

2008

Financial Report



Summary

Turning Vision into Value.



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Directors and Professional advisors

Executive directors

S Ives (resigned 27th August 2008)
T P Lloyd
S Hebgen
U Reinke
H Funke-Oberhag
J Jackson (appointed 27th August 2008)

Secretary and registered office

T P Lloyd
Epsilon
Windmill Hill Business Park
Swindon
Wiltshire SN5 6NX

Registered auditors

Deloitte LLP
Reading

Registered Number

02489026



Directors' report for the year ended 31 December 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the group continues to be building and civil engineering construction both on the company's own account and in joint arrangements.

Review of business

The Board is pleased to report a profit before tax of £0.7m for the current year (2007: £1.4m), being 1.4% of Turnover (2007: 3.2%).

The business is managed by monitoring a range of financial and non-financial KPI's, principally turnover, operating expenses, profit, cash balances and reportable accidents. The turnover has increased from £43.2m to £46.3m, up 7%, due to a small increase in contract income from new and existing contracts. During the year a range of cost reduction programmes have been introduced which has led to a saving of £1.3m in the company operating expenses compared with 2007, which equates to a 3.6% decrease against annual turnover. A gross margin of 7.7% has been achieved in 2008, and this generated a pre-tax profit of £0.6m, which is in line with the company forecast expectations for the year. The Group cash balance at year end has improved, up 38% to £13.1m, an increase of £3.6m from the 2007 balance of £9.5m. The Company Accident Frequency Rate has again remained consistent in the current year at 0.25 compared to 0.22 in 2007 using a base of 100,000 employed hours per year.

Operations in South Wales have proved to be successful in 2008 with continued good opportunities for 2009. The Board has also continued to focus its attention to increase its market share in the South East of England and orders have been secured on the Olympic Development site in 2008.

The company continues its cooperation with the Hochtief European competence centres, and has recently been operating closely with the HOCHTIEF Marine, Tunnelling and Energy Divisions on a number of exciting tender opportunities throughout the UK for 2009.

Directors' report for the year ended 31 December 2008 (continued)

Directors

The directors of the company during the year ended 31 December 2008, and to the date of signing were as detailed on page 2.

Employment policies

The group's policies respect the individual regardless of sex, race or religion. Full and fair consideration is given to applications for employment from disabled people having regard to their particular aptitudes and abilities.

It is company policy to ensure the health and safety of employees and visitors. Employees are encouraged to participate in health and safety matters and the group continually seeks to improve safety standards.

Environmental policy

The directors recognise and accept that concern for the environment is an essential part of business strategy and seek to minimise risk to the environment by effective management of the group's resources.

Consolidated profit and loss account for the year ended 31 December 2008

	2008 £'000
Turnover	46,319
Cost of sales	(42,728)
Gross profit	3,591
Other operating expenses	(3,441)
Operating profit	150
Interest receivable and similar income	523
Interest payable and similar charges	(8)
Profit on ordinary activities before taxation	665
Taxation	-
Retained profit for the financial year	665

All results derive from continuing operations in both the current and preceding financial years.

Consolidated statement of total recognised gains and losses for the year ended 31 December 2008

	2008 £'000
Profit for the year	665
Actuarial profit/(loss) on pension scheme	(1,034)
Total recognised gains for the financial year, being total gains recognised since last annual report	(369)

Balance sheets as at 31 December 2008

	2008 £'000
Fixed assets	
Tangible assets	1,082
Investments	-
	1,082
Current assets	
Stocks	-
Debtors - due within one year	11,776
- due after one year	385
Cash at bank and in hand	13,052
	25,213
Creditors: amounts falling due within one year	(18,254)
Net current assets	6,959
Total assets less current liabilities	8,041
Creditors : amounts falling due after more than one year	(315)
Net assets excluding pension deficit	7,726
Pension deficit	(2,289)
Net assets including pension deficit	5,437
Capital and reserves	
Called up share capital	27,700
Profit and loss account	(22,263)
Total shareholders' funds	5,437

Ultimate and immediate parent companies

HOCHTIEF Construction Aktiengesellschaft, a company incorporated and registered in Germany, has a 100% interest in the equity share capital of HOCHTIEF (UK) Construction Limited at 31 December 2008 and is the company's immediate parent undertaking. The ultimate parent company is HOCHTIEF Aktiengesellschaft, a company incorporated and listed in Germany. Copies of the immediate and ultimate parent's consolidated financial statements may be obtained from HOCHTIEF (UK) Construction Limited at its registered office.



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