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2009 or 2008 but is derived from the 2009 accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies. Those for 2009, prepared under IFRS as adopted by the EU, will be delivered to the Registrar of Companies and made available on the Company's website at www.keller.co.uk in April 2010. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Foreign currencies

The exchange rates used in respect of principal currencies are:

	Average for period		Period end	
	2009	2008	2009	2008
US dollar	1.57	1.86	1.59	1.45
Euro	1.12	1.26	1.11	1.03
Australian dollar	1.99	2.19	1.78	2.10

3. Segmental analysis

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. The Group continues to be managed as four geographical divisions and has only one major product or service: specialist ground engineering services. This is reflected in the Group's management structure and in the segment information reviewed by the Chief Operating Decision Maker. The adoption of IFRS 8 has not resulted in changes to the composition of the operating segments or the definition of segment measures previously reported. Where there is disclosure of additional measures, comparative information is also shown.

	2009	2009	2008	2008
	Revenue £m	Operating profit £m	Revenue £m	Operating profit £m
UK	57.6	0.5	85.2	2.7
US	467.0	32.2	532.1	52.1
CEMEA ¹	386.4	33.6	442.2	49.9
Australia	126.9	16.6	137.1	19.4
	1,037.9	82.9	1,196.6	124.1
Central items and eliminations	-	(5.6)	-	(4.7)
Continuing operations	1,037.9	77.3	1,196.6	119.4

	2009	2009	2009	2009	2009	2009
	Segment assets £m	Segment liabilities £m	Capital employed £m	Capital additions £m	Depreciation and amortisation £m	Tangible and intangible assets £m
UK	38.3	(17.6)	20.7	0.4	1.8	23.5
US	290.7	(85.8)	204.9	7.6	13.3	154.8
CEMEA ¹	330.3	(144.5)	185.8	58.5	16.3	162.7
Australia	69.7	(25.6)	44.1	7.8	4.5	42.3
	729.0	(273.5)	455.5	74.3	35.9	383.3
Central items and eliminations ²	53.8	(186.0)	(132.2)	-	-	0.2
	782.8	(459.5)	323.3	74.3	35.9	383.5

	2008	2008	2008	2008	2008	2008
	Segment assets £m	Segment liabilities £m	Capital employed £m	Capital additions £m	Depreciation and amortisation £m	Tangible and intangible assets £m
UK	47.2	(24.0)	23.2	4.2	1.6	25.5
US	367.4	(116.8)	250.6	23.9	9.8	176.6
CEMEA ¹	315.5	(172.1)	143.4	43.2	10.2	131.5
Australia	58.5	(25.6)	32.9	8.9	3.3	32.7
	788.6	(338.5)	450.1	80.2	24.9	366.3
Central items and eliminations ²	64.3	(211.8)	(147.5)	-	-	0.2
	852.9	(550.3)	302.6	80.2	24.9	366.5

¹ Continental Europe, Middle East and Asia. ² Central items includes net debt and tax balances.

4. Acquisitions

Acquisitions in 2009

	Resource Piling			Total		
	Carrying amount £m	Fair value adjustment £m	Fair value £m	Carrying amount £m	Fair value adjustment £m	Fair value £m
Net assets acquired						
Intangible assets	-	2.7	2.7	-	2.7	2.7
Property, plant and equipment	13.3	5.5	18.8	13.3	5.5	18.8
Cash and cash equivalents	5.8	-	5.8	5.8	-	5.8
Other assets	10.0	3.8	13.8	10.0	3.8	13.8
Loans and borrowings	(3.8)	-	(3.8)	(3.8)	-	(3.8)
Other liabilities	(9.8)	(2.0)	(11.8)	(9.8)	(2.0)	(11.8)
	15.5	10.0	25.5	15.5	10.0	25.5
Goodwill			13.6			13.6
Total consideration			39.1			39.1
Satisfied by:						
Initial cash consideration			29.1			29.1
Deferred consideration			10.0			10.0
			39.1			39.1

On 11th October 2009 the Group acquired 100% of the share capital of Resource Holdings Limited with subsidiaries, collectively 'Resource Piling'. The fair value of the intangible assets acquired represents the fair value of customer contracts at the date of acquisition. The goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce and the operating synergies that arise from the Group's strengthened market position. In the period to 31 December 2009 Resource Piling contributed (£0.4m) (SGD 1.0m) to the net profit of the Group. Had the acquisition taken place on 1 January 2009, total Group revenue would have been £1,072.5m and total net profit would have been £58.7m.

Acquisitions in 2008

	Olden			Boreta			Total		
	Carrying amount £m	Fair value adjustment £m	Fair value £m	Carrying amount £m	Fair value adjustment £m	Fair value £m	Carrying amount £m	Fair value adjustment £m	Fair value £m
Net assets acquired									
Intangible assets	-	0.5	0.5	-	0.5	0.5	-	1.0	1.0
Property, plant and equipment	4.0	0.8	4.8	1.0	-	1.0	5.0	0.8	5.8
Cash and cash equivalents	0.8	-	0.8	1.4	-	1.4	2.2	-	2.2
Other assets	4.9	(0.1)	4.8	2.4	-	2.4	7.3	(0.1)	7.2
Loans and borrowings	(1.5)	-	(1.5)	(0.5)	-	(0.5)	(2.0)	-	(2.0)
Other liabilities	(2.6)	(0.5)	(3.1)	(0.6)	(0.1)	(0.7)	(3.2)	(0.6)	(3.8)
	5.6	0.7	6.3	3.7	0.4	4.1	9.3	1.1	10.4
Goodwill			-			3.5			3.5
Total consideration			6.3			7.6			13.9
Satisfied by:									
Initial cash consideration			6.1			6.5			12.6
Deferred consideration			0.2			1.1			1.3
			6.3			7.6			13.9

On 31 October 2008 the Group acquired 100% of the share capital of Craig Olden Inc. ('Olden'). The fair value of the intangible assets acquired represents the fair value of non-compete undertakings and backlog at the date of acquisition. In the period to 31 December 2008 Olden contributed £0.5m (US\$0.9m) to the net profit of the Group.

On 11 November 2008 the Group acquired 100% of the share capital of Boreta Spol. sr.o. ('Boreta'). The goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce and the operating synergies that arise from the Group's strengthened market position. The fair value of the intangible assets acquired represents the fair value of non-compete undertakings and backlog at the date of acquisition. In the period to 31 December 2008 Boreta contributed £nil to the net profit of the Group.

Had both acquisitions taken place on 1 January 2008, total Group revenue from continuing operations for 2008 would have been £1,219.3m and total net profit from continuing operations would have been £79.5m.

5. Discontinued operation

The Board announced its decision to withdraw from Makers on 20 August 2007. By 31 December 2007 substantially all of the business had been disposed of. There were no discontinued operations in 2009.

Losses attributable to the discontinued operation during 2008 were as follows:

	2008
	£m
Results of discontinued operation	
Revenue	1.0
Operating costs	(3.7)
Operating loss	(2.7)
Net finance costs	(0.1)
Loss before taxation	(2.8)
Taxation	1.1
Loss for the period	(1.7)
Basic loss per share (pence) (note 6)	(2.5)
Diluted loss per share (pence) (note 6)	(2.5)
Cash flows from discontinued operation	
Net cash from operating activities	(3.2)
Net cash from investing activities	0.2
Net cash from financing activities	4.0
	1.0

6. Earnings per share

Basic and diluted earnings per share from continuing operations are calculated as follows:

	2009	2009	2008	2008
	Basic	Diluted	Basic	Diluted
	£m	£m	£m	£m
Earnings (after tax and minority interests), being net profits attributable to equity holders of the parent	50.4	50.4	72.5	72.5
	No. of	No. of	No. of	No. of
	shares	shares	shares	shares
	millions	millions	millions	millions
Weighted average of ordinary shares in issue during the year	64.0	64.0	65.2	65.2
Add: weighted average of shares under option during the year	-	1.1	-	1.2
Add: weighted average of own shares held (excluding treasury shares)	-	0.1	-	0.1
Less: no. of shares assumed issued at fair value during the year	-	(0.1)	-	(0.1)
Adjusted weighted average of ordinary shares in issue	64.0	65.1	65.2	66.4
	Pence	Pence	Pence	Pence
Earnings per share from continuing operations	78.8p	77.4p	111.1	109.2

Total earnings per share from continuing and discontinued operations of 78.8p (2008: 108.6p) was calculated based on earnings of £50.4m (2008: £70.8m) and the weighted average number of ordinary shares in issue during the year of 64.0 million (2008: 65.2 million).

Total diluted earnings per share from continuing and discontinued operations of 77.4p (2008: 106.7p) was calculated based on earnings of £50.4m (2008: £70.8m) and the adjusted weighted average number of ordinary shares in issue during the year of 65.1 million (2008: 66.4 million).

Loss per share from discontinued operation of 0p (2008: 2.5p) was calculated based on a loss of £0m (2008: £1.7m) and the weighted average number of ordinary shares in issue during the year of 64.0 million (2008: 65.2 million).

Diluted loss per share from discontinued operation of 0p (2008: 2.5p) was calculated based on a loss of £0m (2008: £1.7m) and the adjusted weighted average number of ordinary shares in issue during the year of 65.1 million (2008: 66.4 million).

7. Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	2009 £m	2008 £m
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended 31 December 2009 of 7.25p (2008: 6.9p) per share	4.7	4.4
Final dividend for the year ended 31 December 2008 of 13.8p (2007: 12.0p) per share	8.8	7.9
	13.5	12.3

The Board has declared a second interim dividend for the year ended 31 December 2009 of £9.6m, representing 14.5p (2008: 13.8p) per share, in lieu of a final dividend. The dividend was approved by the Board on 2 March 2010 and has not been included as a liability in these financial statements.

8. Capital and reserves

The capital redemption reserve is a non-distributable reserve created when the Company's shares were redeemed or purchased other than from the proceeds of a fresh issue of shares.

During the period the Company repurchased nil (2008: 2.2 million) shares, all of which are held in Treasury. In addition, the Company purchased a further 330,000 shares (2008: 325,000) specifically to satisfy Performance Share Plan awards. The average cost of purchased shares was £4.81 (2008: £6.81). All shares issued in 2009 related to share options exercised in that period.

9. Related party transactions

Transactions between the parent, jointly controlled operations and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year the Group undertook various contracts with a total value of £9.0m (2008: £9.7m) for GTCEISU Construcción, S.A., a connected person of Mr López Jiménez, a Director of the Company. An amount of £6.9m (2008: £8.0m) is included in trade and other receivables in respect of amounts outstanding as at 31 December 2009.

During the year the Group made purchases from GTCEISU Construcción, S.A. with a total value of £6.0m (2008: £5.6m). An amount of £3.8m (2008: £4.1m) is included in trade and other payables in respect of amounts outstanding as at 31 December 2009.

All amounts outstanding from related parties are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The remuneration of the Directors, who are the key management personnel and related parties of the Group, will be set out in the audited part of the Directors' Remuneration Report of the Annual Report and Accounts.