For immediate release *Monday, 7 March 2005*

Keller Group plc
Preliminary results for the year ended 31 December 2004

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 2004.

Highlights include:

- Turnover of £595.9m (2003: £567.5m) up 11% on a constant currency basis, representing strong organic growth across our international markets
- Profit before tax* up 3% to £29.6m (2003: £28.7m), despite adverse currency fluctuations of £2.3m
- Strong US performance on the back of restored Suncoast margins
- Improved UK performance following Makers recovery
- Earnings per share* increased to 25.1p (2003: 24.1p)
- Total dividend per share increased by 5% to 10.9p (2003: 10.4p)
- Record order book, boosted by recent large US contract wins

* *before amortisation of intangibles and 2003 exceptional items, together totalling £3.0m (2003: £13.9m)*

Justin Atkinson, Keller Chief Executive said:

“I am pleased to report that in 2004 we met our immediate objectives of consolidating and strengthening our existing businesses, returning Makers to profitability and improving Suncoast’s margins. Now our focus is on continuing the Group’s long-term track record of growth through a combination of organic growth and targeted acquisitions.”

“Looking ahead, the good order intake in the final quarter of 2004 has continued into 2005. Our current order book represents over four months’ sales, giving us a sound base from which to progress.”

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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

PRELIMINARY ANNOUNCEMENT

Chairman's Statement

Results

The results for the 2004 financial year show a strong recovery, reflecting our success in implementing the strategy which I set out in my Chairman's Statement a year ago. I am pleased to report that Makers has put behind it the issues which held back performance in 2003, to report a small profit in 2004. Suncoast has seen a significant increase in volumes which, together with selling price increases and operating cost efficiencies, have combined to restore margins. Elsewhere, our specialist ground engineering businesses have given another robust performance overall.

Group sales rose to £595.9m (2003: £567.5m). On a constant currency basis, sales increased by 11%, representing strong organic growth across our international markets. Profit before tax, exceptional items and amortisation of intangibles was up 3% to £29.6m (2003: £28.7m). This result includes a net adverse impact from exchange rate fluctuations of £2.3m, mainly reflecting the weaker dollar. Earnings per share before exceptional items and the amortisation of intangibles increased by 4% to 25.1p (2003: 24.1p).

Cash flow and net debt

Net cash inflow from operating activities was £33.6m (2003: £40.0m) and net debt at the end of the year was £60.0m (2003: £60.7m). Both reflect the higher working capital needed to service increased turnover, particularly in our Suncoast business. EBITDA interest cover remains strong at over 10 times.

Financing

During the year the Group's debt was refinanced to reduce the cost of borrowing and diversify our sources of funding, as well as to increase our committed facilities to support the Group's continued growth plans. In October, $100m of long-term debt was raised through a private placement with US institutions. In addition, in December, the Group negotiated a new £80m, five-year syndicated revolving credit facility.

Dividends

The Board is recommending an increased final dividend of 7.3p per share (2003: 6.95p). This brings the total dividend for the year to 10.9p (2003: 10.4p), an increase of 5%, which is covered 2.3 times by earnings per share before amortisation of intangibles. The final dividend will be paid on 28 June 2005 to shareholders on the register at 27 May 2005. This increase reflects our continuing policy of reinvesting our cash flow in the growth of the Group, whilst maintaining a healthy dividend cover and seeking to reward shareholders with above inflation increases.

Board

As previously announced, Tom Dobson retired as chief executive and as a director at the end of March 2004. As planned, he was replaced by Justin Atkinson, who was previously chief operating officer, and before that finance director.

People

The success of our business depends on the delivery of quality solutions for our customers around the world. On behalf of the board, I would like to thank all of our employees for the quality of work and high standards they have delivered day in, day out in order that such success can be maintained. Their commitment to the further achievements of Keller will continue to be matched by the board's commitment to providing excellent job support, good reward and recognition and opportunities for career growth.

Strategy

In 2004 we met our immediate objectives of consolidating and strengthening our existing businesses, returning Makers to profitability and improving Suncoast's margins. Now our focus is on continuing the Group's long-term track record of growth within our core competence of specialist ground engineering. This will be achieved, as it has been successfully in the past, through a combination of organic growth, both in existing and new markets, and targeted acquisitions.

Outlook

The good order intake in the final quarter of 2004, which was boosted by several large US contract wins, has continued into 2005. Our current order book represents over four months' sales, giving us a sound base from which to progress.

With our businesses well positioned to take advantage of new opportunities as they emerge, and no major changes anticipated in our markets, the Board is confident that the Group will deliver further performance improvement and growth in 2005.

Operating Review

2004 saw a return to good organic sales growth across the Group, demonstrating once again the strong underlying fundamentals of our international businesses.

Conditions in our major markets

In North America, the very buoyant housing market held up well, whilst public infrastructure remained robust and commercial construction showed signs of improvement. In Europe, German construction output continued to fall, contrasting with our other principal markets, such as Spain, UK, and Poland, which remained strong and France, where market conditions firmed up. The Middle East saw increased levels of investment, but in the Far East there were fewer major projects in our markets.

Operations

North America

The North American operations overall had a record year, with particularly strong performances from Suncoast and McKinney. Sales of £280.2m (2003: £270.4m) were 16% ahead on a constant currency basis. Operating profit before amortisation of intangibles of £21.0m (2003: £19.3m) was 22% ahead on a constant currency basis.

Suncoast
Suncoast increased its sales in the year by more than 30%, reflecting both higher volumes and increased selling prices. This, together with operating cost efficiencies, resulted in restored margins.

Combined sales from California and Arizona increased by more than 60%, marking further progress in the strategy of increasing the proportion of sales outside Suncoast's original, core Texan market through targeted growth in Western States. Revenues from outside Texas now represent nearly 40% of total sales, compared to less than 30% in 2002, the first full year following Suncoast's acquisition.

The recent expansion of Suncoast's operations on the West Coast is expected to continue, assisted by the issue of new code standards by the Post-Tensioning Institute. These standards, which will gradually be introduced into building codes around the country over the coming years, are expected to be an important development in the advancement of post-tension slab on grade foundations. Over time they are expected to raise the design standard for all slab-on-grade foundations, making post-tensioning the preferred choice when compared to alternatives with which our products currently compete.

Whilst Suncoast may face further volatility in the price of steel strand, the fundamentals of the business remain strong and good opportunities exist going forward.

Hayward Baker
After a sluggish start, Hayward Baker recovered as the year progressed and has entered 2005 with a strong order book. Changes to the operational management and a reduction in overheads in the western region paid dividends and this region made a strong contribution to the full-year result. This was helped by the Marina Del Ray project in Los Angeles, where Hayward Baker performed soil mixing and vibro-replacement for the construction of a new waterfront condominium development. Amongst the 1,100 contracts completed during the year, Hayward Baker was responsible for installing retaining walls to provide excavation support for the Saluda Dam in South Carolina; the provision of compaction grouting for a sink-hole remediation project in Mulberry, Florida; and the installation of rock bolts and soil nails to stabilise rocky ground for the safe construction of luxury villas on Peter Island in the British Virgin Islands.

In the final quarter of 2004, Hayward Baker won two significant tunnel-related projects in Los Angeles, where the company has a solid track record of performance on similar projects. The $10.2m (£5.4m) Lower North Outfall Sewer Rehabilitation contract is for specialty grouting services to stabilise the soil above an existing sewer tunnel for the City of Los Angeles. Similar services will be provided for twin underground tunnels under construction for the Los Angeles County Metropolitan Transportation Authority. This $9.4m (£5m) contract commenced at the start of January and should be completed by the end of 2005.

Hayward Baker was also awarded an $11.6m (£6.2m) contract for soil stabilisation by the Florida Department of Transportation. This project is Keller's first application in the US of the dry soil mixing technology acquired by the Group through the acquisition of LCM in Sweden. The technology will be used to stabilise extremely soft and wet soils next to the existing US Route 1 in South Florida, so allowing the only road serving the Florida Keys to be widened from two to four lanes.

Case
Case started the year well but the momentum slowed a little in the second half, partly due to the four hurricanes that struck Florida, where the majority of Case Atlantic's work was performed in 2004. The contract for the expansion of the McCormick Place Convention Center in Chicago, where Case installed just over 1,000 caissons in six months, was a major contributor. Other notable contracts in the year included the installation of drilled shafts for an office development at One South Dearborn in Chicago and the TVA Paradise Fossil Plant in Drakesboro, Kentucky, where caissons were socketed into bedrock for the foundations of an addition to this coal-fired powerplant.

Towards the end of the year, Case was awarded contracts for two landmark projects in New York and Chicago. The $12.6m (£6.7m) contract to install caisson foundations for the new Goldman Sachs headquarters building in Lower Manhattan will start during March 2005. In Chicago, Case is providing foundations and excavation support for the new, 92-storey Trump International Hotel and Tower. This $17.2m (£9.1m) contract is underway and should be completed by autumn 2005.

McKinney
McKinney had a very successful second year under Keller ownership, with both sales and operating margin up on the previous year. Although the vast majority of contracts undertaken during the year had a value of less than £250,000, consistent with McKinney's market niche, its 2004 results were bolstered by several higher

value contracts which all performed well, including work on the Seneca Niagara Falls Casino, which McKinney undertook in joint venture with Case.

Continental Europe & Overseas

Our Continental Europe & Overseas business produced a steady performance, despite challenging conditions in some of its markets. Sales of £175.0m (2003: £165.2m) were some 8% above the previous year on a constant currency basis. Operating profit before amortisation of intangibles was £11.9m (2003: £13.8m), 12% below the previous year's strong result on a constant currency basis. This lower profit principally reflects the continuing difficult market conditions in Germany.

Keller-Terra had another good year, increasing its sales in all major product areas, with its ground improvement techniques, in particular, continuing to gain market share. An increase in production capacity, to keep pace with the growth in the business, enabled as many as 30 sites across Spain to be operational at one time. Over 300 contracts were completed during the year, across a wide range of market sectors: from the A-3 highway in Madrid, where Keller-Terra undertook repairs to stabilise the embankment; to Zaragoza's Presa de Caspe Dam, where micro-cement grouting of the foundation was used to reduce water seepage.

Our French business performed well in its home market and made good progress in expanding its operations in North Africa. This resulted in the award of several contracts in Algeria, including the first phase of a ground improvement project at Bejaia harbour and the installation of stone columns for a new railway line near Oran. High levels of infrastructure investment are planned for the region which, coupled with Keller's growing presence and reputation in Algeria, Morocco and Tunisia, are expected to result in a growing contribution from these markets in 2005. In addition, a new branch was established in the French West Indies, introducing ground improvement technologies into this region of high seismic risk.

Our operations in Austria and Italy had a good year, with advances made in the introduction of Keller's specialty grouting techniques to the Italian market on metro projects in Turin and Bologne. Further progress was made in Eastern Europe, particularly Poland which had a strong year and where we expect a continued high level of investment spend to offer good opportunities going forward. LCM, our Swedish lime column subsidiary, in which we acquired the remaining 50% minority interest in January 2004, had a slow start to the year, recovering well in the second half.

Against a further decline in both the public and private sectors of the German construction market, sales and profit in our German operation were down on last year, reducing Germany's contribution to total Group sales to 7%. Work on the major underground rail link project in Cologne got underway satisfactorily and other noteworthy contracts undertaken included flood protection work on the River Rhine and ground improvement work for a road bypass in the Lausitz region. However, in order to remain profitable in this competitive market, a programme of initiatives to reduce costs and improve efficiencies commenced in 2004 and will be completed in the first quarter of 2005. As reported in our interim results announcement, cost reductions in response to soft market conditions were also instigated in our Portuguese operation, which saw an improvement in performance in the second half of the year. The redundancy costs incurred in both Portugal and Germany have been included in these results.

Within the Overseas division, the Middle East had a good result reflecting both a strong contribution from Saudi Arabia, where we completed the foundations for several industrial plants, and a good performance from Dubai where our work on the first prestigious Palm Island contract was completed on time in August. Within the Far East, although our results were below those of last year, our operations in Singapore performed well due to a large ground improvement contract for land reclamation in the Pulau Ubin region and Malaysia continued its strategy of introducing grouting products into the market.

UK

Sales in the year were up 4% on the previous year at £108.3m (2003: £103.9m), with operating profit before exceptional items and amortisation of intangibles increased to £1.7m (2003: £0.5m).

Makers

At Makers, following the management changes in December 2003, initial steps were taken to stabilise the business, reduce its cost base and refocus on its areas of core competence – social housing refurbishment in the South East, together with concrete repair work, principally in the car park and water markets. The disposal of Makers' specialist stone masonry business, A J Woods, in October 2004 formed part of this overall strategy. In the second half, the management team was reorganised and further strengthened and, going into 2005, the business is now in much better shape to take advantage of the opportunities it faces.

Despite first-half losses in discontinued areas of the business which were being run off, Makers returned to profitability in the second half and reported a small profit for the year as a whole, compared with a loss of £0.9m in 2003. Operating in an extremely buoyant market, the social housing division remained profitable throughout the year, working with a number of local authorities and housing associations to meet the government's Decent Homes Standard. One of the flagship contracts completed in 2004 was the restoration of the 1934 Grade 1 listed Isokon Building in Camden, London. Makers was awarded a Certificate of Excellence from the Concrete Society for this project, which involved extensive concrete repairs as well as external and internal refurbishment.

KGE

Keller Ground Engineering (KGE) had a satisfactory year overall, on lower sales following the withdrawal from heavy piling in 2003. The foundations support division responded well to the organisational changes introduced that year.

KGE's range of techniques enabled it to take on several design and construct projects, where different solutions were packaged to address customer problems in a technically efficient and cost-effective way. An example of this "value-engineering" approach was at Londonderry in Northern Ireland, where the original plans for foundations for a new retail warehouse were changed from an expensive and protracted pile-only scheme to a combination of vibro concrete columns and vibro stone columns with a load transfer platform. The work was completed, including testing, in just six weeks, representing a saving in both time and direct cost of around 50% against the original piled scheme.

KGE's specialist grouting and dry soil mixing systems were employed on a wide range of contracts during the year, including the installation of a cut-off curtain for a new dam at Kingairloch in Scotland; rock grouting and shaft consolidation for a rail tunnel at Strood; and stabilisation of Scarborough's East Pier.

Australia

Sales of £32.4m (2003: £27.9m) were some 16% above the previous year whilst operating profit before amortisation of intangibles of £1.7m (2003: £2.0m) was 15% below.

The new ground engineering business, which commenced operations in January 2004 to promote the full range of ground improvement and specialty grouting solutions, started to establish itself and is expected to make a positive contribution in 2005.

International collaboration between our Australian businesses and Hayward Baker in the US was the hallmark of the Martha Cove project in Victoria, in which Keller introduced techniques not previously used in the Australian market to construct retaining walls for the excavation of an underpass.

Maintaining our competitive edge

The development of our products and processes to improve our productivity and capability is continuous; it relies on excellent co-operation and communication between employees across our businesses from sales teams to research and development staff, design engineers and site personnel. Examples of innovations in 2004, which will help to maintain our competitive edge in the future, include:

- further investment in advanced equipment, such as state-of-the-art rock excavation tooling which enabled Case to remove granite- and quartz-based rock on a drop shaft project at Fall River in Massachusetts;
- the manufacture by McKinney's equipment division of its first hydraulic rigs;
- the development of a remote controlled shuttle as a feeding device and carrier of materials for the production of dry soil mixed columns;
- in France, the introduction of composite columns, comprising a lower part in concrete and a traditional bottom-feed stone column on top; this new product, will have applications for heavy buildings or organic soils, as an alternative to traditional piling;
- a jetted Soilcrete contiguous piled retaining wall system, developed and introduced in Australia, as an economic alternative to diaphragm walls;
- the development of a prototype minicat in the UK with combined capability for preboring and vibro stone columns;
- the further development at our German workshops of our latest vibrator systems; and
- improvements to our jet grouting equipment, designed to reduce mobilisation and maintenance costs.

We are confident that these and other ongoing improvements in our equipment, techniques and systems of work mean that we will continue to find the best solutions to our customers' needs and maintain our competitive positions around the world.

Financial Review

Trading results

The Group's sales at £595.9m were 5% higher than in 2003. Movements in reported sales and profits were adversely influenced by fluctuations in foreign currency exchange rates. The average US dollar exchange rate against sterling was US$1.83, 12% weaker than in 2003, while the average euro exchange rate weakened by 2%. Stripping out the effects of currency movements, the Group's 2004 sales were 11% up on 2003.

Operating profit before exceptional items and the amortisation of intangibles was £33.7m, compared to £32.8m in 2003. The 2004 result is stated after a £2.3m net adverse currency impact, primarily due to the weaker US dollar. On a constant currency basis, operating profit was also up 11% year on year.

The Group's trading performance is discussed in more detail in the Chairman's Statement and the Operating Review.

Interest

The net interest charge changed little from £4.2m in 2003 to £4.1m in 2004. EBITDA interest cover remains comfortable at over 10 times.

Tax

The Group's effective tax rate, before exceptional items and amortisation of intangibles, was 38%, down slightly from 39% in 2003. The effective rate reflects the fact that the vast majority of the Group's profits are earned in relatively high tax jurisdictions, in particular the United States where the effective combined federal and state tax rates are nearly 40%. The reduction in the effective rate in 2004 is due to lower taxable losses in the UK (after central costs and interest).

Earnings and dividends

Earnings per share before exceptional items and the amortisation of intangibles increased by 4% to 25.1p. Following the recommendation of an increased final dividend of 7.3p per share, the total dividend for the year is 10.9p, an increase of 5% on 2003. This is covered 2.3 times by adjusted earnings per share.

Cash flow and net debt

Net cash inflow from operating activities was £33.6m, representing 75% of the Group's EBITDA. This compares to £40.0m and 98% in 2003. Year-end working capital was higher than last year's level, reflecting the significantly higher cost of Suncoast's raw materials and the strong organic growth across the Group.

Capital expenditure decreased by 17% in the year, although the proceeds from the sale of fixed assets also fell. Net capital expenditure in the year was £11.8m, which represents 1.1 times depreciation.

After paying tax, interest and dividends, year-end net debt decreased marginally from £60.7m at 31 December 2003 to £60.0m at the end of 2004. Net debt at the year-end represents 1.3

times EBITDA. Based on net assets of £101.4m, gearing was 59%, down from 62% at the beginning of the year.

Refinancing

During the year the Group's debt was refinanced to reduce the cost of borrowing and diversify our sources of funding, as well as to increase our committed facilities to support the Group's continued growth. In October, US$100m was raised through a private placement with US institutions. The proceeds of the issue of $30m 5.05% notes due 2011 and $70m 5.48% notes due 2014 were used to refinance existing debt. In December, the Group negotiated a new £80m, five-year syndicated revolving credit facility at a reduced margin.

The $100m fixed rate private placement liabilities were immediately swapped into floating rates, $75m by means of US dollar interest rate swaps and $25m through a dollar:euro cross currency and interest rate swap. These, together with other borrowings, are held as hedges against the Group's dollar and euro denominated net assets.

Pensions

The Group offers defined benefit pension arrangements in the UK, Germany and Austria. The last actuarial valuation of the UK scheme, which has been closed to new members since 1999, was as at 5 April 2002. At this date, the market value of the scheme's assets was £14.6m and the valuation concluded that the scheme was 79% funded on an ongoing basis. In order to reduce the deficit, the Group subsequently increased both the employee and employer contribution rates. The next actuarial valuation is as at 5 April 2005.

The transitional disclosures required by FRS 17, which will be set out in note 29 of the accounts, show that, as at 31 December 2004, the pre-tax deficit in the UK scheme was £8.2m on an FRS 17 basis, up from £6.0m at the end of 2003.

In Germany and Austria, there are no segregated funds to cover defined benefit retirement obligations for the German and Austrian employees. Instead, the respective liabilities are included within provisions on the Group balance sheet. All other pension provisions in the Group are of a defined contribution nature.

Accounting standards

The Group's 2004 results have been prepared in accordance with applicable UK accounting standards (UK GAAP). They have not been significantly impacted by any new accounting standards.

As noted in the 2003 Annual Report, the Group is required to produce financial statements for accounting periods beginning on or after 1 January 2005 in accordance with International Financial Reporting Standards ("IFRS"). The 2005 accounts will also require the 2004 comparative numbers to be restated to comply with IFRS.

Keller has undertaken a detailed review of the impact that IFRS will have on its financial results and balance sheet. The Group can confirm that it expects the main areas of impact on its financial results to be:

- non-amortisation of goodwill, to be replaced with annual impairment testing (IFRS 3);
- pensions accounting (IAS 19);
- the timing of accruals for dividends (IAS 10);

- share based payments (IFRS 2); and
- financial instruments (IAS 39).

In order to assist an understanding of the likely impact of IFRS adoption, an estimate of the effect of these items on the Group's 2004 results and net assets is summarised below.

	Profit before tax £000	Net assets £000
As reported under UK GAAP (post amortisation)	**26,638**	**101,427**
Adjustments to comply with IFRS:		
Goodwill	2,877	(7,630)
Pensions	136	(6,541)
Dividends	-	4,771
Share based payments	97	-
Restated to comply with IFRS	**29,748**	**92,027**

Goodwill amortisation will no longer be allowed and companies will instead be required to assess at each reporting date whether there is an indication that an asset may be impaired. In addition, IAS 21 requires goodwill to be denominated in local currencies and retranslated at each reporting date at closing exchange rates.

The Group currently applies SSAP 24 to account for defined benefit pension schemes and complies with the FRS 17 transitional arrangements. IAS 19 is broadly consistent with FRS 17 except that that it provides the option not to recognise actuarial gains and losses below a threshold while spreading forward those above this threshold over the average remaining service life of the employees in the scheme. If the spreading option is not adopted then the effect of adopting IAS 19 is broadly the same as FRS 17. The Group pension deficit, net of deferred tax, will be debited to equity at the date of transition.

Under existing UK GAAP, dividends are included in the financial statements on an accruals basis when proposed. Under IAS 10 dividends are not permitted to be recognised unless there is a commitment to pay them at the balance sheet date.

In accordance with UITF 17, the intrinsic value of share awards granted under employee share schemes is recognised as a cost in the profit and loss account, spread over the performance period. The provisions of IFRS 2 require recognition of the fair value rather than the intrinsic value of options and performance shares.

IAS 39 requires derivative financial instruments to be included on the balance sheet at fair value. Significantly more onerous criteria will need to be met before companies are entitled to apply hedge accounting to their financial instruments and offset changes in the fair value of hedging instruments with changes in the fair value of the hedged items. This could potentially increase the volatility of companies' results, however it is envisaged that the Group's hedge accounting practices will meet the criteria stipulated by IAS 39 and the introduction of the standard is not expected to have a significant impact on the Group's 2005 results.

In addition to the above, there will be a number of changes to the format and disclosures of the 2005 interim and full year financial statements resulting from the adoption of IFRS. The 2005 accounts will include a detailed reconciliation of its 2004 financial results and position as previously reported under UK GAAP, to its 2004 financial results and position adjusted to comply with IFRS.

Consolidated Profit and Loss account
for the year ended 31 December 2004

	Note	2004 Before amortisation of intangibles £000	2004 Amortisation of intangibles (note 1) £000	2004 Total £000	2003 Before exceptional items and amortisation of intangibles £000	2003 Exceptional items and amortisation of intangibles (note 1) £000	2003 Total £000
Turnover	1	**595,856**	**-**	**595,856**	567,505	-	567,505
Operating costs*		**(562,107)**	**(2,964)**	**(565,071)**	(534,667)	(13,881)	(548,548)
Operating profit	1	**33,749**	**(2,964)**	**30,785**	32,838	(13,881)	18,957
Net interest payable		**(4,147)**	**-**	**(4,147)**	(4,151)	-	(4,151)
Profit on ordinary activities before taxation		**29,602**	**(2,964)**	**26,638**	28,687	(13,881)	14,806
Taxation	2	**(11,130)**	**-**	**(11,130)**	(11,211)	510	(10,701)
Profit on ordinary activities after taxation		**18,472**	**(2,964)**	**15,508**	17,476	(13,371)	4,105
Equity minority interests		**(2,131)**	**-**	**(2,131)**	(1,846)	-	(1,846)
Profit for the financial year		**16,341**	**(2,964)**	**13,377**	15,630	(13,371)	2,259
Dividends paid and proposed	3	**(7,121)**	**-**	**(7,121)**	(6,768)	-	(6,768)
Retained profit/(loss) for the financial year		**9,220**	**(2,964)**	**6,256**	8,862	(13,371)	(4,509)
Basic earnings per share	4			**20.5p**			3.5p
Diluted earnings per share	4			**20.5p**			3.5p
Adjusted earnings per share**	4	**25.1p**			24.1p		
Dividends per share	3			**10.9p**			10.4p

* Operating costs in 2003 include exceptional items of £10,444,000
** Adjusted earnings per share is calculated before exceptional items and amortisation of intangibles

The Group's 2004 results shown above are derived from continuing operations. There were no material acquisitions or discontinued operations in the year.

The difference between the reported and historical cost profits for each of the years reported above is not material.

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2004

	2004 £000	2003 £000
Profit for the financial year	**13,377**	2,259
Currency translation differences on overseas investments	**(2,695)**	(136)
Total recognised gains and losses relating to the year	**10,682**	2,123

Consolidated Balance Sheet
As at 31 December 2004

	2004	2003
	£000	£000
Fixed assets		
Positive goodwill	**57,771**	57,493
Negative goodwill	**(92)**	(734)
	57,679	56,759
Other intangible assets	**211**	287
Intangible assets	**57,890**	57,046
Tangible assets	**80,937**	82,169
	138,827	139,215
Current assets		
Stocks	**24,319**	16,885
Debtors	**144,518**	137,855
Cash at bank and in hand	**16,416**	21,511
	185,253	176,251
Creditors: amounts falling due within one year	**(140,848)**	(147,047)
Net current assets	**44,405**	29,204
Total assets less current liabilities	**183,232**	168,419
Creditors: amounts falling due after more than one year	**(68,161)**	(58,438)
Provisions for liabilities and charges	**(13,644)**	(12,358)
Net assets	**101,427**	97,623
Capital and reserves		
Called up share capital	**6,536**	6,507
Share capital to be issued	**-**	680
Share premium account	**36,027**	35,374
Capital redemption reserve	**7,629**	7,629
Profit and loss account	**45,624**	41,849
Equity shareholders' funds	**95,816**	92,039
Equity minority interests	**5,611**	5,584
	101,427	97,623

Consolidated Cash Flow Statement
for the year ended 31 December 2004

	2004 £000	2004 £000	2003 £000	2003 £000
Net cash inflow from operating activities		**33,577**		39,951
Returns on investment and servicing of finance				
Interest received	**339**		259	
Interest paid	**(4,281)**		(4,300)	
Interest element of finance lease rental payments	**(87)**		(222)	
Payments to minority interests	**(2,473)**		(690)	
		(6,502)		(4,953)
Taxation				
UK corporation tax received/(paid)	**461**		(608)	
Overseas tax paid	**(7,800)**		(12,187)	
		(7,339)		(12,795)
Capital expenditure				
Purchase of intangible fixed assets	**(15)**		(48)	
Purchase of tangible fixed assets	**(13,887)**		(16,670)	
Sale of tangible fixed assets	**2,063**		3,300	
		(11,839)		(13,418)
Acquisitions and disposals				
Acquisition of subsidiary undertakings	**(3,422)**		421	
		(3,422)		421
Equity dividends paid		**(6,872)**		(6,534)
Net cash (outflow)/inflow before management of liquid resources and financing		**(2,397)**		2,672
Management of liquid resources				
Repayments from short term bank deposits		**1,002**		885
Financing				
Issue of new shares	**15**		90	
New bank and other loans drawn	**55,982**		5,640	
Repayment of bank loans and loan notes	**(52,498)**		(11,552)	
Sale and leaseback transactions	**229**		377	
Capital element of finance lease rental payments	**(602)**		(1,547)	
Net cash inflow/(outflow) from financing		**3,126**		(6,992)
Increase/(decrease) in cash in the year		**1,731**		(3,435)

Reconciliation of net cash flow to movement in net debt	**2004 £000**	2003 £000
Increase/(decrease) in cash in the year	**1,731**	(3,435)
Cash flow from debt and lease financing	**(3,111)**	7,081
Cash flow from short-term bank deposits	**(1,002)**	(885)
Change in net debt resulting from cash flows	**(2,382)**	2,761
Exchange differences	**3,087**	4,570
Movement in net debt in the year	**705**	7,331
Net debt at 1 January	**(60,664)**	(67,995)
Net debt at 31 December	**(59,959)**	(60,664)

1. Segmental analysis

Turnover and operating profit may be analysed as follows:

	2004 Turnover £000	**2004** Operating profit before exceptionals and amortisation £000	**2004** Operating profit £000	2003 Turnover £000	2003 Operating profit before exceptionals and amortisation £000	2003 Operating profit £000
United Kingdom	**108,263**	**1,707**	**1,690**	103,976	538	(10,317)
The Americas	**280,212**	**21,048**	**18,780**	270,447	19,305	16,890
Continental Europe and Overseas	**175,024**	**11,920**	**11,198**	165,204	13,812	13,180
Australia	**32,357**	**1,671**	**1,714**	27,878	2,004	2,025
	595,856	**36,346**	**33,382**	567,505	35,659	21,778
Less: Unallocated central costs	**-**	**(2,597)**	**(2,597)**	-	(2,821)	(2,821)
	595,856	**33,749**	**30,785**	567,505	32,838	18,957

In the opinion of the directors the Group operates only one class of business and turnover by destination is not materially different from turnover by origin.

The exceptional items and amortisation of intangibles comprise:

		2004 £000	2003 £000
Amortisation of intangibles:	recurring	**2,964**	3,437
	exceptional impairment provision	**-**	7,372
UK restructuring costs		**-**	3,072
		2,964	13,881

As a result of the Group's Makers business incurring a loss in 2003, an exceptional impairment provision was charged in 2003 amounting to the unamortised capitalised goodwill associated with that business. The 2003 exceptional restructuring costs related to both the Group's UK businesses, Makers and Keller Ground Engineering, and mainly comprised redundancy costs, the write-down of tangible fixed assets and office closure costs.

Capital employed may be analysed as follows:

	2004 £000	2003 £000
United Kingdom	**6,802**	7,141
The Americas	**116,121**	114,851
Continental Europe and Overseas	**49,410**	43,008
Australia	**7,554**	7,323
	179,887	172,323

Capital employed shown above excludes items of a financing nature and corporation tax balances. Capital employed is reconciled to Group net assets as follows:

	2004 £000	2003 £000
Net assets	**101,427**	97,623
Net debt	**59,959**	60,664
Deferred purchase consideration	**2,235**	2,133
Dividends payable	**4,771**	4,522
Corporation tax payable	**5,538**	2,509
Deferred tax provision	**5,957**	4,872
Capital employed	**179,887**	172,323

2. Taxation

The taxation charge comprises:

	2004	2003
	£000	£000
Current tax:		
UK corporation tax on the profits of the period	**-**	-
Overseas tax	**10,480**	8,990
Adjustments in respect of previous periods	**(850)**	(423)
Total current tax	**9,630**	8,567
Deferred tax:		
Current year	**721**	1,901
Prior year	**779**	233
Total deferred tax	**1,500**	2,134
	11,130	10,701

3. Dividends

	2004	2003
	£000	£000
Interim paid	**2,350**	2,246
Final proposed	**4,771**	4,522
	7,121	6,768

An interim ordinary dividend of 3.6p (2003: 3.45p) per share was paid on 1 November 2004. The final proposed ordinary dividend of 7.3p (2003: 6.95p) per share will be paid on 28 June 2005 to holders on the register at 27 May 2005.

4. Earnings per share

Adjusted earnings per share of 25.1p (2003: 24.1p) is calculated based on profit after tax and minority interests before exceptional items and amortisation of intangibles of £16,341,000 (2003: £15,630,000) and the weighted average number of ordinary shares in issue during the year of 65,129,000 (2003: 64,918,500).

Basic and diluted earnings per share are calculated as follows:

	2004 Basic £000	**2004 Diluted £000**	2003 Basic £000	2003 Diluted £000
Profit after tax and minority interests	**13,377**	**13,377**	2,259	2,259
	No. of shares 000s	**No. of shares 000s**	No. of shares 000s	No. of shares 000s
Weighted average of ordinary shares in issue during the year	**65,129**	**65,129**	64,919	64,919
Add: Weighted average of shares under option during year	**-**	**1,678**	-	1,550
Add: Weighted average of own shares held	**-**	**83**	-	118
Less: no. of shares assumed issued at fair value during year	**-**	**(1,509)**	-	(1,484)
Adjusted weighted average ordinary shares in issue	**65,129**	**65,381**	64,919	65,103
	Pence	**Pence**	Pence	Pence
Earnings per share	**20.5**	**20.5**	3.5	3.5

5. Reconciliation of operating profit to net cash inflow from operating activities

	2004 **£000**	2003 £000
Operating profit	**30,785**	18,957
Depreciation charge	**10,992**	10,897
Amortisation of goodwill and intangibles	**2,964**	3,437
Exceptional impairment provision	**-**	7,372
Profit on sale of fixed assets	**(727)**	(716)
Other non-cash movements	**214**	-
Movement in long-term provisions	**206**	328
Increase in stocks	**(8,559)**	(2,040)
(Increase)/decrease in debtors	**(10,846)**	3,351
Increase/(decrease) in creditors	**8,548**	(1,635)
Net cash inflow from operating activities	**33,577**	39,951

6. Foreign Currencies

The exchange rates used in respect of principal currencies are:

	2004	2003
US dollar: average for year	**1.83**	1.64
US dollar: year end	**1.93**	1.78
Australian dollar: average for year	**2.49**	2.52
Australian dollar: year end	**2.47**	2.38
Euro: average for year	**1.47**	1.45
Euro: year end	**1.41**	1.42

7. Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2004 or 2003 but is derived from those accounts. Statutory accounts for 2003 have been delivered to the Registrar of Companies and those for 2004 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts. Their reports were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

Accounts will be posted to shareholders by 8 April 2005. The Annual General Meeting will be held on 23 June 2005.