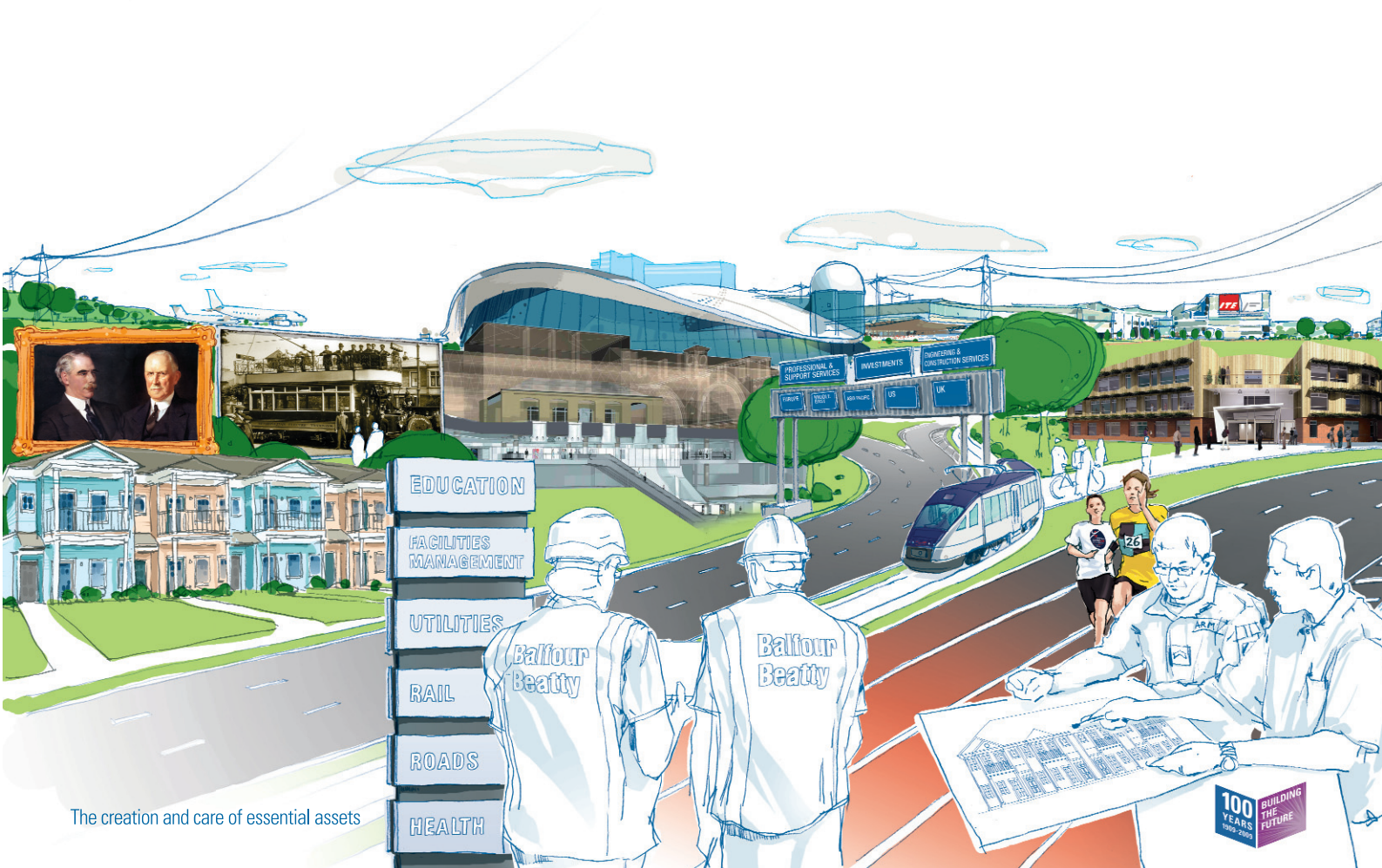


Balfour Beatty

INTEGRATED INFRASTRUCTURE

- Pre-tax profit up 14% to £108m
- Order book of £12.5bn
- Significant profit growth in building sector, driven by particularly strong US results
- Strong performance in UK civil engineering
- M25, Southwark Schools, Fife General Hospital PPP projects reach financial close



Our half-year performance

The first half of 2009 was a further period of growth for the Group.



Ian Tyler Chief Executive

Overview

The first half of 2009 was a further period of growth for the Group, underpinned by continued infrastructure expenditure by our customers and the benefit of acquisitions.

Our order book was £12.5bn at the period end, which continues to give us good forward visibility.

We have made good progress in growing our major business presence in the US, which now represents 30% of Group revenue, based on the principles which have made our UK business so successful. We have won important contracts in Asia and reached financial close on a number of UK PPP projects.

Strategy

Our goal is to deliver consistent, long-term growth to our shareholders. We do this by striving to remain, or to become, the leading provider of high-quality infrastructure in each of our markets.

Our core skills are focused in three areas which span the infrastructure project life cycle: professional services, engineering and construction services, and investments.

Our proven capability to integrate professional and support services, engineering and construction, and investment skills is a key differentiator for customers and is generating a growing range of large-scale opportunities.

Outlook

Our strong first half performance, together with the visibility provided by our significant order book of high-quality work, underpins our confidence in the prospects of the Group and we anticipate making good progress in 2009.

We are confident in our ability to continue our success in our key markets as our customers increasingly seek an integrated infrastructure partner and we see significant opportunities in the medium and long-term.

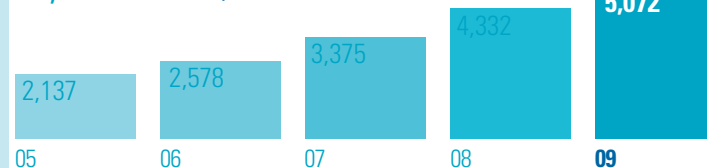
The financial report for the half-year ended 27 June 2009 can be viewed at www.balfourbeatty.com

Revenue	£5,072m	+17%
Pre-tax profit*	£108m	+14%
Earnings per share*	17.2p	+6%
Dividend	5.5p	+8%
Order book	£12.5bn	+3%
Net cash [†]	£394m	

Half-year record

Revenue including joint ventures and associates

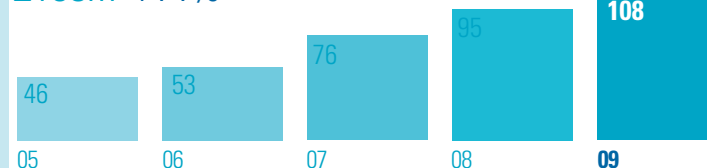
£5,072m +17%



Pre-tax profit from continuing operations

before exceptional items and amortisation

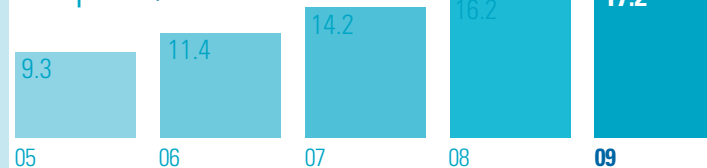
£108m +14%



Adjusted earnings per share

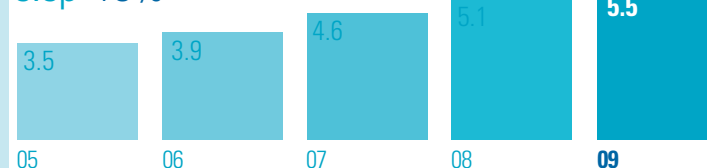
before exceptional items and amortisation, and including the pre-exceptional results of discontinued operations in 2007

17.2p +6%



Dividend growth

5.5p +8%



*Before £22m exceptional charges (2008: £57m credits) and £20m amortisation charges (2008: £8m). Pre-tax profit after exceptional items and amortisation was £66m (2008: £144m) and basic earnings per share were 10.9p (2008: 24.1p).

[†]Before PPP subsidiaries (non-recourse).

Our operations

Building, Building Management and Services

Improved performance, US strong



RT Dooley provided construction management services for Fox Sports

Highlights

Good overall performance in UK in a difficult market

Growth in Balfour Beatty WorkPlace

Particularly strong US results

Acquisition of RT Dooley in North Carolina

Financial summary

Revenue

£2.58bn

2008: £2.15bn

Order book

£5.5bn

2008: £6.4bn

Profit*

£53m

2008: £38m

* Profit from operations before exceptional items and amortisation of intangible assets.

Profit in the building sector* increased by 39% to £53m (2008: £38m) during the first half of the year. There was a good overall performance in the UK in a difficult market with our facilities management business, Balfour Beatty WorkPlace, continuing its strong organic growth, offset by a weaker performance in our UK regional building business. In the US, Balfour Beatty Construction performed particularly strongly. There was a four-month contribution from RT Dooley, the construction firm based in North Carolina, acquired for a net £22m in February 2009. Heery benefited from a contribution from Barnhart, acquired in June 2008.

Civil and Specialist Engineering and Services

Strong performance in UK civil engineering



Work started on the M25 for the Highways Agency

Highlights

Good progress on major UK road projects, with work starting on the M25

Continued growth of Balfour Beatty Management

Good performance by Gammon in Hong Kong and Singapore

Financial summary

Revenue

£1.56bn

2008: £1.56bn

Order book

£5.7bn

2008: £4.7bn

Profit*

£45m

2008: £43m

* Profit from operations before exceptional items and amortisation of intangible assets.

Profit in the engineering sector* rose by 5% to £45m (2008: £43m) during the first half of the year. There was a strong performance in UK civil engineering, with good progress on a number of major road projects including the M74 in Scotland and the A3 and A421 in England. Balfour Beatty Management, our professional services business, continued to grow, playing an important role in integrating project management and delivery for major customers. There was a good performance by Gammon, which operates in Hong Kong and Singapore. In the Middle East, performance has been steady and in line with the first half of last year.

Our key markets

Education



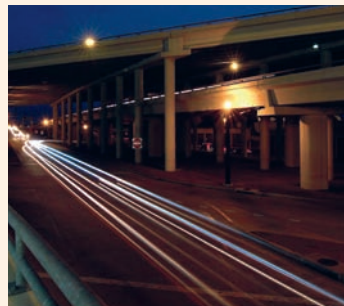
14% of revenue (first half 2009)

Health



10% of revenue

Roads



12% of revenue

Facilities management



4% of revenue

Rail Engineering and Services

Steady performance, good progress on European high-speed projects



A rail electrification and power supply contract was won in Malaysia

Highlights

New projects for London Underground and the Malaysian Rail Authority

As expected, reduced volumes at the beginning of Network Rail's new Control Period

Good progress on high-speed lines in Italy and Spain

Financial summary

Revenue

£529m 2008: £398m

Order book

£1.3bn 2008: £1.0bn

Profit*

£7m 2008: £9m

* Profit from operations before exceptional items and amortisation of intangible assets.

Profit in the rail sector* was £7m (2008: £9m) in the first half. In the UK, as expected, reduced volumes impacted the first half of the year as Network Rail's new Control Period (CP4) commenced. There was good progress on the Bologna to Florence and Madrid to Levante high-speed lines which are elements of the ongoing high-speed rail programme to connect Europe's major cities. We secured a rail electrification and power supply contract for the Ipoh to Padang Besar double tracking rail extension in Malaysia and anticipate further work in China.

Investments

Good performance in the UK, full year contribution from Balfour Beatty Communities



Construction is underway at The Institute of Technical Education in Singapore

Highlights

Financial close on three UK PPP projects

Increased bidding activity in the UK education sector

Balfour Beatty Communities performed in line with expectations

Financial summary

Revenue

£386m 2008: £220m

PPP concessions in hand

UK: 29 US: 17 Singapore: 1
(including one at preferred bidder in UK)

Profit*

£26m 2008: £14m

* Profit from operations before exceptional items and amortisation of intangible assets.

Profit in the investments sector* increased by 86% to £26m (2008: £14m) in the first half. The primary driver of this was a full-period contribution from Balfour Beatty Communities in the US, which was acquired in April 2008, and has performed in line with expectations. In the UK, there was a good underlying concession performance from our PPP portfolio of assets. We reached financial close on three PPP projects – Fife General Hospital, Southwark Schools for the Future, and the PPP project to provide additional capacity to, and to maintain and operate, the M25 motorway, as part of the Connect Plus consortium.

Utilities and other infrastructure



13% of revenue

13% of other revenues not covered above

Commercial building



12% of revenue

Rail



15% of revenue

Defence



7% of revenue

Our strategy

We operate in a world where quality, exceptional service, a strong safety record, technical expertise and a trusted brand are real differentiators.

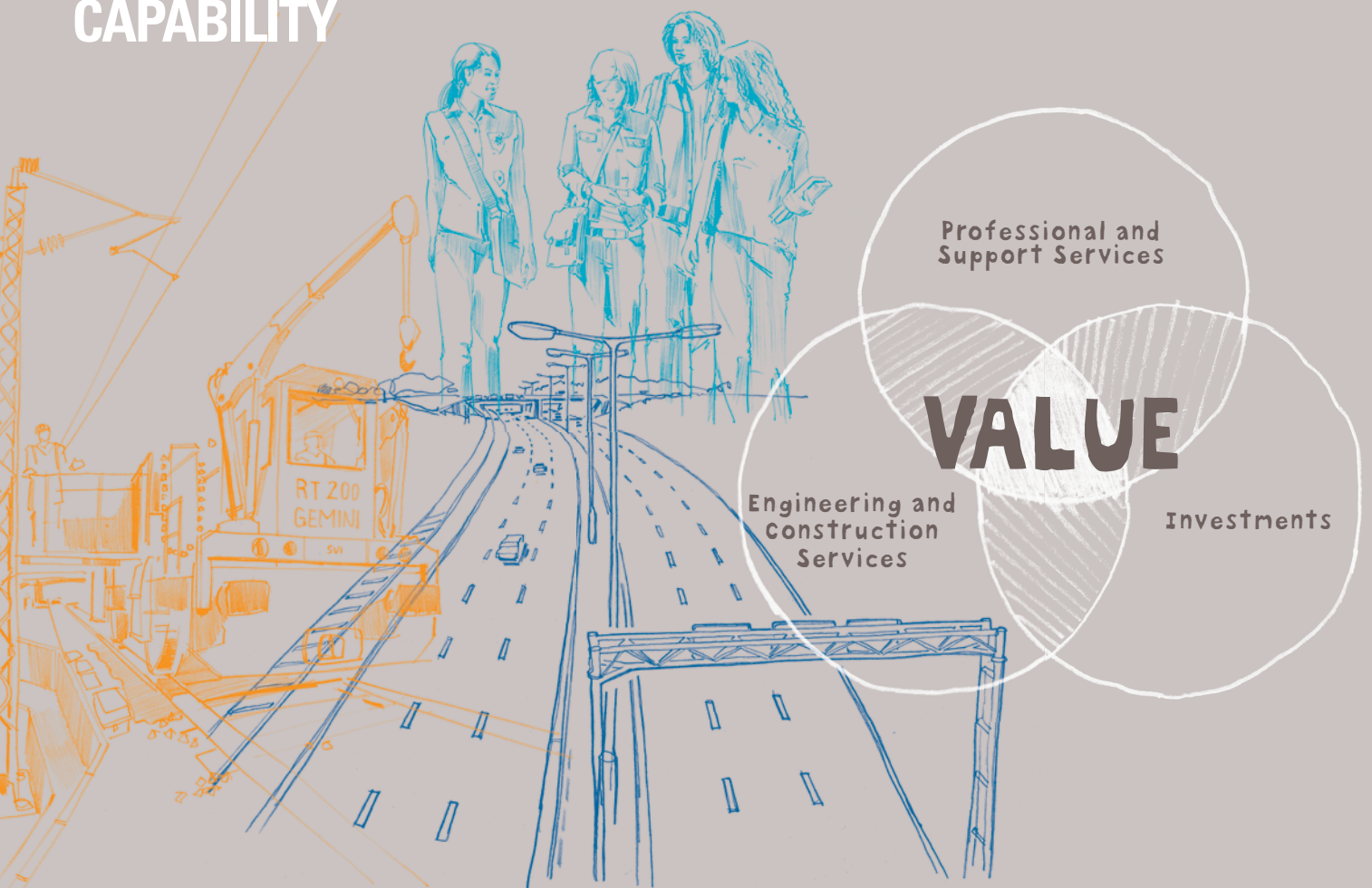
We aim to become the partner of choice for sophisticated infrastructure owners in our chosen disciplines and geographies.

Balfour Beatty is focused on **Engineering and Construction Services**, **Professional and Support Services** and **Investments**.

A key strength is the breadth of capability we bring to major infrastructure projects that often require an integrated approach.

We continually assess what our customers want, and deliver it.

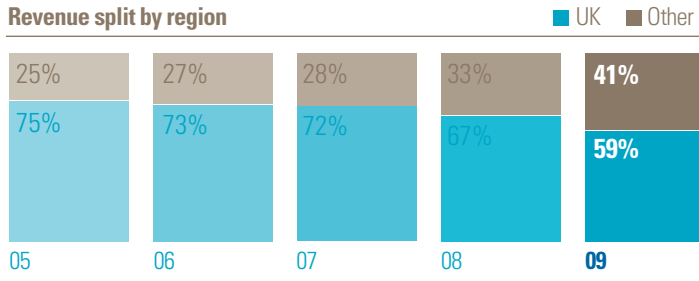
OUR INTEGRATED CAPABILITY



Our geographic spread

Balfour Beatty is a world-class engineering, construction, services and investment business, well-positioned in infrastructure markets which offer significant long-term growth.

Revenue split by region

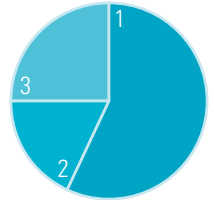


Our customers

Across the world, we work in partnership with blue-chip customers on complex projects integrating the skills and capabilities of Group businesses, where appropriate.

Customer origin

1 Public	57%
2 Private	18%
3 Regulated	25%



Revenue by region (half-year 2009)

£1,501m

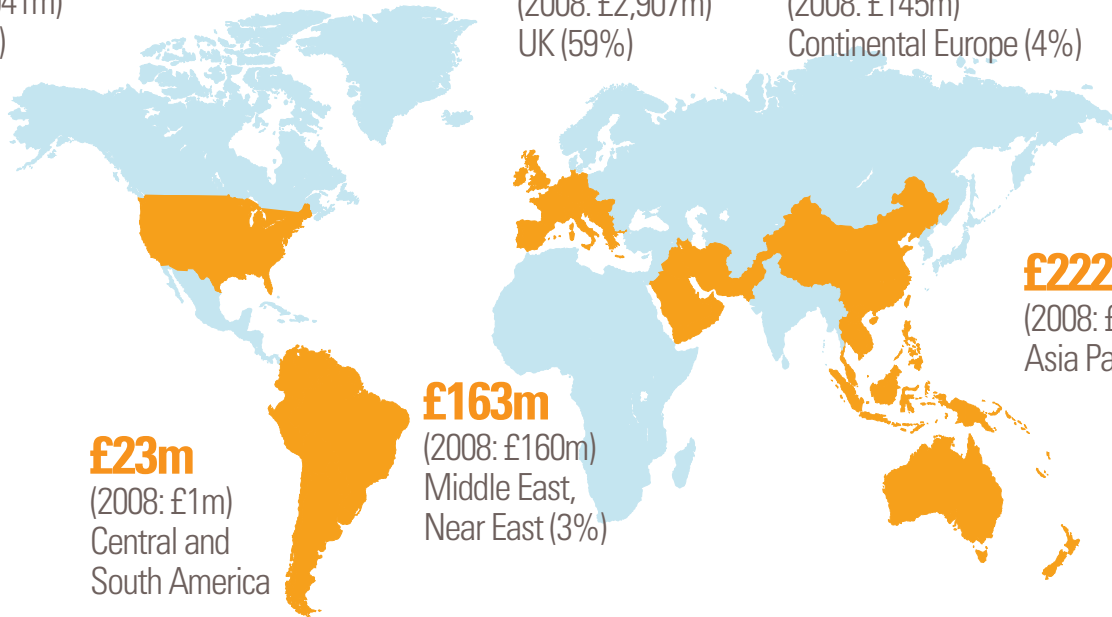
(2008: £941m)
US (30%)

£2,969m

(2008: £2,907m)
UK (59%)

£194m

(2008: £145m)
Continental Europe (4%)



£23m

(2008: £1m)
Central and
South America

£163m

(2008: £160m)
Middle East,
Near East (3%)

£222m

(2008: £178m)
Asia Pacific (4%)

Revenues by destination, including joint ventures and associates.

Corporate responsibility

INTEGRATED RESPONSIBILITY

Balfour Beatty has continued to make substantial progress in creating a safer working environment, in reducing its environmental impacts and in extending the value it adds to the communities in which it operates.

Go online to see our full CR report at:
www.balfourbeatty.com/bby/responsibility/

